



## Existing Homes Alliance Scotland response to the RICS Scottish Housing Commission consultation

The Existing Homes Alliance Scotland (ExHA) is a coalition of environmental, anti-poverty, consumer and housing organisations calling for urgent action to transform Scotland's existing housing stock in order to help tackle both fuel poverty and climate change. Full members of ExHA include the Chartered Institute of Housing, the Scottish Federation of Housing Associations, Energy Action Scotland, WWF Scotland, the Energy Saving Trust, the Association for the Conservation of Energy and Consumer Futures. We also have a wide range of supporters such as Shelter Scotland and Age Scotland. Please see our website for more details <http://www.existinghomesalliancescotland.co.uk/>

ExHA are also a member of the Scottish Government's Sustainable Housing Strategy Working Group and the Regulation of Energy Efficiency for the Private Sector (REEPS) Working Group which will make recommendations to Ministers on the timing and nature of the introduction of minimum energy efficiency standards for existing housing. We welcome this opportunity to feed into RICS Scotland's considerations.

ExHA have identified one question in particular which we would like to respond to:

### Question 9 - Design and Energy Efficiency

*How can the current standards of existing housing stock be upgraded, by using sustainable improvements, to create homes which meet the energy efficiency demands?*

#### Context

The Scottish Government is required to end fuel poverty, 'as far as is reasonably practicable', by 2016 and reduce greenhouse gas emissions by 42% by 2020. Scotland has missed its annual statutory climate change targets in both 2011 and 2012, and fuel poverty numbers continue to climb<sup>1</sup>.

Existing housing accounts for around a quarter of the total of Scotland's emissions. As such it is essential that the current standards of existing homes are upgraded both to help tackle fuel poverty and greenhouse gas emissions. The current voluntary approach to energy efficiency improvements backed by incentives has failed to deliver sufficient progress. There are still people who do not take up free or subsidised measures as part of a range of home energy efficiency schemes.

#### Minimum standards

The Scottish Government has established a working group to develop regulation on energy efficiency for private sector housing. ExHA fully supports these efforts. The Government's preferred timetable is to consult on draft regulations in spring 2015 with standards applying from 2018. We believe this timescale is not sufficiently ambitious, and note that the Scottish Parliament's Infrastructure and Capital Investment Committee has requested that "... the Scottish Government investigates whether the timescales for the introduction of these

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<sup>1</sup> Scottish Greenhouse Gas Emissions 2011 <http://www.scotland.gov.uk/Publications/2013/06/1558> ; High level summary fuel poverty statistics, <http://www.scotland.gov.uk/Topics/Statistics/Browse/Housing-Regeneration/TrendFuelPoverty>

*minimum standards could be revised with a view to an earlier than 2018 introduction on the basis that this would allow further progress to be made in Scotland on emissions reduction*<sup>2</sup>.

ExHA believes the draft regulations should be consulted on by October 2014, introduced in 2015 and applied in early 2016 to provide a good lead-in period allowing sufficient advance notice for landlords and owner-occupiers.

The regulations should focus initially on upgrading the worst-performing homes where fuel poverty is concentrated; setting a minimum standard of a band 'E' on the Energy Performance Certificate scale (this would require approximately 6% of private sector homes to take action). We propose this is raised to a minimum EPC band C from 2020.

This standard is chosen because research using the Scottish Government Demscot housing model indicates that to reach a 40% cut in emissions from the housing sector by 2020, the vast majority of homes would need to be at band 'C' or above. It is worth noting that the Energy Efficiency Standard for Social Housing (EESH) will establish a new standard for 2020, building on the Scottish Housing Quality Standard. The standard is expected to be announced in the near future.

The majority of the poorest rated homes are in rural, off-gas grid communities. Therefore some consideration needs to be given to house type, fuel source and exposure when setting standards. This is the approach taken in the 2020 standard for social housing though there are some concerns this may prove too complicated for the private sector. Furthermore, the over-arching aim of ending fuel poverty must be borne in mind if setting a variable standard, and condemning those living in rural and off-gas communities to fuel poverty remains unacceptable. Other factors such as building conservation and costs of upgrade will also need to be considered when setting standards. This would ensure historic buildings are treated appropriately and houses that are expensive to upgrade can access sufficient financial support.

Minimum energy efficiency standards would drive demand for energy upgrades, reducing both the amount of money and carbon needed to maintain warm, healthy homes. Furthermore, research shows that the work required to deliver minimum standards would create up to 10,000 jobs in surveying, installing and manufacturing<sup>3</sup>. Additionally, better energy efficiency means lower fuel bills giving people greater disposable incomes and therefore acts as an economic stimulus.

For more details on this proposal, including considerations of vulnerable householders, financial support and costs, see:

<http://www.existinghomesalliancescotland.co.uk/uploaded/files/minimum%20energy%20efficiency%20standards%20for%20private%20housing%20briefing%20paper%20june%202013%20final.pdf>

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<sup>2</sup>Scottish Parliament Infrastructure and Capital Investment Committee Report on Low Carbon Scotland: Meeting our emissions targets 2013-2027 The Draft Second Report on Proposals and Policies, <http://www.scottish.parliament.uk/parliamentarybusiness/CurrentCommittees/61494.aspx#A12>

<sup>3</sup>WWF/EST, Raising the Standards: Analysis of costs and carbon savings from tackling the least energy efficient homes in Scotland (2011)

## **Financial support<sup>4</sup>**

What an adequate level of spending on fuel poverty would be is unclear. The figure of a combined spend of £200m per year was first suggested by Energy Action Scotland (EAS) and subsequently supported by the Energy Environment and Tourism Committee in the budget scrutiny process in 2011.

It is also the figure used by the Scottish Government to say what is available when public spend is combined with projected injections by energy companies through the Energy Company Obligation (ECO)<sup>5</sup>.

However, it should be noted that the EAS estimate of £200m per year was based on a ten year programme funded at that level from 2006 to 2016. Annual funding has fallen short of that since 2006 and therefore an annual sum greater than £200m per annum is clearly now required – EAS's latest estimate is in the region of £300m per year.

ExHA believes further research is required to assess how much combined spend is actually required in the field of fuel poverty, what the outcomes of such spending should be, and what share of this must come from the Scottish Government Budget.

In the meantime, we back calls for *at least* £100 m per year from the Budget based upon Government estimates of how much this could lever in from energy companies' ECO spending (see below).

## **Conclusion**

In order to tackle fuel poverty and climate change significant efforts are required. In terms of ensuring adequate funding this must come from a mixture of publicly funded projects (e.g. HEEPS), Energy Company Obligations and private householders. An increase of energy efficiency funding in Scotland, continued focus on leverage of ECO funding into Scotland, and regulations requiring private householders to play their part all make sense as part of a combined effort to help the Scottish Government reach its legislative commitments on fuel poverty and climate change.

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<sup>4</sup> See our response to the Draft Scottish Budget for more details:

<http://www.existinghomesalliancescotland.co.uk/uploaded/files/exha%20response%20to%20ICI%20on%20budget%20Oct%202013%20final.pdf>

<sup>5</sup> <http://www.scotland.gov.uk/Resource/0042/00425697.pdf>