

We know that good quality homes and services play a key role in building communities, improving health and wellbeing and supporting people to reach their full potential. In this new series of briefings linked to CIH Scotland's Housing Festival themes we will take a more in depth look at how good quality homes are at the heart of everything we are trying to achieve as a country from reducing inequalities to supporting our ageing population and tackling climate change.

This edition of Homes not Houses focuses on:

Housing, fuel poverty and climate change

Introduction

Despite a statutory target to eradicate fuel poverty by 2016 as far as practicably possible, 25 percent of households in Scotland are still living in fuel poverty and the Scottish Government has recently declared that we are experiencing a climate emergency. So what is being done?

During 2019 the Scottish Government passed two new Acts introducing statutory targets to reduce fuel poverty and carbon emissions.

The [Fuel Poverty \(Target, definition and Strategy\) \(Scotland\) Act 2019](#) (the Fuel Poverty Act 2019) includes a new definition of fuel poverty taking the Joseph Rowntree Foundation's (JRF's) Minimum Income Standard (MIS) into account. It also introduced a new category of extreme fuel poverty and an overall target that:

In the year 2040, as far as reasonably possible no household in Scotland is in fuel poverty and, in any event –

- (a) no more than 5% of households in Scotland are in fuel poverty,
- (b) no more than 1% of households in Scotland are in extreme fuel poverty,
- (c) the median fuel poverty gap of households in Scotland in fuel poverty is no more than £250 adjusted for inflation.

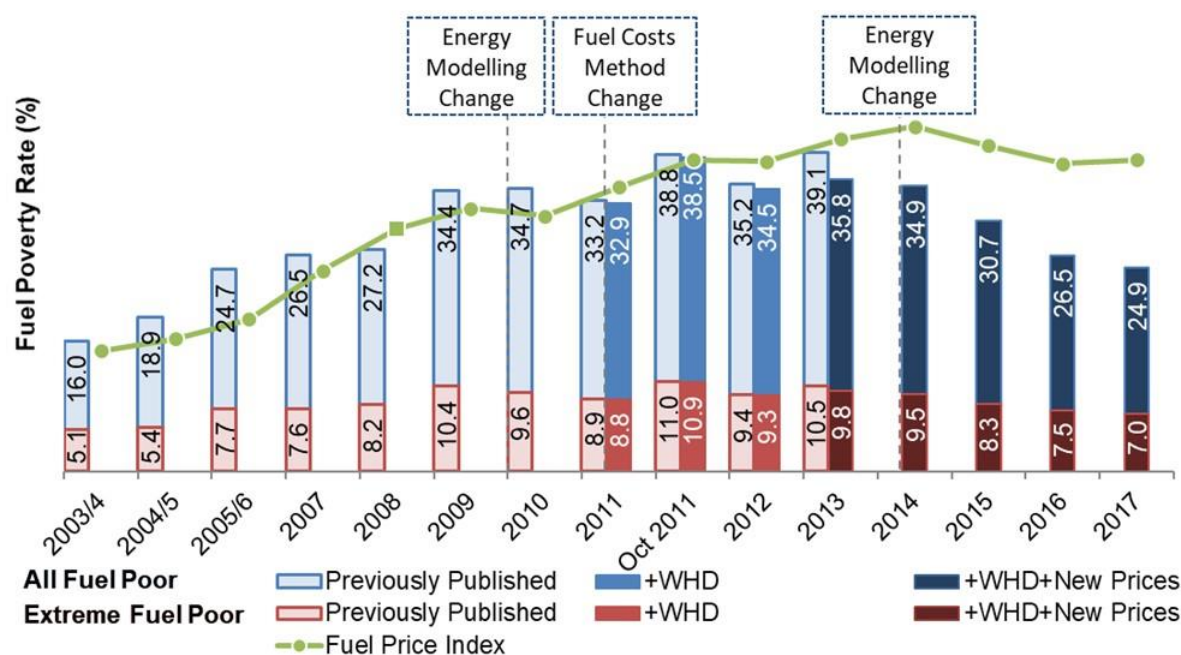
It also includes new definitions of fuel poverty and extreme fuel poverty and a requirement for Ministers to publish a fuel poverty strategy.

The [Climate Change \(Emissions Reductions Targets\) \(Scotland\) Act 2019](#) sets a statutory target for Scotland to reach net zero carbon emissions by 2045, five years earlier than the previous target and the UK Government target of 2050.

The scale of the task

Despite a previous statutory target to reduce fuel poverty as far as practicably possible by 2016, we are still a long way from achieving this. Fuel poverty rates are reported through the [Scottish House Condition Survey](#) and the latest statistics show that 25 percent, 613,000 households in Scotland are living in fuel poverty and 7 percent, 174,000 households are living in extreme fuel poverty. This is only a slight reduction on the 2016 figures.

Graph 1: Fuel poverty rates and fuel price index



Source: Scottish Government <https://www.gov.scot/news/no-real-change-in-fuel-poverty-in-2017/>

There are four drivers of fuel poverty:

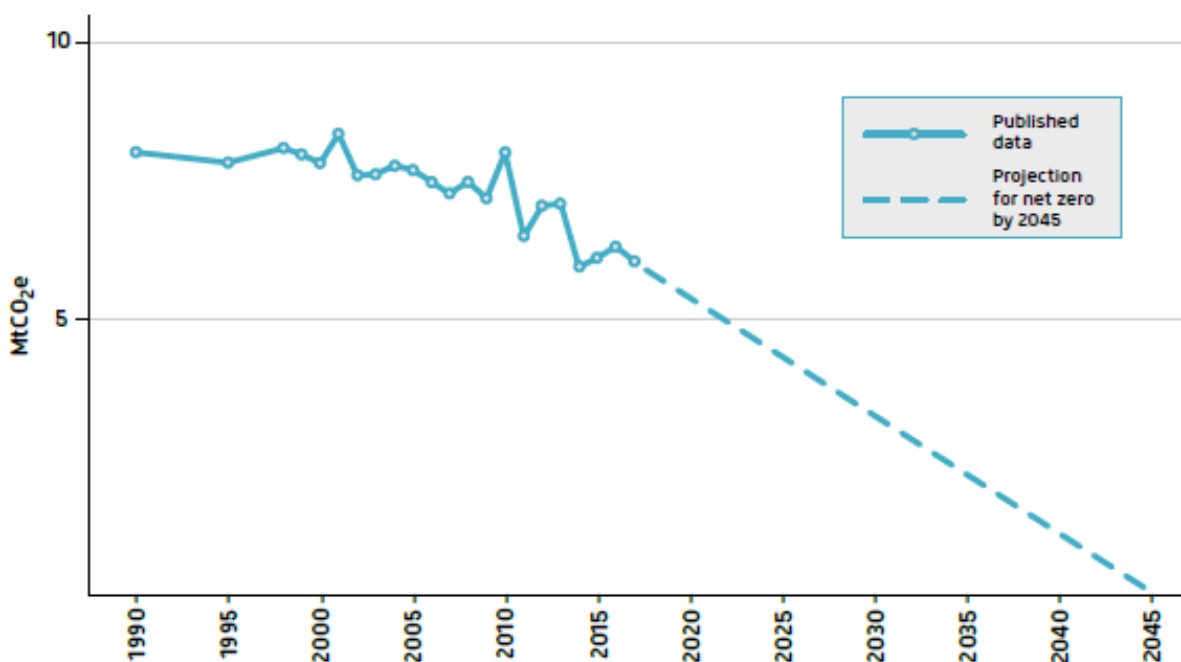
- Poor energy efficiency
- Cost of fuel
- Household income
- How energy is used in the home

While the Scottish Government may not have direct influence over all of these areas, all four drivers must be addressed in order to effectively tackle fuel poverty. The Fuel Poverty Act 2019 requires the forthcoming fuel poverty strategy to set out the approach that will be taken in relation to all four drivers of fuel poverty to ensure that statutory targets are met.

In terms of climate change, our homes account for a significant proportion of greenhouse gas emissions. A report published by the Existing Homes Alliance Scotland (ExHAS) states that although residential emissions declined by 24.4 percent between 1990 and 2014 and a further 4.3 percent by

2017, little progress has been made in recent years. Graph 2 below, taken from the ExHAS report shows the very steep trajectory that would be required from 2020 to 2045 to meet the target.

Graph 2: Greenhouse gas emissions from the residential sector - 1990 - 2017. Values in MtCO₂e

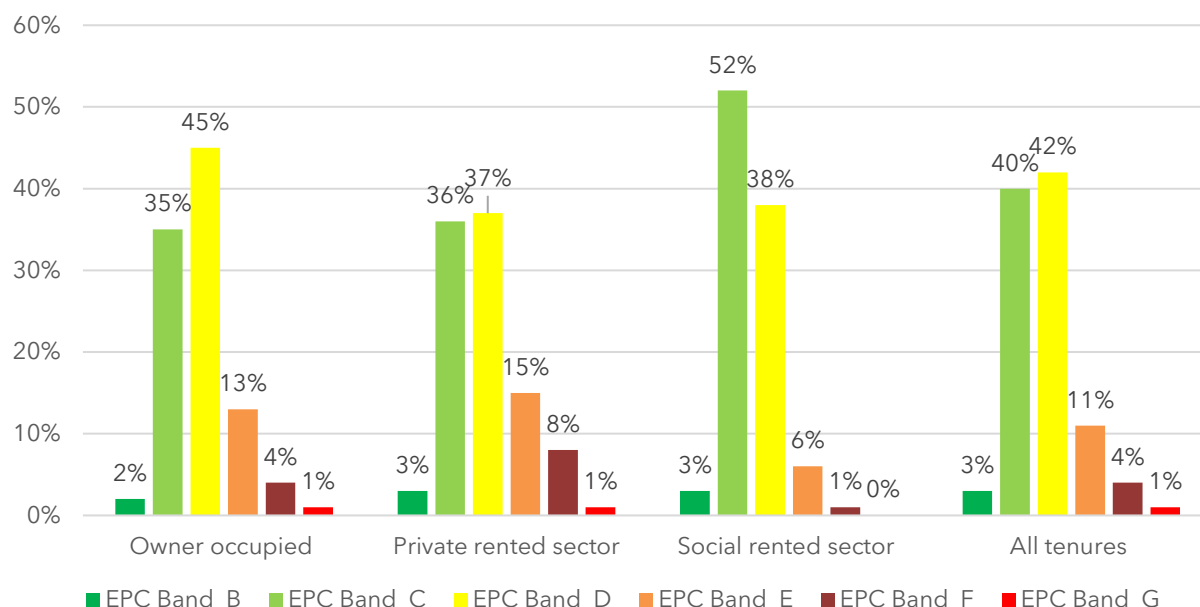


Source: ExHAS <http://existinghomesalliancescotland.co.uk/news/alliance-sets-out-pathway-to-zero-carbon-homes-by-2045/>

The state of our existing homes

Energy Performance Certificated (EPCs) are used to rate the energy efficiency of a home from A (the best) to G (the worst). All homes are required to have an up to date EPC rating at the point of rent or sale. The private rented sector has the largest proportion of homes with energy efficiency performance ratings of band E, band F and band G at 24 percent of all stock. This compares to 18 percent of owner occupied homes and 7 percent of social rented homes. Graph 3 below shows energy efficiency ratings across tenures.

Graph 3: EPC by broad tenure in 2017, SAP 2012



Source: Scottish House Condition Survey <https://www.gov.scot/publications/scottish-house-condition-survey-2017-key-findings/>

Social landlords have invested significant amounts in improving homes in recent years, firstly to meet the Scottish Housing Quality Standard (SHQS) and now the Energy Efficiency Standard for Social Housing (ESSH). Table 1 below shows that the vast majority of funding to meet ESSH has come from social landlords' own funding – 85 percent of the total spend.

Table 1: Investment in ESSH (£m)

	2015/16		2016/17		2017/18	
	Local authority	RSL	Local authority	RSL	Local authority	RSL
Investment from subsidy	6.15	11.61	11.12	4.86	6.18	1.74
Investment from own resources	64.37	28.05	49.29	30.41	71.33	34.30
Investment from other sources	0.95	0.72	1.17	3.05	0.90	1.96
Total	71.47	40.38	61.60	38.33	78.42	38.03

Source: Scottish Government <https://www.gov.scot/publications/energy-efficiency-standard-social-housing-eessh-scottish-government-guidance-social-landlords-revised-february-2019/pages/8/>



The Scottish Government has now set intentions for EESSH2, which seeks to maximise the number of homes in the social rented sector reaching EPC B by 2032 and for no social rented home to be let with a lower energy efficiency rating than EPC D. A [consultation published in May 2018](#) estimated that it would cost approximately £3.4 billion to achieve 62 percent compliance by 2032.

Regulations have been introduced requiring private rented properties to achieve EPC E at change of tenancy by October 2020 and for all to reach EPC E by March 2022. The [Energy Efficient Scotland Route Map](#) sets out further plans for private rented homes to achieve EPC D at point of sale from April 2022 and to all private rented properties by March 2025.

To date, no minimum standards have been set for owner occupied homes, but the Scottish Government has launched a consultation to explore issues around minimum standards, timescales and compliance.

Standards for new build homes

The Scottish Government intends to bring forward regulations to require all new homes use renewable or low carbon heating from 2024. This will require a massive shift away from the use of fossil fuels and significant investment in heat networks. Along with the announcement, the Scottish Government committed £30 million to supporting renewable heat projects. The draft Scottish budget announced a further £120 million heat transition fund to support the move towards zero carbon homes including a £50 million Heat Networks Early Adopter Challenge Fund for local authorities.

Despite some challenges, more local authorities and housing associations across the UK have been demonstrating how Passivhaus standards can be delivered in affordable housing developments. In Scotland, Fyne Homes, Kingdom Housing Association and Orkney Housing Association have already completed Passivhaus homes and more are [under construction across Scotland](#). More details of completed developments and upcoming projects are available from the [Passivhaus Trust](#). A partnership between John Gilbert Architects and Stewart and Shields Contractors has also resulted in the [Passivhoos design](#). A range of homes designed to meet Passivhaus standards, within Scottish Government subsidy benchmark levels.

Renewable heat

Achieving net zero carbon emissions by 2045 will require a radical shift away from the use of fossil fuels in our homes. Renewable heat will have to be mainstreamed and the Scottish Government is developing plans for local authorities to have to implement Local Heat and Energy Efficiency Strategies (LHEES) setting out area-based plans and priorities for systematically improving the energy efficiency of buildings and decarbonising heat.

The [findings of a pilot project](#) involving 12 local authorities were published in September 2019. While the officers involved in the pilots reported some difficulties in achieving buy in from other departments, this could support the case for making LHEES a statutory duty as long as adequate

support is provided for local authorities to establish and implement strategies. Other findings included the need for greater certainty over future resource levels at national and local level and clarity from Scottish Government on the future of LHEES.

The benefits of investing in energy efficiency

Poor quality housing is bad for our health. Cold, damp and mouldy homes can cause or exacerbate respiratory illness and are linked to excess winter deaths. In 2018/19 there were [2,060 excess winter deaths in Scotland](#) and it is estimated that poor health made worse by bad housing conditions [costs the NHS in Scotland between £48 million and £80 million per year](#). Improving the condition of our homes can help people to live more comfortably and saves money for our health sector.

Improving energy efficiency can help to reduce poverty and inequalities through reducing fuel bills, allowing people to heat their homes properly as well as making use of cooking facilities and hot water.

Increasing the scale of energy efficiency work will create skilled jobs across Scotland and boost the economy. Recent research suggests that a major energy efficiency infrastructure programme will [create 6,000 long term jobs and an additional 9,000 to deal with the peak of retrofitting activity](#).

How can the housing sector continue to support people and address climate change?

We need to continue to invest in the fabric of our homes and ensure that homes across all tenures meet minimum standards. This will require a mix of regulation and incentives and a significant increase in investment from the Scottish Government. The [Existing Homes Alliance Scotland](#) has called for the budget for energy efficiency measures to be at least doubled to £240 million per year to tackle fuel poverty and climate change. It is essential that the Scottish Government significantly increases investment to ensure that households on low incomes are not left worse off through investment in energy efficiency measures.

The provision of advice and information can also help tenants residents to reduce their use of fuel and keep energy bills down or switch to a cheaper energy provider.

The collapse of Our Power, a not for profit energy company established by social landlords, which sought to provide an alternative to larger profit driven companies showed how difficult it is to compete in the energy market. However, there is no reason for the Scottish Government not to continue to develop plans for a national energy company. A national enterprise could benefit from a wider customer base and potentially benefit households across Scotland. A [strategic outline case](#) was published in April 2019 and sets out scope for a national company to be able to provide competitive prices as well as use its influence to reduce the use of fuel, contributing to reductions in fuel poverty and carbon emissions.