



**Item: 9**

**Education, Communities and Housing Committee: 3 June 2026.**

**Energy Efficiency Standard for Social Housing.**

**Report by Director of Education, Communities and Housing.**

---

## **1. Overview**

- 1.1. This report presents the annual update on progress towards meeting the initial Energy Efficiency Standard for Social Housing target, for members' information.
- 1.2. The Energy Efficiency Standard for Social Housing (ESSH) aims to improve the energy efficiency of social housing in Scotland. It is intended to help reduce energy consumption, fuel poverty and the emission of greenhouse gases.
- 1.3. Progress towards meeting and continuing to meet the Energy Efficiency Standard for Social Housing is inter-related to work to address the Scottish Housing Quality Standard.
- 1.4. ESSH requires social rented homes to achieve a minimum energy efficiency rating assessed using the Standard Assessment Procedure (SAP) 2012 methodology. The required SAP score and associated Energy Efficiency Rating (EER) band depend on the type of property and its main heating source.
- 1.5. The minimum compliance thresholds under SAP 2012 are outlined below:

<b>Property Type.</b>	<b>Main Heating Fuel.</b>	<b>Minimum SAP Score Required.</b>	<b>Equivalent EPC Band.</b>
Self-contained Flats.	Electric.	65.	Band D.
Terraced Houses.	Electric.	65.	Band D.
Semi-detached Houses.	Electric.	65.	Band D.
Semi-detached Houses.	Electric.	60.	Band E.

- 1.6. The Scottish Government had previously introduced a second phase of the Energy Efficiency Standard for Social Housing (ESSH2), which aimed for all social housing to achieve a higher energy efficiency rating by 2032, with a midpoint target set for 2025. The Scottish Government is currently reviewing the second Energy Efficiency Standard for Social Housing (ESSH2). Delivery of the standard is temporarily on hold pending this review.

- 1.7. The review is expected to result in the replacement of EESSH2 with a new Social Housing Net Zero Standard (SHNZS). A Scottish Government consultation on the SHNZS closed in March 2024, with final guidance yet to be published. This revised standard is intended to guide future investment in the energy performance of social rented homes and support Scotland's national target to achieve net-zero carbon emissions by 2045.
- 1.8. Pending publication of the Social Housing Net Zero Standard (SHNZS), the Scottish Housing Regulator has confirmed that landlords should continue to report on compliance with the original EESSH target, met by 30 December 2020, and maintain this standard in their Annual Return on the Charter for 2024/25.
- 1.9. Following publication of the new standard, the Council will review its strategic approach and investment programme to ensure compliance across all relevant housing stock. This will include updating existing retrofit and energy improvement plans to reflect the revised national requirements.
- 1.10. A detailed implementation plan outlining how the Council intends to meet the requirements of the new standard will be brought to a future meeting of this Committee, once the national guidance is available. In the meantime, annual progress updates on compliance with energy efficiency standards will continue to be reported to the Committee as part of the established June reporting cycle.

## **2. Recommendations**

- 2.1. It is recommended that members of the Committee:
  - i. Note the level of progress towards meeting the initial Energy Efficiency Standard for Social Housing target, as detailed in section 3 of this report.

## **3. Current Assessment of Council Housing Stock**

- 3.1. An initial assessment of the Council's housing stock was carried out to identify properties that did not meet the first Energy Efficiency Standard for Social Housing, which required compliance by December 2020. Where required, improvement works were undertaken, and energy performance ratings have been reassessed to confirm compliance.
- 3.2. The following table represents the current position with respect to EESSH as at 31 March 2026. Exempt properties are due to factors like disproportionate cost or those in abeyance because the tenant does not want, or feel able to cope with, any works.

	<b>31 March 2026.</b>	<b>31 March 2025.</b>	<b>31 March 2024.</b>
Total Properties.	1054.	1025.	1005.
Properties Achieving EESSH.	988.	957.	940.
Remaining Properties.	66.	68.	65.
Exempt and Out-of-Scope Properties.	29.	34.	30.
Failed Properties.	37.	34.	35.

- 3.3. A significant number of Energy Performance Certificate (EPC) surveys have been undertaken across the Council's housing stock in recent years. Combined with the completion of new build programmes, this has resulted in the Council holding individual energy efficiency scores for 93.7% of its stock – a strong position compared to other authorities. Whereas some councils adopt a practice of cloning EPCs for similar property types, the Council endeavours to avoid this wherever possible, preferring to maintain accurate, individual records for each home.
- 3.4. During 2025/26, three members of staff successfully completed distance-learning training to undertake EPC surveys, with all three achieving the required standard for certification. Following guidance from CD Consultancy indicating that the resurvey of several properties could result in improved EPC outcomes, the Council commissioned Alfred Flett Ltd to complete EPC assessments on six properties using the latest EPC software version (2012). The Council is awaiting finalised reports from these surveys, after which the EPC scores will be updated to reflect the confirmed results.
- 3.5. As at 31 March 2026, a total of 37 properties remain non-compliant with EESSH. This figure includes properties requiring updated EPC assessments, as well as the six properties outsourced to Alfred Flett Ltd referred to in section 3.4.
- 3.6. Actions underway to address outstanding compliance include:
- The six properties outsourced to Alfred Flett Ltd will have their EPC scores updated upon receipt of the revised survey results. Fourteen properties are scheduled for updated EPC assessments during 2026/27. Most of these were originally assessed under the SAP 2009 methodology and are expected to achieve compliance once reassessed under SAP 2012.
  - Seventeen properties are undergoing further review throughout 2026/27 to determine whether physical energy efficiency improvement works are required or whether updated EPC assessments will be sufficient.

- 3.7. The Council continues to focus on maximising the proportion of compliant homes through reassessment, targeted works, and the ongoing recording of accurate energy performance information.

**For Further Information please contact:**

Andrew Hamilton, Service Manager (Resources), extension 2421, Email [andrew.hamilton@orkney.gov.uk](mailto:andrew.hamilton@orkney.gov.uk)

**Implications of Report**

1. **Financial** – The costs incurred in complying with the Energy Efficiency Standards are contained within the Housing Revenue Account.
2. **Legal** – Performance compliance with Energy Efficiency Standards is reported to the Scottish Housing Regulator.
3. **Corporate Governance** – Not applicable.
4. **Human Resources** – Not applicable.
5. **Equalities** – An Equality Impact Assessment is not required for performance monitoring.
6. **Island Communities Impact** – An Island Communities Impact Assessment is not required for performance monitoring.
7. **Links to Council Plan:** The proposals in this report support and contribute to improved outcomes for communities as outlined in the following Council Plan strategic priorities:
  - Growing our economy.
  - Strengthening our Communities.
  - Developing our Infrastructure.
  - Transforming our Council.
8. **Links to Local Outcomes Improvement Plan:** The proposals in this report support and contribute to improved outcomes for communities as outlined in the following Local Outcomes Improvement Plan priorities:
  - Cost of Living.
  - Sustainable Development.
  - Local Equality.
  - Improving Population Health.
9. **Environmental and Climate Risk** – Non energy efficient homes increase fuel use.
10. **Risk** – Homes not compliant with the Energy Efficiency Standard for Social Housing.
11. **Procurement** – Not applicable.
12. **Health and Safety** – Not applicable.
13. **Property and Assets** – Contained in the report.
14. **Information Technology** – Not applicable.
15. **Cost of Living** - Energy efficiency of homes directly impacts on fuel costs.

## **List of Background Papers**

Education, Leisure and Housing Committee, 4 June 2025: Item 15 – Energy Efficiency Standard for Social Housing,