



Investment News

February 2019



This edition of our newsletter focuses on the Scottish Government's SHQS (Scottish Housing Quality Standard), EESSH (Energy Efficiency Standard for Social Housing) and an update on the Association's future 5 year investment plan for all stock.

Following the introduction of the new EESSH in 2015, we thought it would be a good opportunity to update you on the progress made and investment proposals going forward for your home.

This newsletter has been produced for all tenants and block factored owners, along with an insert for each estate/property type within each estate. The inserts should be read in conjunction with this newsletter.

Your Home - Our Plans for Investment

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See the enclosed insert

Scottish Housing Quality Standard (SHQS)

This standard was introduced by the Scottish Government in 2005 and sets out the minimum quality measures that all social landlords must have met by 2015. This standard needs to be maintained going forward.

SHQS also has an impact on owner occupiers within flatted properties and therefore this newsletter has been sent to them too.

This newsletter will try to answer frequently asked questions and also bring you up to date on the progress that has been made to achieve the SHQS and maintain this going forward.

What is the Standard?

To meet and maintain the SHQS a dwelling must meet the following 5 criteria:

- Compliant with Tolerable Standard
- Free from Serious Disrepair
- Energy Efficient
- Modern Facilities & Services
- Health Safe & Secure

More detailed information on each element is provided further on in the newsletter.

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How are the Standards Met and Maintained?

In 2005 all housing associations and councils in Scotland were required to set out a Standard Delivery Plan on how they would meet the SHQS target by 2015 and maintain it on an ongoing basis. This plan is monitored annually by the Scottish Housing Regulator (SHR) through the Annual Return on the Charter (ARC). This return is made by all housing associations.

The Association annually gathers and analyses information on the condition of the housing stock against the standard. This allows us to work out the longer term requirements for investment based on the different types of surveys such as:

- Planned Maintenance surveys (this is where approximately one sixth of the stock is surveyed annually)
- As part of our void property inspection process (data is collected while properties are void)
- Electrical surveys carried out by specialist consultant through our periodic testing regime
- Energy surveys carried out by specialist consultants and
- Through feedback from residents surveys.

The original plan ensured that the Association met the SHQS by the target date of 2015 with the exception of the 2 elements noted below.

- **Energy Efficiency** – In the main, this relates to 5 properties where access to renew the heating has been refused by the current tenants.
- **Health Safe & Secure** – There are 122 tenanted properties over 32 blocks in mixed ownership with 77 owner occupiers unwilling to participate in the installation of new Door Entry Systems (DES). As with the Energy Efficiency element, annually we check to see if any owners circumstances may have changed which would then enable a new DES to be programmed. In addition to this, when the communal doors are due for renewal due to end of life expectancy or other, there is an opportunity to install a new communal door with controlled entry as part of the overall renewal.

Where properties currently don't meet the standard we have been granted an 'abeyance' - basically the SHR recognises that the standard can't be met for particular reasons. We continue to try to meet the standard by approaching those involved to establish if circumstances have changed or by using our ongoing life cycle replacement programme to replace the elements to the SHQS standard.

More about the SHQS



Compliance with the Tolerable Standard

The Housing Scotland Act 2006 defines a property is below the tolerable standard if it is lacking:

- A bathroom which has a fixed bath or shower and a wash-hand basin.
- A toilet within the house which is for the exclusive use of the occupants
- Lacking a kitchen
- Lacking plumbed hot water
- Lacking electricity
- An adequate piped supply of wholesome water within the house
- An efficient system for the drainage and disposal of foul and surface water
- Satisfactory provision for natural and artificial lighting, for ventilation and for heating
- Lacking structural stability
- Lacking satisfactory access to all external doors and out buildings
- Satisfactory thermal insulation
- Lacking an electricity system which is adequate and safe to use
- Property should be substantially free from rising or penetrating damp.



Free from Disrepair

The main parts of a property have what the standard calls primary and secondary elements.

- **Primary Elements** are the structural walls, roof, floors and foundations. A property will fail if one primary element does not meet the Standard.
- **Secondary Elements** are parts such as chimney flashings, gutters, external wall finishes, access paths and balconies. A property will fail if two or more of these elements do not meet the Standard within a property.



Energy Efficient

This requirement aims to ensure that tenants' homes can be kept warm and free of condensation and dampness at an affordable cost.

To comply with this standard, homes must meet a set energy rating as noted below.

The energy rating of a property needs to be a minimum **National Home Energy Rating (NHER)** of 5.0 or a minimum **SAP rating** of 50 for mains gas central heating and 60 for all other heating types.

Note: these ratings were improved with the introduction of the new EESSH as explained later in the EESSH section.

What are these ratings?



NHER

The NHER operates on a scale of 1 – 10 (with 10 being the highest) and enables the comparison of the energy efficiency of all types of homes. The NHER is based on total fuel costs per square metre of the property (i.e. the costs of cooking, lights and appliances are included, as well as heating and hot water).



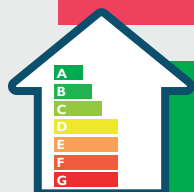
Efficient Heating

Efficient heating is defined as a full house central heating system that has an acceptable energy rating.

Electric storage heaters and fixed individual room heaters do qualify as full house central heating as long as they provide heat to rooms representing more than 50% of the total floor area.

Any electric heating systems must be less than 20 years old to be considered efficient under the SHQS.

We have a rolling 30 year investment programme for all our housing stock and will continue to install or renew heating as required. When heating is replaced we will seek to ensure that energy efficient systems are installed to improve comfort levels and reduce energy use.



SAP

The SAP energy rating compares the energy efficiency of homes on the same basis regardless of their location in the country. It is based on the estimated annual cost of heating and hot water per square metre and is expressed on a scale of 1 – 120 (120 being the highest).

The required energy ratings whether measured through NHER or SAP can be reached through a combination of measures such as energy efficient boilers/heating, insulation, low energy light bulbs etc.



Insulation

Effective insulation is defined as:

- Cavity wall insulation – where appropriate
- Loft insulation of at least 100mm (this has been superseded as part of the EESSH)
- Insulation of hot water cylinders and hot water pipes where applicable.

In some types of properties it is not possible to install cavity wall insulation and other methods of insulation such as External & Internal Wall Insulation are an option.





Modern Facilities and Services

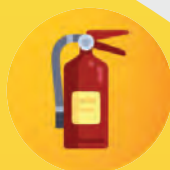
Kitchens

A property must have a safe kitchen and working arrangements, including worktop space on at least one side of, and at least the same width as, the cooker.

There should also be adequate kitchen storage (1m³ within or adjacent to the kitchen). The Association undertook a 5 year kitchen renewal programme in 2003 with a 20 year elemental life expectancy for each kitchen before it should require renewal.

Bathrooms (Sanitaryware)

All bathrooms should include a WC, bath or shower, and a wash hand basin in good usable condition. As with the kitchen renewal programme, the Association is currently undertaking a programme of sanitaryware renewals.



New standards for fire and smoke alarms announced February 2019

The Scottish Government has very recently announced the new standards for fire and smoke alarms, which housing associations have until February 2021 to comply with.

- The new standards require that there is one smoke alarm installed in the room most frequently used for general daytime living purposes, one alarm in every circulation space on each storey, such as hallway and landings and a heat alarm installed in every kitchen.
- All the alarms should be ceiling mounted and interlinked, and there is also a requirement for carbon monoxide detectors to be fitted where there is a carbon-fuelled appliance (such as boilers, fires (including open fires), heaters and stoves) or a flue. As part of the Investment Plan the Association will consider and look at how we will deliver this within the required 2 year timescale.

Access to undertake essential works – Recently, we have experienced difficulty accessing some tenants' homes to complete essential electrical work. Under the terms of your tenancy agreement with the Association, you must provide access for this type of work to be carried out. Failure to accommodate access arrangements may result in the Association taking steps to force entry to do these essential works with the costs associated with gaining access re-charged to the tenant. **Please work with us to arrange suitable access to your home to prevent this action.**



Health, Safe & Secure

Elements included in this are:

- **Internal Pipework:** this should be lead free
- **Smoke Detectors:** Every Association property has had hard wired smoke detectors fitted along with battery operated Carbon Monoxide Alarms where applicable. These are planned for replacement on a 10 year rolling programme. These are tested as part of the annual gas safety checks undertaken by our gas service contractor. (Please contact the office if you are having any problems with either of the alarms or it is missing). Going forward, and following to the outcome of the Scottish Government's Consultation on Fire & Smoke Alarms in Scottish homes a new standard for this element has been announced. This will result in a requirement to install further equipment within your home and possibly communal areas in flatted blocks.
- **Gas Systems:** The Association has an annual programme in place to service all gas heating/fires, solid fuel and electric wet systems. We do require your co-operation to allow access to do this work and would encourage you to work with us and our contractor to complete this.
- **Doors:** Properties should have a secure front and rear access door (where applicable)
- **Common flats:** should have a front entry system and secure rear access to enclosed common areas. As noted above, the Association is working with owners to encourage participation in completing and a copy of our Door Entry Strategy is available on our website.



For further information on the new standards, please visit www.gov.scot/publications/fire-and-smoke-alarms-tolerable-standard-guidance.

Repairs, Maintenance and Improvements Works

In order to carry out works in your home we have to appoint contractors. To do this we carry out a “procurement exercise” whereby we consider the costs and quality that the contractors bidding can offer. Part of the lead in work to this is ensuring that we set out the requirements for the job so that the work done meets what we need to do to meet the SHQS and the Scottish Building Standards. It can also include tenants’ preferences around some of the work undertaken. This is called the “specification”.

When procuring major contracts the Association offers opportunities for residents to be involved through steering or working groups.

If you would be interested in becoming involved in the procurement process, please contact the Programme & Regeneration Team on 01324 664966.



Does My Home Meet the Scottish Housing Quality Standard?

The Association will continue to consult with our tenants regarding future elemental improvements through the surveys we issue to you. Previously this has resulted in the Association using higher specifications than that required by the Standard and has helped to ensure the Standard is being met/maintained.

There is more information on the implications of the standard for your area enclosed on the SHQS insert. Please note: the Standard recognises that some things may be beyond the control of the landlord and so are held as “abeyances”.

Has or Will My Rent Increase Because of the Standard?

The majority of the Association’s properties were transferred from Scottish Homes between 1998 and 2002. At that time there was a consultation with tenants on improvement and planned maintenance programmes, rents and service levels.

We continue to regularly review the investment programme and take account of priorities such as health and safety, any standards required to be met, changes to legislation such as a recent fire safety measures and feedback from tenants. These are all factors taken account of when deciding on the level of rent increases.

The works required to continue to keep the Association’s properties up to both the SHQS and EESSH Standard may affect the priorities for major investment works to your home.

With the exception of some grant money for insulation measures, most improvements required to meet and maintain the Standard have to be paid for from rental incomes.

Thanks to everyone who gave their views as part of the recent consultation. We hope that the Rent Special Newsletter recently issued helps explain how decisions are taken on rent increases.

How well are we achieving the Standard?



Meeting the Standard

- Compliance with the Tolerable Standard
- Free from Disrepair
- Energy Efficient
- Modern Facilities and Services
- Health, Safe & Secure

Re-Financing Initiative

In December 2015 the Association successfully undertook a refinancing initiative securing long term funds to support the activities and growth of the organisation going forward. This exercise has allowed the Association to have more financial certainty going forward to ensure continued investment in the stock and modest growth.

Owner Occupiers

Owner Occupiers will find an owners supplement in this Newsletter which considers issues which may affect them.

The chart below summarises how the Association is performing against each element of the SHQS as at March 2018.

In Clackmannanshire and Stirling, all stock is 100% compliant over the 5 elements of the SHQS.

Falkirk stock is currently 100% compliant over 3 of the 5 elements. The 2 areas of failures being: **Energy Efficiency** (99.39% Compliant) and **Security - Door Entry Systems** (85% Compliant).

There are 5 properties where we have been unable to install/renew gas boilers due to no-access. We have 32 mixed tenure communal blocks where we have been unable to install new communal Door Entry Systems through agreement with owners to achieve 100% Security.

Annually, we contact all properties currently failing the SHQS to check if the circumstances may have changed. Subject to the outcome of this, we then programme the works for the following year.

Clackmannanshire and Stirling
5 out of 5 elements

100%
Compliant

Falkirk
3 out of 5 elements

Energy Efficiency
99.39% Compliant
Security - Door Entry Systems
85% Compliant



SHQS Elements -

Total Stock - 1396

Summary of All Stock as at 31st March 2018

Element	Sub Element	% Pass
Tolerable Standard		100.00%
Serious Disrepair	Primary	100.00%
Serious Disrepair	Secondary	100.00%
Energy Efficiency		99.64%
Facilities		100.00%
Security		91.26%

Total Stock meeting SHQS
90.97%



Energy Efficiency Standard for Social Housing (EESH)

What is EESH?

The EESH was introduced by the Scottish Government to supplement the Energy Efficiency element of the SHQS from 2015. The EESH sets the minimum energy standard for all social housing and was developed by the Scottish Government following consultation with social landlords and tenants in 2012. Landlords must ensure that all social housing within the stock meets the new standard by December 2020 milestone.

The new standard is based on minimum energy efficiency (EE) ratings which can be found on Energy Performance Certificates (EPCs). The ratings which social homes are expected to meet are shown in the table below. The rating which applies to individual homes for EESH differs from that used to measure EE under the SHQS.

The SHQS Energy Efficiency was measured against NHER or SAP ratings based on Gas, Electric or other heating types. The new EESH is measured against house type and the fuel used to heat the home.

EE Rating (SAP 2009)		
Dwelling Type	Gas	Electric
Flats	69	65
Four-in block	65	65
Houses	69	65
Detached	60	60

For example, if your home is a flat heated by a gas boiler then it will be expected to achieve a minimum energy rating of 69 by 31st December 2020. The change in the targets reflects that some dwelling types are more challenging to improve than others.

Why do we need the EESH?

The Scottish Government recognises that all tenants want to live in good quality, low carbon homes and improved energy efficiency has a major part in achieving this. The EESH is part of a wider Sustainable Housing Strategy which also commits to develop proposals for minimum energy efficiency standards in the private sector houses. The new standard is also intended to help meet Scotland's Climate Change targets and fuel poverty.

How will the EESH be paid for?

As with the SHQS, the Association will continue to consult with tenants annually on proposed rent increases in line with policy. At this stage, it is not envisaged that the implementation of the EESH will result in rents being increased to directly fund the improvements required. This was taking into account as part of the refinancing initiative completed in 2015.

Owner Occupiers

Owner Occupiers will find an owners supplement in this Newsletter which considers issues which may affect them.

How are we doing?

When the EESH was introduced in 2015, the Association's stock at that time was already 63% compliant with the EESH through elemental and improvements works undertaken as part of the ongoing investment programme.

The chart below details how the Association is performing by property type against the EESH target as at March 2018.

	Electric Heating		Gas Heating		Oil & Solid Fuel		Heating Total	
	Pass	Fail	Pass	Fail	Pass	Fail	Pass	Fail
Detached House	0	0	2	0	0	0	2	0
Flats	7	5	437	34	0	0	444	39
Four-in-block	4	0	50	2	0	1	54	3
House	17	9	574	252	2	0	593	261
TOTAL	28	14	1063	288	2	1	1093	303

78.30% Current Compliance

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The Investment Plan being delivered / planned will ensure the Association's stock will meet and/or achieve a higher than the minimum energy rating set through the EESSH for all stock subject to access to complete the works.

Further information on the EESSH can be requested from the Association or accessed by calling the Greener Scotland Advice line **0808 808 2442** or visiting **www.greenerscotland.org**



Investment Plan – Next 5 years

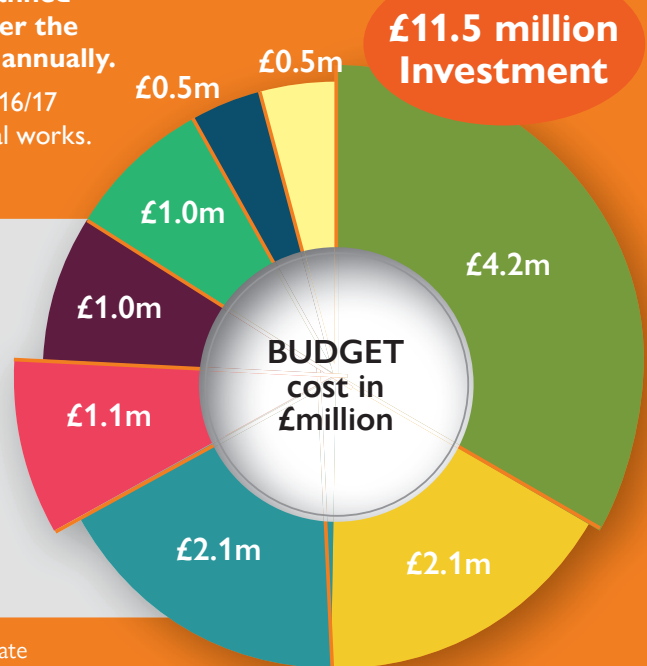
The Association plans to spend around **£11.5 million** on planned maintenance and improvements to our tenants' homes over the next 5 years from 2018/19, plus **£1 million** reactive repairs annually.

This is in addition to the **£3 million** worth of work undertaken in 2016/17 and 2017/18 which included windows, doors, gas boiler and electrical works.

The planned 5 year programme from 2018/19 includes:

COMPONENT

- Insulation/External Rendering/Roofs
- Electrical - inc Smoke & CO Alarms
- Heating—New & Replacement
- Kitchen & Bathrooms
- Windows & Doors
- Door Entry Systems, new/replacement
- Other planned maintenance
- Reactive maintenance inc gas annually



A breakdown of the works already undertaken and planned for your area/estate over the coming 5 years is shown on the enclosed insert.



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Property Factor Registration No: PF000282

