

# Report

Report to:	<b>Climate Change and Sustainability Committee</b>
Date of Meeting:	<b>26 April 2023</b>
Report by:	<b>Executive Director (Housing and Technical Resources) Executive Director (Community and Enterprise Resources)</b>

Subject:	<b>Current Energy Efficiency and Sustainability Standards Within New Council Properties</b>
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## 1. Purpose of Report

- 1.1. The purpose of this report is to advise the Climate Change and Sustainability Committee on:-
- ◆ the current energy efficiency and sustainability standards achieved within the Council's own new domestic and non-domestic properties

## 2. Recommendations

- 2.1. The Committee is asked to approve the following recommendation(s):-
- (1) that the current energy efficiency and sustainability standards achieved within the Council's own new domestic and non-domestic properties be noted.

## 3. Background

- 3.1. South Lanarkshire Council currently manages a domestic estate of over 25,000 council homes and over 500 non-domestic buildings including schools, offices, community centres and leisure facilities.
- 3.2. The Council's domestic estate is managed and maintained through the Housing Revenue Account, with new properties funded through a combination of existing tenant rental income, prudential borrowing and Scottish Government grant. The council's non-domestic estate is maintained through a planned maintenance programme, with funding for new buildings provided from the Council's capital programme and external funding bodies following a successful bid for relevant funding streams.
- 3.3. A range of key Council strategies and plans detail actions and measures on improving the sustainability associated with the council's domestic and non-domestic estate. In relation to new council buildings:-
- ◆ priority five of the Council's Sustainable Development and Climate Change Strategy 2022 to 2027 sets out key actions for the council to progress a transition to net-zero, energy efficient and climate resilient homes, buildings and infrastructure. This includes actions to reduce emissions from new buildings and reduce construction waste
  - ◆ through the Local Housing Strategy 2022 to 2027 actions exist to explore opportunities to increase the proportion of council homes, including new homes,

that meet the Energy Efficiency Standard for Social Housing Phase 2 (ESSH2), develop a new Planning led 'residential design guide' that will encourage developers to increase standards, including those relating to sustainability

- ◆ within the Strategic Housing Investment Plan 2023 to 2028 (SHIP), the Council and its Registered Social Landlord partners are committed to delivering new-build homes built to the silver standard in respect of both the carbon dioxide emissions and Energy for Space Heating elements
- ◆ the 2021 Corporate Asset Management Plan sets out priorities for non-domestic buildings, including commitments to 'create an efficient, fit-for-purpose and sustainable core estate' within the limitations of existing budgets and resources

3.4. At the full Council meeting on 1 December 2022, a motion was approved that requires the Council to consider opportunities to improve energy efficiency and sustainability standards within its domestic and non-domestic estate further. Opportunities to progress this within existing budgets and resources are currently being considered and a formal response to the motion will be presented to the Climate Change and Sustainability Committee on 14 June 2023.

#### **4. Current Standards Within New Council Domestic Properties**

4.1. Approved at Executive Committee on 30 November 2022, the Council set a new target for 1,300 additional council homes to be delivered by the end of 2027/2028. This target is anticipated to be achieved through a combination of new build properties and the purchase of existing former council properties, continuing on from the previous target of 1,000 additional council homes set in 2017.

4.2. In line with current guidance, grant conditions and budget assumptions, the new council homes built since 2017, and those currently being delivered as part of the new target, generally achieve the 'bronze level of sustainability', with certain aspects achieving the 'silver standard' including those relating to both carbon dioxide emissions and Energy for Space Heating.

4.3. Bronze level is the baseline level for sustainability achieved where a domestic or non-domestic property meets the functional standards set out in Sections 1 to 6 of the Building Standards Technical Handbooks. Further details on these standards and the wider Handbooks have been provided in Appendix 1.

4.4. Opportunities to increase more aspects of the council property to the silver level of sustainability are considered on a project-by-project basis, however, are dependent on increased levels of grant and internal capital funding being available to achieve this. Recent cost increases relating to construction are impacting the ability to further increase sustainability standards, however, with the Building Cost Information Service, reporting on behalf of the Scottish Government, noting a 22.4% increase in housing tender prices in early 2022 against the previous year.

4.5. In relation to the Energy Efficiency Standards for Social Housing (ESSH (Phase 1 and 2)), all new council properties achieve this, being awarded an Energy Performance Certificate (EPC) rating of A or B. The second phase of ESSH is currently under review by the Scottish Government, with the outcome of this expected later in 2023.

#### **5. Current Standards Within New Council Non-domestic Properties**

5.1. Unlike the domestic properties detailed in section 4, the Council does not have a significant new build programme for its non-domestic properties. Where new non-domestic buildings are built by the council, however, these adhere to the same standards set out for domestic properties as detailed within the Building Standards Handbooks. As with domestic properties, opportunities for the Council to improve

these required standards are considered on a project-by-project basis and determined by the grant and capital funding available.

- 5.2. The last significant programme involving new or replacement non-domestic properties was the Council's primary school modernisation programme that ran between 2004 and 2019. As part of this, a range of energy efficiency and sustainability measures were considered and installed on the 125 buildings that were replaced, including:-
- ◆ 47% of the new primary schools and nurseries have solar PV panels installed, generating enough electricity to power approximately 5% of the total annual primary school and nursery estate
  - ◆ 38% of the new primary schools having low carbon intensity biomass/fossil fuel hybrid heating systems installed
  - ◆ 11% of the new primary schools having heating provided by either Ground Source or Air Source Heat pumps in off-gas grid locations
- 5.3. The Council continues to identify funding opportunities to enhance the requirements set out with the aim of improving overall sustainability across its non-domestic estate. This includes recent success with accessing the national Estate Investment Programme (LEIP) funding for the Newton Farm Primary School extension in Cambuslang. Through LEIP, local authorities fund upfront the delivery of new or refurbished assets so that children and young people, educators and wider communities can benefit from the outcomes which this improved estate will enable. Scottish Government revenue funding will then be provided to local authorities through an annual payment over 25 years to recognise the outcomes achieved.

## **6. Next Steps**

- 6.1. A range of developments are currently being progressed at a national and local level which may result in changes to the statutory and non-statutory requirements or guidance the council should be adhering to as part of its new buildings. These may require amendments to the current design and sustainability specifications utilised for new council buildings and include:-
- ◆ revisions to the Building Regulations taking effect in June 2023 where it is proposed that, from 2024, all new buildings will no longer be able to be heated with "direct emission heating systems
  - ◆ development of a new Planning led Residential Design Guide, as detailed within the Local Housing Strategy 2022 to 2027, for all developers in South Lanarkshire that would encourage higher sustainability standards for new domestic buildings
  - ◆ the current specifications set out within EESSH2 are being reviewed by the Scottish Government to ensure it remains compatible
  - ◆ the current specifications set out within the national Housing for Varying Needs standard are also being reviewed
- 6.2. Once details of these proposed changes are known in full, the Council will review its design specifications for its new domestic properties and make the required amendments to ensure it maintains compliance.
- 6.3. The Council will continue to maximise opportunities to enhance sustainability within its new domestic and non-domestic buildings, including through identifying appropriate external funding.
- 6.4. As detailed at 3.4, a formal response to the motion approved at full Council on 1 December 2022 is under development and will be presented to the Climate Change and Sustainability Committee on 14 June 2023.

## **7. Employee Implications**

- 7.1. There are no employee implications associated with this report.

## **8. Financial Implications**

- 8.1. As part of the approval of the new 1,300 additional council home target by Executive Committee on 30 November 2022, the Council set out the financial implications associated with the delivery of the programme. This was based on assumptions relating to the grant levels, council borrowing rates and existing unit costs using current design specification and identified that over a 40 year period the programme would have a neutral impact to the Housing Revenue Account Business Plan.
- 8.2. Financial implications from new non-domestic buildings considered by the Council to meet service needs or replace existing assets will be assessed as part of the feasibility of the project.

## **9. Climate Change, Sustainability and Environmental Implications**

- 9.1. The contents within this report link with key priorities of the Local Housing Strategy. As part of the development of the Local Housing Strategy 2022 to 2027, a full Strategic Environmental Assessment (SEA) was undertaken with the report submitted to the SEA Gateway and published online for consultation.
- 9.2. This assessment identified that the design specification for future domestic projects will achieve higher energy standards reflecting enhanced building regulations and will, therefore, make a positive contribution to local and national sustainability and climate change targets.

## **10. Other Implications**

- 10.1. There are no other implications associated with this report.

## **11. Equality Impact Assessment and Consultation Arrangements**

- 11.1. Equality Impact Assessment (EQIA) processes were also undertaken throughout the development of the key strategies aligned to this agenda, including the Sustainable Development and Climate Change Strategy and Local Housing Strategy. These assessments aimed to identify and mitigate any negative impacts and seek opportunities to promote equality and found that the strategies would have no negative impacts on any protected characteristics groups and will have significant positive impacts in relation to age and disability.

**Stephen Gibson**

**Executive Director (Housing and Technical Resources)**

**David Booth**

**Executive Director (Community and Enterprise Resources)**

3 April 2023

### **Link(s) to Council Values/Priorities/Outcomes**

- ◆ Accountable, effective, efficient and transparent
- ◆ Good quality, suitable and sustainable places to live

### **Previous References**

- ◆ Executive Committee, 30 November 2022, South Lanarkshire Council Housing Supply Target.
- ◆ Executive Committee, 30 November 2022, South Lanarkshire Local Housing Strategy 2022 to 2027.

### **List of Background Papers**

- ◆ South Lanarkshire Local Housing Strategy 2022 to 2027
- ◆ South Lanarkshire Sustainable Development and Climate Change Strategy 2022 to 2027
- ◆ South Lanarkshire Strategic Housing Investment Plan 2023 to 2028
- ◆ South Lanarkshire Council Corporate Asset Management Plan 2021

### **Contact for Further Information**

If you would like to inspect background papers or want further information, please contact: -  
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## Appendix 1 Summary of Building Standards Technical Handbook

- 1.1 The Building (Scotland) Act 2003 gives Scottish Ministers the power to make building regulations to:-
- i. secure the health, safety, welfare and convenience of persons in or about buildings and of others who may be affected by buildings or matters connected with buildings
  - ii. further the conservation of fuel and power and
  - iii. further the achievement of sustainable development
- 3.2 There are two Technical Handbooks issued by Scottish Ministers providing guidance on achieving the standards set out in the Building (Scotland) Regulations 2004. One handbook covering domestic buildings and the other non-domestic buildings. The standards detailed within Sections 1 - 6 of the Handbooks deliver a level of sustainability in areas such as energy efficiency, surface water drainage and sound insulation.
- 3.3. The Building (Scotland) Amendment Regulations 2011 introduced a new section to the Building Regulations to cover Sustainability, as detailed below:

*“Every building must be designed and constructed in such a way that:*

- a. with regard to a dwelling or school building containing classrooms, a level of sustainability specified by the Scottish Ministers in respect of carbon dioxide emissions, resource use, building flexibility, adaptability and occupant well-being is achieved,*
- b. with regard to a non-domestic building other than a school building containing classrooms, a level of sustainability specified by the Scottish Ministers in respect of carbon dioxide emissions is achieved, and*
- c. a statement of the level of sustainability achieved is affixed to the dwelling or non-domestic building.”*

- 3.4. The sustainability rating for a new domestic or non-domestic property will fall within one of the following levels: Bronze or Bronze Active, Silver or Silver Active or Gold. For each of these levels there are eight aspects as detailed in the tables below.

Aspect No.	Description
1	Carbon dioxide emissions
2	Energy for space heating
3	Energy for water heating
4	Water use efficiency
5	Optimising Performance
6	Flexibility and Adaptability
7	Well-being and security
8	Material use and waste

*Table 1: Aspects for Domestic properties*

Aspect No.	Description
1	Carbon dioxide emissions
2	Energy for thermal comfort and artificial lighting
3	Water Efficiency
4	Biodiversity
5	Well-being
6	Flexibility and Adaptability
7	Material use and waste
8	Optimising Performance

Table 2: Aspects for non-Domestic properties including schools with classrooms.

- 3.5. Bronze level is the baseline level for sustainability achieved where a dwelling or non-domestic property meets the functional standards set out in Sections 1 – 6 of the Technical Handbooks. Buildings that exceed Bronze, Bronze Active, Silver, Silver Active or Gold levels by achieving a higher level in one or more of the aspects above will be reflected on the sustainability label. However, the achievement of the next upper level will only be recognised once all aspects of that level have been included. See the example below for a new build domestic property where “Silver” level has been achieved for 2 aspects, however, the outcome for the sustainability rating remains at Bronze or Bronze Active level overall.



Example of Sustainability Label for a Housing project completed as part of the Housing led Whitlawburn Regeneration in 2022.