



CIH Scotland response: Draft heat in buildings strategy

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Background

The Scottish Government has published a [draft Heat in buildings strategy](#) setting out plans to achieve net zero emissions from Scotland's homes and non-domestic buildings by 2045 in line with statutory climate change targets.

As the consultation states, progress is being made towards improving the energy efficiency of our homes with around 45 percent achieving EPC C or better. However, this progress is not uniform. 56 percent of social rented homes achieve an EPC C or above compared to 41 percent of owner occupied homes and 40 percent of private rented homes (<https://bit.ly/3vmmTkn>). Older homes are also more likely to have poor energy efficiency.

While we continue to improve the energy efficiency of homes to reduce energy consumption, we will have to significantly scale up decarbonisation of heat through the use of renewable technologies if statutory climate change targets are to be met.

While we recognise the need to invest in our homes, it is essential that the cost of decarbonisation is not passed on to households on low incomes which could increase the risk of fuel poverty.

As an organisation representing the housing sector, our response relates mainly to residential buildings although we welcome a strategy covering all buildings, recognising that the development of heat networks and changes to energy infrastructure will require coordination between residential and non-residential buildings.

Comments on the draft heat in buildings strategy

We welcome the draft strategy, and the commitment to continue to improve the fabric of buildings to reduce demand for energy and the emphasis on continuing to support those who may be at risk of fuel poverty.

We believe that in order to meet targets for climate change and fuel poverty, a cross tenure approach is required with financial support in place for those who need it - no one should be living in a poor quality home whether they are a social or private tenant or a homeowner.

While we support the introduction of a strategy and the need to set out a clear pathway to achieving net zero emissions by 2045, we have some concerns about how the strategy will be implemented and these are set out below.

Adequate funding to ensure a just transition

We welcome the commitment to publishing a set of guiding principles with the final strategy which will underpin the Scottish Government's commitment that no one will be left behind and that the route to net zero emissions will not increase the fuel poverty rate or increase the depth of existing fuel poverty.

Achieving this will require significant investment from the Scottish Government in supporting energy efficiency improvements, the installation of renewables and ensuring people have access to advice and support.

The draft strategy estimates that £33 billion investment will be required to transform our homes and buildings and that this will require a mix of Scottish Government and private finance.

While the commitment to invest £1.6 billion in heat and energy efficiency over the course of the next Parliament is welcome, this is nowhere near enough to meet targets and ensure that people are not left worse off through the transition to net zero emissions.

Social landlords have already invested significant amounts in improving energy efficiency of existing homes. Between 2015-16 and 2018-19, local authorities and RSLs invested over £373 million of their own resources towards meeting EESSH, 86 percent of the total spend (<https://bit.ly/2BMOBsJ>). This is ultimately paid for through tenants' rent and without further investment from Scottish Government, there is a risk that social rents will become unaffordable.

The Scottish Government's own modelling suggests that it could cost £3.4 billion to bring just over 60 percent of social housing up to EPC band B, the new EESSH2 target for most social housing to meet (within technical and cost constraints) by 2032 (<https://bit.ly/3gIKveL>).

The grant rates for new build social and affordable homes is currently under review and it is not clear whether the additional costs of delivering net zero emissions homes will be covered alongside the costs of additional new conditions for receiving public investment set out in the Scottish Government's Programme for Government - the use of offsite construction to support delivery of zero emissions homes, digital connectivity, indoor and outdoor space standards (<https://bit.ly/3gX82oP>).

The Scottish Government must significantly increase investment in improving existing homes across tenures and in delivering new affordable homes if it is to avoid the risk of making people worse off in pursuit of zero emissions ambitions.

Decisive action required to meet targets

The Scottish Government has interim targets to reduce emissions by 75 percent by 2030 and 90 percent by 2040 before achieving net zero carbon by 2045. The draft strategy suggests that in order to meet climate change targets, all buildings must significantly reduce their energy use and almost all buildings must be using a zero emissions heating system by 2045. Emissions from homes and non-domestic buildings will need to reduce by 68 percent by 2030.

We welcome the commitments to

- Double the installation of zero emissions heat technologies year on year up to 2025;
- For zero emissions heating systems to account for at least 50 percent of new systems installed each year from 2025; and
- At least 50 percent of Scotland's building stock (over a million homes) to be using zero emissions heating systems from 2030.

It is also essential that energy efficiency measures and low carbon technology are rolled out at speed across all housing tenures and this will require certainty for developers, landlords and homeowners to invest in improvements and new technologies. We agree that regulatory intervention will be required to ensure improvements across all tenures but compliance will take time. Social and private landlords and homeowners need clear communication about timescales for changes and how they can meet any new statutory requirements.

Analysis carried out by the Existing Homes Alliance (EHA) suggests that regulatory intervention must be brought forward if the interim 2030 target is to be met. We support the EHA position that all existing homes (with limited exceptions) should reach EPC C by 2030.

This will require decisive action and financial support from the Scottish Government but will be necessary to meet climate change targets, reduce energy use and contribute to reducing fuel poverty.

Advice and information

The draft strategy refers to a number of supporting policies and programmes required to deliver energy efficiency retrofit and heat decarbonisation including the development of a public engagement strategy and the expansion of advice services.

We think that a significant publicity campaign will be required to inform members of the public about new standards, why these are being introduced and how they can access advice, information and financial support.

Local partners such as social landlords can help to ensure local links with national support services such as Home Energy Scotland if adequately funded.

Cross sector compliance and enforcement

Meeting emissions targets will require compliance and investment from the social and private rented sector and home owners. In order to achieve this, the Scottish Government must encourage compliance through clear communication, access to advice and information, financial support for those who need it and regulation.

A range of financial support should be available to support people in different circumstances including grant funding for low income households and loans or other financial products for others.

We support the use of regulation to ensure compliance but this should only be used when necessary and consideration must be given to how this will be resourced in order to be effective.

Local authorities will likely have a key role in enforcement through facilitating connection to heat networks, supporting energy efficiency work to mixed tenure buildings, inspection and enforcement in the private rented sector. Dedicated resources will be required to ensure that necessary work can be undertaken.

Local Authority Heat and Energy Efficiency Strategies

The development and implementation of Local Authority Heat and Energy Efficiency Strategies (LHEES) will be key to ensuring/expanding the decarbonisation of heat through the development of heat networks and improving infrastructure. However, local authorities need dedicated, skilled resources to develop and deliver these.

We understand that there have been successful LHEES pilots with support from Scottish Government. Lessons should be taken from these with a realistic assessment of the costs involved in developing and fully implementing LHEES across all local authority areas.



About CIH

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Contact:

Ashley Campbell CIHCM
Policy and practice manager
CIH Scotland
ashley.campbell@cih.org

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