

CIH Scotland response: New build heat standard

Submitted 1 March 2021

Background

The Scottish Government has invited responses to a scoping consultation setting out proposals to introduce requirements for all new homes approved after 2024 to use zero carbon heating and cooling systems. This is part of a set of wider measures to achieve the statutory targets set out in the [Climate Change \(Emissions Reductions Targets\) \(Scotland\) Act 2019](#):

- To reduce emissions by at least 75 percent by 2030; and
- To reduce emissions from all greenhouse gasses to net-zero by 2045.

The consultation sets out nine outcomes:

1. Our new buildings no longer contribute to climate change.
2. Reduced demand for heating and cooling.
3. The cost of heating our new homes and non-residential buildings is affordable.
4. The systems we use in new buildings provide us with a reliable supply of heat.
5. Opportunities for retraining and upskilling of workforce across Scotland.
6. Informed, educated consumers.
7. Our indoor and outdoor spaces are with cleaner air.
8. Our heating systems are smart, enabling flexible and stable operation of energy networks.
9. There is a continued supply of high quality homes and non-domestic buildings in line with identified requirements.

It also proposes definitions and the scope of the proposals and highlights potential challenges and opportunities.

General comments

We recognise that the housing sector has a significant role to play in reducing carbon emissions and therefore in meeting statutory targets to reach net-zero carbon emissions by 2045.

Our members are already investing significant sums of money in improving the energy efficiency of existing housing but need to balance investment with costs to ensure that low income households are not left worse off. Without significant investment from Scottish



Government, the cost of increasing energy efficiency in existing and new housing developments may be passed on to tenants through rent increases.

We are coming to the end of the target to deliver 50,000 affordable homes during the current Parliamentary term. The Scottish Government has stated that new homes delivered with subsidy under the next delivery programme will have to meet new standards for energy efficiency, indoor and outdoor space and digital connectivity. While we agree that new homes must be built to high standards, funding for these homes must be adequate to ensure that rents can remain affordable. We have called for an urgent review of subsidy levels ahead of the next affordable housing target.

Consultation response

1. Do you agree with the above key outcomes? Please explain your view.

We agree with all of the outcomes proposed and particularly welcome the reference to affordable heating and ensuring that consumers are informed and educated.

2. Are there any additional outcomes which should be embedded here?

We would like to see greater emphasis placed on the transition to zero carbon heating and cooling systems not making low income households worse off in line with the principles of a just transition. We do not want to see actions intended to meet climate change targets taken at the expense of fuel poverty targets. This will require decisive action and significant investment from Scottish Government.

A mix of regulation and support will be required to meet ambitious targets for carbon emissions and fuel poverty. New standards must be put in place with enough lead in time for developers to plan and comply. Clear messaging from Scottish Government will also encourage investment in low carbon and renewable technologies and in supporting the development of the workforce needed to install and maintain new heating and cooling systems.

The Scottish Government must also commit to adequately funding a new Affordable Housing Supply Programme for 2021 - 2026. We agree that new homes must be built to higher standards, but the cost of meeting these standards should not be passed on to existing or future tenants through social landlords having to increase rents to the extent that social housing is no longer affordable.

3. Do you agree with limiting this Standard to 'new buildings' as defined within section 2.2?

Yes.



4. Do you agree with: (a) our approach taken to require future installed heating systems to be zero direct emissions only, and (b) our approach taken to focus on direct/ point of use emissions that a building owner has responsibility over only?

Yes. For residential buildings it is important the building owners or residents are only accountable for emissions that are directly within their control while residing in the home. However, the consultation also suggests that the construction sector should aim to be more ambitious than the Standard to help reduce heat demand in new buildings. It is not clear how the industry will be incentivised to achieve this.

5. What evidence can you offer on ways of ensuring zero direct emissions from heating that could be compliant with this Standard?

No comment

6. What are your views on section 2.6, specifically regarding what mechanism the Scottish Government could use to ensure compliance with the Standard?

We do not have any comments on the technical specification that should be adopted by the Scottish Government. However, clear guidance must be provided setting out what may be acceptable in different circumstances, especially as the consultation suggests allowing developers as much flexibility as possible.

Viable zero-carbon solutions may change over time as technology develops and as local authorities progress with developing local heat networks, it would be useful for the Scottish Government to collate and keep up to date case studies to support the industry.

7. What steps can the Scottish Government take to support industry to deliver this Standard, and how could we make compliance with this Standard easier?

The Scottish Government must take decisive action and set clear timescales to give industry enough time to plan and for the workforce to develop the skills needed to install and maintain new heating and cooling systems.

If suppliers are confident that demand will be sustained over the long term, they can invest in expanding businesses and the workforce. As mentioned above, collating and updating examples of how compliance can be met will help standards to be met while remaining flexible.

8. How do we ensure that consumers are protected from increased energy bills, while giving developers flexibility to comply with the Standard?

As set out in the suggested outcomes, consumers must be informed and educated. Knowing how heating systems can be used optimally can help to reduce energy used.



Having confidence to compare and swap energy suppliers can also help to keep costs down. New buildings must also be built to high standards to reduce loss of heat.

As the consultation suggests, energy costs for zero carbon heating systems may be higher than existing systems for some people. It is essential that introducing new standards to meet climate change targets does not risk increasing fuel poverty. As well as providing information and support for people to make the best use of heating systems and reduce use as far as possible, the Scottish Government must make financial support available to those who need it. The Fuel Poverty Strategy must comprehensively address all four drivers of fuel poverty:

- Poor energy efficiency of homes
- Cost of fuel
- Household income
- Use of fuel

9. What are your views on new buildings connecting to an existing heat network, where development takes place within a heat network zone? Do you envisage any unintended consequences as a result of this proposal?

We agree that new developments should be encouraged to connect to existing heat networks where this is possible and can reduce energy costs. In order to support this, Local Heat and Energy Efficiency Strategies (LHEES) must be prioritised and resourced to make clear where and how local heat networks will be developed.

10. Do you agree with the Scottish Government's proposal to introduce this Standard in 2024? What are your views on this Standard being brought into force for new buildings consented earlier than 2024?

2024 will allow time for compliance and needs to align with other aspects of Energy Efficient Scotland. For example, the development of LHEES and energy efficiency standards for existing buildings.

11. How can opportunities be maximised for the supply chain involved in the delivery of new homes (ranging from product suppliers to on-site operatives), including skills?

Setting new standards will provide an opportunity to create skilled jobs across Scotland with new build and maintenance but support will be required to reskill existing workers as we move away from the use of fossil fuels. The Scottish Government should support and encourage the development of skills in zero carbon and renewable technologies.

Scotland can and should be a leader in the 'green recovery' from Covid-19 and beyond. Investing in green energy and new energy efficiency standards for homes will create jobs locally and ensure Scotland has a prominent place in the global fight against climate change.

12. What do you envisage the key challenges would be for developers, and wider-building industry, in meeting this proposed Standard? How could this sector be supported to address those challenges?

As set out above, the Scottish Government must act decisively, setting out clear timescales and guidance to give developers time to plan and make investment decisions.

As we come to the end of the current five year Affordable Housing Supply Programme (AHSP) social landlords need certainty over standards and Scottish Government funding to plan future delivery to meet housing need. The [Programme for Government \(PfG\) 2020-2021](#) stated that social landlords would need to meet new standards in order to access Scottish Government funding for new homes. It was suggested that new standards would include indoor and outdoor space standards, digital connectivity and greater focus on offsite construction to support the delivery of zero-carbon homes.

As yet, it is not clear what these new standards will be or how much funding will be available for new affordable housing after the end of March. The Scottish Government must urgently clarify standards and funding levels to allow social landlords to continue increasing the supply of much needed, good quality affordable housing.

13. What are the key challenges for the energy networks regarding the deployment of zero emissions heating in new developments? How could this sector be supported to address those challenges?

No comment

14. How do you see this Standard interacting with wider-energy system changes, and what role do you see for flexibility and smart technologies?

The vast majority of the homes we will be living in by the 2045 carbon reduction deadline have already been built. In order to meet ambitious climate change targets, we must transform existing homes as well as new developments. The Scottish Government is of course seeking to address the energy efficiency of existing homes through Energy Efficient Scotland and a separate set of standards.

The Scottish Government should seek to align strategies as far as possible so that all homes are brought up to the required standard. For example, the consultation document mentions heat networks. Work should be coordinated to ensure that existing and new developments benefit from investment in energy infrastructure.



15. What can be done to encourage greater consumer awareness and understanding?

A comprehensive communications campaign is required to provide advice and information for consumers and signpost to other forms of support such as financial advice and assistance for those who need it.

16. What approach should be taken when considering new non- domestic buildings, and what are the specific challenges and opportunities relating to new non- domestic buildings?

No comment.

17. By introducing this Standard, what challenges or opportunities might result for households on low incomes (for example, around affordability or access), and how can the Scottish Government best take account of these?

As mentioned above, the forthcoming Fuel Poverty strategy must comprehensively address all drivers of fuel poverty. The Scottish Government must make advice and information available to all consumers but also target financial support to those who need it.

We have also highlighted the need for clarity and adequate funding for affordable housing to ensure that local authorities and housing associations can continue to deliver much needed new homes and ensure that rents remain affordable.



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1 March 2021