



Scottish Parliament Debate: *Reports Low Carbon Scotland: Meeting our Emission Reduction Targets 2013-2027 (RPP2)* 26 March 2013

Summary

The Existing Homes Alliance Scotland¹ (ExHA) is a coalition of environmental, anti-poverty, consumer, housing and building organisations who believe that urgent action is required to transform Scotland's existing housing stock in order to help tackle both fuel poverty and climate change.

Homes represent one-quarter of Scotland's emissions and over one-third of households live in fuel poverty. The Homes and Communities sector has great potential to deliver more on emissions reductions – warmer homes are popular, save money, and create jobs. However, while RPP2 is a tremendous opportunity to make clear the Government's intention to transform Scotland's houses to low-carbon homes, this Draft Report on Proposals and Policies 2 (RPP2) leaves much open to question.

ExHA agrees with the Infrastructure and Capital Investment (ICI) Committee report which concluded, “...the transformational change required in the housing and transport sectors in order to meet the challenging emissions reduction targets must involve a combination of all the proposals and policies contained within the draft RPP2 being implemented and adequately funded, appropriate timescales for action and incentives for individuals and society as a whole to make the necessary step change required.”²

The Draft RPP2 includes some welcome steps towards this ‘transformational change.’ ExHA welcomes plans for the National Retrofit Programme (now known as the Home Energy Efficiency Programme for Scotland) and the proposal to introduce minimum standards of energy efficiency for all private sector housing. Progress has been made in recent years, but the challenge must not be underestimated – approximately 500,000 cavity walls are still to be filled, 500,000 solid walls to be insulated, and over half of lofts are below recommended levels. Indeed, the 2013 Progress Report on Scotland³ from the UK Committee on Climate Change states that “a substantial amount remains to be done, which highlights the need for strengthened Scottish Government policies.”

We recommend the following 5 changes for the final RPP2:

1. Minimum standards of energy efficiency for all private sector housing⁴: This proposal should be changed to a policy and the date of implementation brought forward to 2015. A minimum standard will help drive demand for the HEEPS, ECO, and Green Deal and help transform how people value energy efficiency. Standards will speed the upgrade of poorly rated homes which condemn households to fuel poverty. The ICI Committee acknowledged the need for regulation in its report: “...a combination of funding incentives and regulation will be required if Scotland is to achieve the transformational change required to meet its domestic energy efficiency targets set out in the draft RPP2.” It also expressed concerns about the timescale: “...requests that the Scottish Government investigates whether the timescales for the introduction of these minimum standards could be revised with a view to an earlier than 2018 introduction on the basis that this would allow further progress to be made in Scotland.”

2. Assessment of Progress and new milestones: The Alliance agrees with the ICI Committee recommendation that the RPP2 should be “...clear and transparent and contain[s] sufficient information to allow for a proper assessment of progress on proposals and policies since the publication of RPP1.” There is also real concern that there is a performance gap between what housing models predict building standards or energy company obligation schemes

¹ Steering Group: Association for the Conservations of Energy, Consumer Focus Scotland, Chartered Institute of Housing, Energy Saving Trust, WWF Scotland, Energy Action Scotland, Scottish Federation of Housing Associations, Scottish Building Federation, Verco. Supporters: Age Scotland, Changeworks, National Insulation Association, Scottish Energy Installers Alliance, Shelter Scotland, Scottish and Northern Ireland Plumbing Employers' Federation.

² ICI Committee report on RPP2

³ <http://www.theccc.org.uk/publication/reducing-emissions-in-scotland-2013-progress-report/>

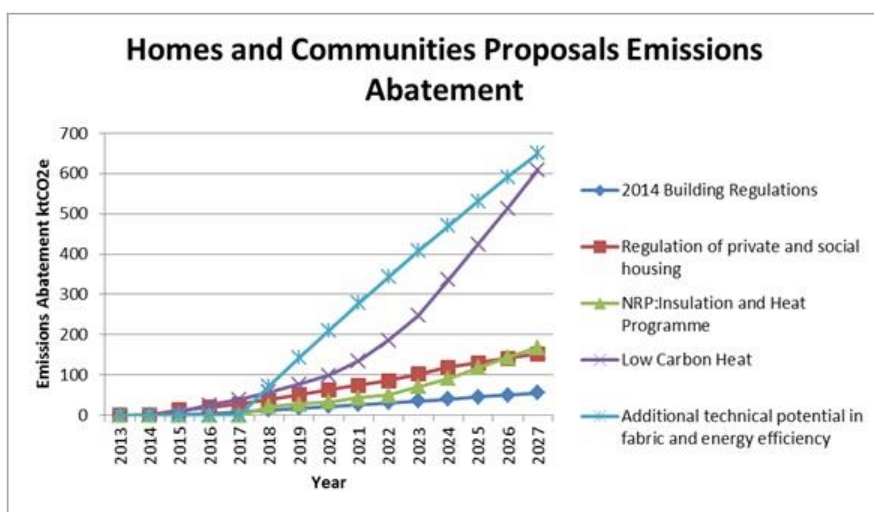
⁴ EXHA, <http://www.existinghomesalliancescotland.co.uk/news/minimum-standards>

will deliver and what actually happens on the ground. New milestones should be included for RPP2 that also match the UK Committee on Climate Change projections for loft, cavity and solid wall insulation. The total emissions reduction anticipated from the Homes and Communities sector should be clearly stated.

3. Tax relief for more energy efficient houses through the Land and Buildings Transaction Tax⁵: A relief should be included as proposal in the RPP2. It would encourage investment in energy efficiency by varying the level of tax according to a home's Energy Performance Certificate rating. It would add value to better performing homes, helping to drive market transformation.

4. Address the funding gap: Research⁶ suggests that the total investment (public and private) required to meet RPP1 ambitions is at least 3 times that projected by government. The EET Committee noted in its report that "...we are concerned that doubts remain about whether the energy companies will contribute the expected £135m each year from the implementation of the energy company obligation (ECO) scheme."⁷ The ICI Committee stated that it "...does not underestimate the importance of adequate funding of energy efficiency initiatives within the homes and communities sector."⁸ The Alliance calls for a doubling of funding for the HEEPS in order to maximise impact and lever in private investment. The RPP2 should state by what date the whole of Scotland will have been covered by the NRP and include a plan for addressing any gap in funding from the private sector.

5. Additional Technical Abatement Potential: The Alliance is very concerned at the reliance on what RPP2 calls "additional technical potential in fabric and energy efficiency" to deliver a significant proportion of emissions abatement by 2020 and even more to 2027 (see graph below). RPP2 must be more specific about what policies are expected to deliver this potential, for example, a gradual increase in the minimum energy efficiency standard expected in existing homes.



Source: SPICe Briefing: RPP2 and Scotland's Climate Change Targets

Conclusion:

Investing in domestic energy efficiency offers one of the best paybacks government could hope for – it cuts emissions, helps eradicate fuel poverty, saves money, and creates green jobs. The Homes and Community sector is well-placed to make a significant contribution to reaching Scotland's climate change targets if given the right tools – sufficient investment, attractive incentives, combined with regulations on standards.

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⁵ <http://www.existinghomesalliancescotland.co.uk/uploaded/files/EXHA%20response%20to%20Finance%20Committee%20call%20for%20evidence%20on%20LBTT%20Stage%201.pdf>

⁶ http://assets.wwf.org.uk/downloads/mind_the_gap_policy_summary.pdf

⁷ EET Committee Report on RPP2

⁸ ICI Committee Report on RPP2