



The Existing Homes Alliance Scotland

Written Evidence for the Infrastructure and Capital Investment Committee

Low Carbon Scotland: Meeting our Emission Reduction Targets 2013-2027 (RPP2)

4th February 2013

Introduction

The Existing Homes Alliance Scotland (ExHA) is a coalition of organisations which have come together to seek improvements in the energy performance of Scotland's existing housing stock. It is an alliance of environmental, anti-poverty, consumer, housing and building organisations who believe that urgent action is required to transform Scotland's existing housing stock.

We welcome the opportunity to help inform the Committee's scrutiny of the Scottish Government's Report on Proposals and Policies 2. The Alliance believes that the planned activity cannot achieve the scale of change required to meet the Scottish Government's targets to reduce carbon emissions by 42% by 2020 and end fuel poverty by 2016. The Alliance welcomes plans for the National Retrofit Programme and the proposal to introduce minimum standards of energy efficiency for all private sector housing. However, we believe the following issues must be addressed if the RPP2 is to provide a credible response to meeting the Climate Change (Scotland) Act:

- The Homes and Communities Sector should **aspire to achieving emissions reductions of at least 42% by 2020**. RPP1 noted that residential emissions would be 36% lower in 2020 if all proposals and policies were implemented. RPP2 does not suggest any percentage reduction and the total abatement expected by 2020 is even lower than in RPP1.
- Funding for the National Retrofit Programme should **be doubled to £130m per annum**, in order to maximise impact and lever in private investment. Research suggests that the total investment (public and private) required is at least 3 times that projected by government.
- **Minimum standards of energy efficiency for the whole private sector should be introduced by 2015**, not 2018 as suggested in RPP2. A minimum standard will help drive demand for the National Retrofit Programme and other incentives and help transform how people value energy efficiency.
- **Tax relief for more energy efficient houses through the Land and Buildings Transaction Tax** should be included as proposal

Progress to date:

Emissions from homes were 3% higher in 2010 than in 1990, and this was a significant factor in Scotland missing its first statutory annual target. While there is some progress against the modest milestones included in RPP1, RPP2 does not compare this against the annual abatement estimates so it is difficult to understand actual progress on emissions reduction. Loft insulation numbers appear good, but the standard of 100 mm is low and not sufficient to meet fuel poverty or climate change targets. **Only 42% of lofts have 200mm or more**, with the recommended level being 270mm. **A third**



of cavity walls still need to be filled. The UK Committee on Climate Change Progress Report 2012¹ states that all lofts and cavities should be filled by 2015 (only 2 years away) and considers there are major challenges in delivering these installation rates, particularly given DECC estimates of uptake for the Green Deal. The milestone on renewable heat is even more concerning, with evidence to the Economy, Energy and Tourism Committee by the Energy Saving Trust suggesting the current rate of installation **needs to increase 10-fold to meet the target of 100,000 homes with renewable heat by 2020**².

The Alliance proposes the RPP2 include new milestones which are sufficiently ambitious to match the emissions reductions required. For example, numbers of homes with 270 mm insulation (this is the recommended level and what is installed by government programmes); numbers of solid wall insulation installations (according to the UK Committee on Climate Change, a pro-rata share of their projection to 2020 would be approximately 230,000 or 32,000 per year). Progress on solid wall insulation is particularly concerning, **with only a 2% increase of solid wall properties insulated since 2007.**

Effectiveness of Proposals and Policies in RPP2

The Alliance welcomes the Sustainable Housing Strategy and its vision for “warm, high quality, low carbon homes and a housing sector that helps to establish a low-carbon economy across Scotland.” In particular, we welcome the creation of the National Retrofit Programme with its focus on fuel poor households and local authority-led, area-based delivery. This programme has great potential to attract significant ECO funding into Scotland. In order to meet the significant challenges in the pace and scale of insulation rates the Alliance believes the government should **at least double the funding for the NRP.** A recent report by WWF Scotland, *Mind the Gap*³, concluded that the total investment (public and private) required to meet 36% emissions reduction by 2020 is three times what is projected from government policies and programmes.

The National Retrofit Programme should include **a national, demand-led scheme**, to cover anyone outside an area-based scheme. There should be a commitment that anyone eligible for the Energy Assistance Package today will be eligible for NRP starting in April, 2013. Furthermore, the RPP should state by what date the whole of Scotland will have been covered by the NRP.

Eligibility for the NRP should be no different than current eligibility for the Energy Assistance Package (EAP). There is a danger that as eligibility for ECO is stricter, large numbers of vulnerable households currently getting support under the EAP will lose that support if ECO eligibility is applied to the NRP. The Alliance believes the Scottish Government should ensure that EAP eligibility is applied to the NRP.

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. There is no explanation of what is meant by the “additional technical potential” in either the RPP2 or the technical annex. Furthermore, there is real concern that there is a

¹ UK Committee on Climate Change Annual Progress Report 2012

² EST written evidence to the Economy, Energy and Tourism Committee on Renewable Energy Targets, February 2012

³ http://assets.wwf.org.uk/downloads/mind_the_gap_policy_summary.pdf



performance gap between what housing models predict building standards or energy company obligation schemes will deliver and what actually happens on the ground. The Alliance believes there should be **regular monitoring and evaluation** of government insulation programmes to ensure standards are met and maximum energy savings are achieved.

The Alliance welcomes the government's proposal to introduce **a minimum standard for all private sector housing**, but we disagree with the timescale. We believe there is adequate time to develop regulation with consultation with stakeholders and implement by 2015. This gives sufficient time to foreshadow regulation and encourage take-up of incentive schemes. It will also put mixed tenure buildings on more of a level playing field, encouraging action by private landlords or owner occupiers to take action rather than blocking upgrades by social landlords. Finally, it will speed the upgrade of poorly rated homes which condemn households to fuel poverty. These lowest rated properties are not shifting up the scale despite the incentives available.

The Alliance is concerned that **weakening the new build standards** recommended for 2013 in the Sullivan Report could be creating problems for the future. It will be far more expensive to retrofit these buildings later than to build to a high standard now. In Dr Brenda Boardman's latest publication, *Achieving Zero*⁴, she estimates that all buildings will need to be zero carbon by 2050 in order to meet the 80% emission reduction targets. Maintaining very high standards in Scotland means the construction industry can build at scale, cut costs, and take advantage of the growing interest in low carbon buildings.

Finally, the Alliance would like to see more proposals relating to transforming the market for energy efficient housing. For example, the RPP2 should include a proposal for **the Land and Buildings Transaction Tax** to provide relief for more energy efficient houses. Proposals relating to the **council tax rebate** for energy efficient improvements and making this more effective would also be welcome. Finally, there is a role for government to make the **Green Deal more attractive** in Scotland, because current projections indicate it will only have a marginal effect on emissions reductions. For example, support should be given to encourage local authority Green Deal partnerships on a large scale so as to maximise opportunities to attract ECO and potentially lower costs. In addition, the government should work with local authorities to integrate Green Deal promotion with the NRP.

Conclusion:

Homes are responsible for one-third of Scotland's carbon emissions, while at the same time, at least one-third of households are living in fuel poverty. 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 for incentives combined with regulating for standards.

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⁴ <http://www.eci.ox.ac.uk/research/energy/achievingzero/achieving-zero.pdf>

