

A Warm Homes Bill for Scotland July 2017

Introduction

The Existing Homes Alliance Scotland welcomes the commitment from the Scottish Government to take forward a Warm Homes Bill in this parliament¹. Support for the Warm Homes Bill also featured in several political party manifestos. This proposed Bill should provide the statutory foundation for the new fuel poverty target and strategy, and for Scotland's Energy Efficiency Programme. A separate bill is planned to introduce a regulatory framework for district heating.

A Warm Homes Bill for Scotland will ensure energy demand is reduced and investment in energy efficiency, renewables and district heating is encouraged. Legislation is required to create the right policy framework that supports industry, protects consumers and cuts energy bills.

In our view, the Warm Homes Bill should address any barriers and facilitate opportunities to bring low carbon and affordable warmth to all households in Scotland by helping to improve the energy efficiency of our homes and supporting the growth of low carbon heat. It should also ensure equitable support for all people to enjoy affordable heat and energy use, particularly rural and remote areas. To do this, we believe the Bill should include the following measures:

Fuel poverty

- Renewed target to eradicate fuel poverty alongside provisions for independent scrutiny of progress.
- Requirement to review all devolved benefits to explore how they could act to alleviate fuel poverty.

Scottish Energy Efficiency Programme

- Statutory framework including targets and scrutiny provisions.
- Establishment of an independent body to oversee the Scottish Energy Efficiency Programme.
- Duty to produce Local Heat and Energy Efficiency Strategies.
- Amendments to existing legislation to introduce tax incentives for energy efficient properties.

Regulation

- Powers to set additional triggers for minimum standards of energy performance in the private housing sector.
- Require action to improve energy efficiency through common works, such as stronger Tenement Management Schemes to facilitate energy efficiency upgrades.
- Review of building regulations with remit to include existing and new buildings.

Other issues that should be explored:

- Planning and conservation areas/listed buildings.
- Planning and facilitation of low carbon heat transition to remove any barriers.

¹ 'we will bring forward plans for Warm Homes legislation in 2017', Housing Minister, Fuel Poverty debate, 16 November 2017, Scottish Parliament

http://www.parliament.scot/parliamentarybusiness/report.aspx?r=10628&mode=html#iob_97713

- Local authority powers for enforcement of minimum energy efficiency standards.
- Consumer protection measures, including quality assurance procedures for Energy Performance Certificates.
- Regulation/powers to facilitate routes to market for community energy or removing barriers for local authority ESCOs.

Priorities for the Warm Homes Bill

The Alliance undertook a gap analysis of existing legislation, policy and programmes relating to fuel poverty and energy efficiency, to explore what legislative measures could facilitate a more rapid transition to highly energy efficient homes and the decarbonisation of heat. The research resulted in the following priorities which are detailed below:

Fuel Poverty Targets and Programme

The Scottish Government is committed to consulting on a new fuel poverty strategy in autumn 2017 and to introducing a new fuel poverty target in the Warm Homes Bill in 2018.² It is important that lessons are learned from existing and previous programmes, and that the government works with stakeholders to devise a new target and statutory fuel poverty programme that will drive action, maximising the use of Scotland's devolved powers. In particular, the new strategy should respond to the recommendations from the [Scottish Fuel Poverty Strategic Working Group](#) and the [Rural Fuel Poverty Task Force](#) using strong and effective policies, regulations and advice, including quality face to face support for vulnerable households, particularly as we move to renewable and low carbon heating.

The Alliance believes that the new fuel poverty eradication target and strategy must have a statutory footing. The target should be accompanied by clear milestones to assess progress against all four causes of fuel poverty: energy performance of the home, household income, energy prices, and how energy is managed in the home.

The legislative framework should include:

- The setting of the long term targets and milestones.
- Reporting to the Scottish Parliament against progress.
- Submitting regular delivery plans and progress reports to the Scottish Parliament.
- Provision for a stakeholder body to provide regular scrutiny of the delivery plan and annual targets.

Scottish Energy Efficiency Programme

Targets

The Scottish Government has designated improving the energy efficiency of Scotland's buildings a National Infrastructure Priority. As with any other infrastructure priority, the Alliance believes this commitment should make clear the intended outcome. Including an energy performance target in legislation would help ensure ambitious progress is made by providing the necessary certainty for investment from industry, landlords, and homeowners.

² The Scottish Government's response to reports by the Scottish Fuel Poverty Strategic Working Group and the Scottish Rural Fuel Poverty Task Force, March 2017

The Alliance focuses on existing housing, and we are calling for the Scottish Government to set a target in the Warm Homes Bill for the completion of Scotland's Energy Efficiency Programme in 2038 for the vast majority of homes to be near zero carbon and with an interim milestone of raising all homes to Energy Performance Certificate (EPC) band C by 2025. These targets should also be measured in terms of total energy use across the sector.

Independent body

The Warm Homes Bill should establish an independent body to have oversight of the delivery of SEEP. The national body would report to Ministers and the Parliament against the SEEP strategic plan and statutory target. It would also have a board with external stakeholders.

The establishment of this body would address concerns that Scottish Government officials do not have adequate capacity or expertise to deliver such a large infrastructure programme and ensure value for public sector investment. This new body could provide the necessary skills, knowledge, drive and leadership for a programme that will span several governments, delivering Scotland-wide, with a budget of £10bn or more, and with a role in regulation. This would be similar to the way other infrastructure projects are managed, eg Transport Scotland was established to manage transport infrastructure projects.

Local Heat and Energy Efficiency Strategies

The Scottish Government has recently consulted on a new duty for local authorities to produce and implement a Local Heat and Energy Efficiency Strategy (LHEES). We believe these plans will play an important role in achieving the ambitions for decarbonising the housing sector and eradicating fuel poverty and should be taken forward without delay. The Warm Homes Bill provides the perfect legislative vehicle for introducing this new duty.

Financial incentives

We strongly support the deployment of a range of financial and fiscal incentives as part of SEEP to encourage the uptake of energy efficiency and low carbon heat improvements. The Warm Homes Bill provides the opportunity to introduce new fiscal incentives that use tax policies to incentivise action. For example, this could be through enhancing the council tax rebate provisions in the Climate Change Act and/or using the Land and Buildings Transaction Tax to reward action to improve energy performance in buildings. We recommend the Scottish Government review potential fiscal incentives³ and how the Warm Homes Bill could provide the necessary powers to introduce these now and in the future.

Regulation

Minimum standards of energy performance; building regulations

Regulation will play a crucial role in transforming the market for energy efficiency in buildings. The Scottish Government is using its powers under the Climate Change (Scotland) Act 2009 to consult on regulation on energy efficiency standards in the private housing sector. The Warm Homes Bill provides the opportunity to explore other opportunities to introduce standards to address any remaining gaps, and to make the most of points of transition when home owners and landlords are most likely to undertake upgrades.

³ The report, Retrofit Incentives, 2013, by UKGBC is a useful start in this direction: http://www.ukgbc.org/sites/default/files/130705%2520Retrofit%2520Incentives%2520Task%2520Group%2520-%2520Report%2520FINAL_1.pdf

For example, standards could be introduced at the point of major refurbishment, or if in receipt of public grant for home improvements. The Warm Homes Bill could also address barriers to taking forward energy efficiency upgrades in tenements. The Scottish Government should support a detailed investigation to identify what reforms are necessary, for example to address common works and ‘blockers’ – when one owner can stop others from benefitting from area-based schemes. Another example could be banning oil as a heating fuel in domestic properties by a certain date, as is being explored in at least one other European country.⁴

The Draft Climate Change Action Plan already commits the Scottish Government to review building standards, and this should include both existing and new buildings. The Warm Homes Bill could set out a timetable and remit for this group.

Other issues

The Alliance’s research also identified some issues that merit further exploration:

- Planning and conservation areas/listed buildings.
- Planning and facilitation of low carbon heat transition to remove any barriers.
- Local authority powers for enforcement of minimum energy efficiency standards.
- Consumer protection measures, including quality assurance procedures for Energy Performance Certificates.
- Regulation/powers to facilitate routes to market for community energy or removing barriers for local authority ESCOs

We also recommend that the Scottish Government undertake its own gap analysis of legislation to understand what provisions could be included in the Warm Homes Bill to support the delivery of SEEP and the National Infrastructure Priority on energy efficiency.

Conclusion

Investment in the quality of our existing housing stock underpins progress across so many government policy objectives – tackling fuel poverty and climate change, reducing ill-health, and creating and sustaining jobs in every part of Scotland. This investment will also reduce the need for costly new energy generation. The Warm Homes Bill represents a rare opportunity to provide a strong legislative foundation for the fuel poverty strategy and Scotland’s Energy Efficiency Programme to ensure Scotland can meet both its fuel poverty and climate change goals.

The Alliance will continue to develop its proposals for the Warm Homes Bill and encourages all stakeholders to join us in making this a strong and effective piece of legislation.

Further information:

Existing Homes Alliance Scotland <http://existinghomesalliancescotland.co.uk>

Elizabeth Leighton, Secretariat

elizabeth@leightonconsulting.co.uk

mob 07792647005

⁴ <http://www.dailymail.co.uk/wires/reuters/article-4607794/Oil-producer-Norway-bans-use-heating-oil-buildings.html>