

## ENERGY EFFICIENT SCOTLAND BRIEFING SEPTEMBER 2018

### BACKGROUND

The Energy Efficient Scotland Programme is “a 20 year programme containing a set of actions aimed at making Scotland’s existing buildings near zero carbon wherever feasible by 2050...”<sup>1</sup> The Programme has two objectives:

- Remove poor energy efficiency as a driver of fuel poverty; and
- Reduce greenhouse gas emissions through more energy efficient buildings and decarbonizing the heat supply.

This briefing focuses on the aspects of the programme targeted at domestic buildings. The Route Map sets out the government’s plans for a phased approach for different housing sectors as follows:

- Social sector: Set a target to maximise the number of social rented homes at Energy Performance Certificate (EPC) band B by 2032.
- Private rented sector: Set mandatory energy performance standards for all private rented homes – EPC band E by 2022, and band D by 2025. Consult on getting all private rented homes to a C rating by 2030 (where technically feasible and appropriate).
- Owner occupied sector: Encourage and support home owners to improve their homes to an EPC band C by 2030 (where technically feasible and cost-effective) and to consider regulations to ensure all homes across Scotland reach this rating by 2040 at the latest.
- Fuel poor households: Set a more ambitious target for fuel poor households of EPC band C by 2030 and EPC band B by 2040.

### WELCOME ASPECTS OF THE ENERGY EFFICIENT SCOTLAND ROUTE MAP

**Vision:** The goal of making existing buildings near zero carbon by 2050 wherever possible with an interim milestone of getting *all* homes to an energy performance certificate (EPC) rating of C. The programme recognises these targets are important for meeting climate change targets, lifting people out of fuel poverty, creating new jobs and for boosting economic growth.

**Regulation:** New regulations for minimum standards of energy efficiency in the private rented sector with a proposal to ensure all private rented homes get to an EPC rating of C by 2030. This is coupled with strong new ambition in the social housing sector.

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<sup>1</sup> Energy Efficient Scotland, May 2018, Scottish Government

**Fuel poverty priority:** Commitment to prioritise and support people in fuel poverty to improve the energy efficiency of their homes.

## AREAS FOR IMPROVEMENT OR AMENDMENT

**Funding:** There is no new money to fund the Energy Efficient Scotland programme despite the fact that the Route Map envisions an enlarged programme of advice, support, incentives and fuel poverty programmes. This is problematic for social landlords who are being expected to increase energy efficiency without increasing rents. There is also concern there will not be sufficient numbers of upgrades from private landlords and homeowners as the self-funded market is not sufficiently developed. We are calling for more funding that is commensurate with the ambition of the Energy Efficient Scotland Programme including for an enhanced programme of incentives.

**Target dates:** 2040 is far too late to get all homes up to EPC band C if we expect to reach both climate change and fuel poverty targets. A motion passed in the Scottish Parliament (May 2018) called for the target date to be changed to 2030.<sup>2</sup>

**Regulation for the private rented sector:** Private landlords should be expected to self-fund up to the regulated standard with the help of subsidised loans. They should be encouraged to go to a higher standard sooner through financial incentives. If their tenant is fuel poor, the tenant is eligible for support under the fuel poverty programme so the property should be upgraded beyond the regulated standard and reach the energy performance standard required to meet fuel poverty targets. This will avoid the problem of 'blockers' for retrofit of mixed tenure properties.

**Regulation for owner/occupiers:** Combined with the lack of new incentives for homeowners, the absence of any firm plans for regulation risks stagnation in this crucial sector. The government must set out a clear and credible pathway to get all homes to an EPC C much faster than 2040, preferably by 2030. This pathway should include plans for greater financial incentives to assist with future compliance with regulation. Regulations should be developed in the short term and informed by analysis of the likely impacts and benefits of achieving the standard. It should include a long lead in time accompanied by a well-funded, national public-awareness and education campaign and financial incentives to encourage voluntary action and market development.

**Remote and rural homes:** There is no mention of additional support for residents in rural areas due to the higher costs of achieving warm and dry homes. The Rural Fuel Poverty Task Force recommended that all energy efficiency and fuel poverty policies were "rural proofed" but there is little evidence of this in the Route Map.

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<http://www.parliament.scot/parliamentarybusiness/28877.aspx?SearchType=Advance&ReferenceNumbers=S5M-12140.1&ResultsPerPage=10>

## SUMMARY OF EXISTING HOMES ALLIANCE PROPOSALS FOR ENERGY EFFICIENT SCOTLAND ROUTE MAP

Scottish Government proposal	Existing Homes Alliance position
Vision of near zero carbon buildings by 2050	Welcome
Long term standard of EPC band C by 2040	Welcome, but bring forward to 2030 for domestic buildings and make the targets statutory as part of an overall statutory framework for Energy Efficient Scotland.
Social standard – EPC band B by 2032	Welcome, but requires funding support for social landlords.
Private rented standard – EPC D by 2025, proposal for EPC C by 2030.	Welcome, with additional support and advice to maximise compliance; ongoing access to subsidized loans, and consider scope for financial incentives for going beyond the regulated standard.
Owner / occupiers – EPC C by 2030 on voluntary basis with consideration of regulation if insufficient progress.	Clearly set out pathway to achieve EPC C by 2030 which would include regulation, support and incentives. Otherwise, fails to act as an incentive for voluntary action. Need to start process of developing regulations now, exploration of fiscal incentives for the lead in period, and a public education campaign to prime owner occupiers well before regulation comes into effect.
Priority for fuel poor: EPC C by 2030 and EPC B by 2040.	Welcome. Priority should mean more funding for fuel poverty programmes, and that the programmes must deliver the target standard. It will mean accelerated action, particularly in the owner / occupied sector, and that interim milestones should be set/reassessed based on the overarching eradication target.
Budget – multi-year commitment of up to £.5bn over this Parliament.	Welcome multi-year commitment but significant increase in funding is required to achieve these goals and meet the intent of a transformational National Infrastructure Priority.
Considering new legislative requirements / changes to existing legislation	Welcome and we propose: <ul style="list-style-type: none"> <li>• Creation of an independent oversight body for Energy Efficient Scotland.</li> <li>• Tenements: undertake review to identify precise legal requirements to make energy upgrades easier; for example there could be a requirement for management arrangements to that can initiate, coordinate and implement retrofit projects</li> </ul>

	<ul style="list-style-type: none"> <li>• Planning: review of how planning legislation and guidance should be amended to facilitate the transition to near zero carbon buildings while protecting the integrity of the buildings’ cultural and historical values.</li> <li>• Building regulations: Current review of the energy part of the building regulations should be required to explore ways regulations can be used to meet Energy Efficient Scotland targets, including detailed consideration of applying standards at the point of major refurbishment.</li> <li>• Review of potential financial incentives – e.g. council tax rebate.</li> </ul>
Local Heat and Energy Efficiency Strategies	We support the proposed introduction of a duty on local authorities to produce Local Heat and Energy Efficiency Strategies and it must be accompanied by adequate resources.
Consider the possible application of standards to agricultural tenancies, holiday lets and HMOs.	Welcome and urge the review(s) to be completed in the near term so these properties do not get left behind. Everyone should be entitled to live in a warm, dry, affordable to heat home that does not pose a health hazard to them regardless of tenure.

**CONCLUSION**

There is much to be welcomed in the Energy Efficient Scotland Programme. In particular, we welcome the strong action to ensure that tenants in the private rented sector will see their homes improved over the coming years and we welcome the expectation that most of Scotland’s homes will get to an energy performance standard of C by 2030.

However, to realise this ambition, the Government must commit to bringing forward 1) additional funding on a multi-year basis and 2) regulation across all tenures, accompanied by incentives during the lead-in period prior to mandatory compliance dates. This must be done well before 2040 to effectively tackle fuel poverty and climate emissions from our homes.