

Submission to the Local Government and Communities Committee call for evidence on the Climate Change Plan Update

12th January 2021

Introductory remarks and general comments:

The Existing Homes Alliance Scotland (EHA) welcomes the opportunity to submit views to the Scottish Parliament Committees on the recently published Scottish Government updated Climate Change Plan.

The EHA is a coalition of housing, environmental, fuel poverty and industry organisations who are working together to end fuel poverty and deliver the transformational change needed to address the climate emergency. Given our purpose, we will focus our response on the CCPu's policies and proposals for the residential sector, and the role it should play in meeting Scotland's climate change targets.

We welcome the aim of the Climate Change Plan Update (CCPu) to set out a clear route map to achieving Scotland's new climate change targets – which it achieves, in part. We are particularly pleased to see the CCPu signed off by the entire Cabinet, demonstrating the firm support for collective action across portfolios.

The parliamentary scrutiny process offers the opportunity to improve the CCPu so it does the job as recommended by the UK CCC in its latest progress report for Scotland (October 2020). In their view the CCPu must:

- *Put Scotland on a path to sharper emissions reduction in the near-term, and establish a course to Net Zero by 2045.*
- *Put Scotland on the path to deliver meaningful **reductions outside of the power sector**.*
- *Help Scotland to build a **resilient recovery** from the pandemic, be consistent with a changing climate, and complement Scotland's efforts to improve resilience to climate change.*
- *Reaffirm Scotland's status as an **international leader**.*

The CCC progress report also makes buildings a priority and calls for a “**coherent strategy for the future of low-carbon heat and energy efficiency in Scotland's homes and other buildings**”.

Overall, we know that the Climate Emergency is going to require rapid action over the next decade if we are to avoid the most devastating impacts of climate change. The CCPu is a welcome opportunity to align Scotland's climate change policies with our international obligations. With COP-26 now less than a year away, when Scotland will be on the world stage, it is essential we have an exciting and credible route map to achieving Net Zero. The proposals and policies set out in the CCPu will undoubtedly help put Scotland on track to meeting our ambitious climate targets, as well as help tackle fuel poverty and recover from the worst economic impacts of the COVID-19 crisis. But only if we don't delay.

1. What is your assessment of the progress to date in cutting emissions within the sector/sectors of interest and the implementation of the proposals and policies set out in previous Climate Change Plans (RPP1-3)?

Over the last decade we have seen steady, though slow, improvement in the energy performance of Scotland's housing stock. This has been supported by the development of a solid delivery structure – Energy Efficient Scotland, and a nationally funded energy advice service – Home Energy Scotland.

However, the rate of progress is unlikely to be adequate to ensure the necessary levels of emissions reductions from Scotland's housing stock, with emissions reductions fluctuating and fuel poverty rates remaining stubbornly high. Nonetheless, we have the foundations from which to build an ambitious and massive national and local programme of retrofit for existing homes in the next decade – starting now.

Progress to date in cutting emissions

CCP (February 2018) outcomes:

- By 2032, a 23% reduction in direct residential emissions (from 2018 to 2032)
- By 2032, improvements to the building fabric of domestic buildings will result in a 15% reduction in domestic heat demand.

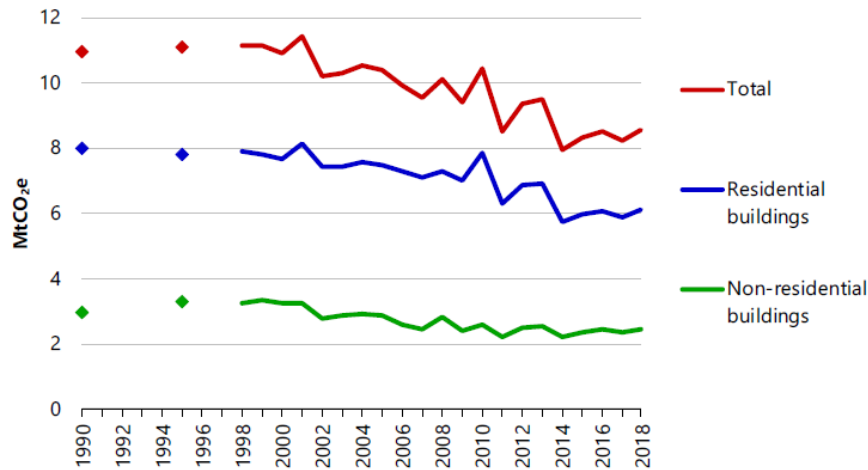
Note: it appears these two outcomes have not been carried forward into the CCPu. This makes it difficult to know what the emissions 'envelope' for domestic housing is, though we would assume the percentage reduction expected is likely to be increased given the new emissions reduction target of 75% by 2030. It is also then difficult to assess whether or not we think the policies in the CCPu can achieve the planned reduction.

Emissions reductions:

Scotland has reduced GHG emissions from housing by 24% from 1990 to 2018¹ – a period of over 25 years. We will most likely need to achieve the same and more emissions reductions in the next decade, with much of the 'low hanging fruit' already taken. It is concerning that in the most recent figures, emissions actually increased between 2017-2018, in part due to colder winter weather – we need to decrease emissions year on year whatever the weather. The chart below (from the UK CCC Reducing Emissions in Scotland Progress Report to Parliament October 2020) illustrates the trajectory of emissions reductions in the residential sector, with little progress made since 2014.

¹ Scotland's GHG Inventory by Source https://naei.beis.gov.uk/reports/reports?section_id=4

Figure 3.7. Emissions from buildings in Scotland (1990-2018)



Source: NAEI (2020) *Greenhouse Gas Inventories for England, Scotland, Wales & Northern Ireland: 1990-2019*.
Notes: No emissions data are available for Scotland for 1991-1994 or 1996-1997. Does not reflect forthcoming revisions to global warming potentials (see Box 2.1).

To achieve the climate change goals, it is clear that the pace and scale of progress must be ramped up significantly.

Energy efficiency:

Scotland has made steady progress on improving the energy efficiency of its housing stock, but the rate of improvement does not match the need in terms of addressing fuel poverty or the climate emergency. And it is concerning that progress is slowing, as easy measures such as loft insulation have been taken up, and existing policies, programmes and incentives are not resulting in sufficient levels of demand.

The Alliance believes that the vast majority of homes should achieve a ‘good’ rating – or EPC band C – by 2030. This can be achieved through tried and tested measures such as insulation, more efficient and low carbon heating. In 2019, 45% of Scottish homes were rated as EPC band C or better – this is similar to 2018. This means over 1 million homes need to be upgraded to EPC band C in the next decade – at least 100,000 per year. This compares with the current trends, with the number of dwellings below EPC band C is decreasing at about 40,000 a year – though this is likely to slow under ‘business as usual’ conditions as upgrades become more expensive and complicated. (EES Consultation March 2019).

Progress on Policies and Programmes:

Achievements

- Energy efficiency of buildings became an infrastructure priority from 2015 – benefitting from multi-year investment. However, investment initially stayed level and only recently increased.
- Development of Energy Efficient Scotland – a coherent programme with milestones and long-term targets. The delivery infrastructure has been developed into a nationally funded advice service (Home Energy Scotland) local authority-led area-based programmes and a national fuel poverty

programme – all of which have a strong track record and good infrastructure. However, the scale of these programmes does not reflect the infrastructure priority designation.

- Merging the EES programme with low carbon heat policy and programmes has been a positive development, which could be further enhanced by creating independent oversight for this major programme of work.
- Pilots and innovation programmes – Local Heat and Energy Efficiency Strategies (LHEES), engaging self-funding households and mixed-tenure properties, promoting innovation in heat networks.
- Private Rented Sector regulation (though introduction delayed due to COVID).

EHA Concerns

- Current rates of reduction in emissions and heat demand do not appear to be aligned with Scotland’s new climate change targets.
- The number of homes heated with renewable heat is negligible and the rate of increase is very slow – showing that ‘business as usual’ policies are not delivering. The CCPu states that only 11% of households have a low carbon heating system and a good number of those are electric heaters which will need upgrading.
- Slow pace of policy development (LHEES, regulation) and small scale of delivery programmes does not match urgency of climate emergency (and this is revealed in emission reduction trends) and does not provide certainty for investment – in spite of the fact that CCPu plans for building sector are ambitious. It is hoped the Heat in Buildings Strategy will answer these concerns.
- Fuel poverty programmes have been successful in removing poor energy performance of the home as a driver of fuel poverty for a limited number of households – but the scale is too small (15,000 pa). Public money is still funding fossil fuel heat as a rule, although this is shifting, as indicated by the CCPu. To eradicate fuel poverty, these efforts must be combined with effective programmes to address the other drivers of fuel poverty.
- Social sector standards continue to lead and innovate – but the sector needs funding support to increase and improve affordable housing supply (new and existing).
- Assessment methodology for setting standards is not aligned with net-zero and continues to cause confusion in terms of choosing the best measures to meet zero emission standards (fabric and heat generation). This problem has been acknowledged for several years but as Scotland is tied to the UK-wide assessment methodology (SAP), change is not straightforward. The Scottish Government did have a short-life working group on assessment which made several recommendations, but this work seems to have stalled.
- Existing powers have not been deployed or legislation amended to enable and accelerate action:
 - Standards: there is a lack of clear standards to drive action in private housing sector. Social housing enjoys much better energy performance standards due to regulation. The Scottish Government has spent many years exploring and developing regulations (Scottish Government working group on Regulation of Energy Efficiency in Private Houses² started in 2013 using powers established in the Climate Change (Scotland) Act 2009 for both PRS and O/O). PRS regulations will finally be introduced in 2021 (understandable 1 year delay for COVID).
 - In 2018 the EES route map committed to consider the need for mandatory standards in 2030 if progress towards EPC band C by 2040 was not sufficient. The CCPu suggests the target will be

² <https://www.gov.scot/groups/reeps-working-group/>

moved forward to 2035 and standards introduced in 2024/25 with further detail to come in the Heat in Buildings Strategy. This is a welcome shift, though the delay has meant a missed opportunity in locking in early emissions reductions and giving homeowners an early and long lead time for understanding and meeting standards. We recommend introducing regulation as soon as possible, with implementation from 2025, to reach a standard of EPC band C by 2030.

2. Do you think the scale of reductions proposed within the sector(s) are appropriate and are the proposals and policies within the CCPu effective for meeting the annual emissions targets and contributing towards the 75% reduction in GHG emissions by 2030 and net-zero by 2045 targets?

The Buildings Emissions Reduction Pathway to 2032¹ set out in the CCPu clearly illustrates the extent to which action needs to be ramped up over the next decade. It is ambitious, and should be welcomed given both the scale of the challenge and the opportunity this presents to transform the homes of millions of Scottish households.

The Plan recognises that, if the target of reducing emissions by 75% is to be achieved, heating system conversions need to be accelerated. **We very much welcome the commitment to convert over 1 million homes to low and zero emissions heating by 2030** and endorse the early actions to focus on standards and regulation; investment including scaling up of delivery programmes; and supply chain support. We specifically want to welcome the following commitments:

- Zero emissions heating systems to account for at least 50% of new systems being installed each year from 2025.
- At least 50% of Scotland's building stock is heated using zero emission systems from 2030.

We hope that more detail is to come in the Heat in Buildings Strategy on *how* these targets will be met, and we encourage the committee to scrutinise that document in tandem with the CCPu to fully understand how it aligns with the climate targets.

The commitment to co-ordinating decarbonisation and tackling fuel poverty is particularly welcome. Not only is this essential to ensure decarbonisation does not exacerbate fuel poverty but taking a whole house approach is also the most effective way to minimise both cost and disruption. We hope that the Heat in Buildings Strategy will set out how the Scottish Government will ensure heat decarbonisation will alleviate fuel poverty. As a start, we believe the Scottish Government should double the funding and scale of its existing energy efficiency and fuel poverty programmes in order to maximise their impact and support the green recovery.

In addition to the key commitments noted above on decarbonisation and tackling fuel poverty, **we wish to welcome the following additional commitments:**

- Doubling of zero emissions heat technologies year on year up to 2025;
- An early public engagement strategy for heat decarbonisation;
- Creating the conditions to secure the growth of heat networks;
- Developing a supply chain strategy;
- Local Heat and Energy Efficiency Strategies by 2023;

- Taking steps to facilitate common works in tenement buildings as part of the standards and regulation work;
- Review the system of building assessments and reports on energy performance and heat to ensure a system that is fit for purpose in meeting net zero emissions objectives for heat in buildings;
- Support for demonstrator projects and “learning by doing”.

We do have concerns that the proposals contained within this Plan are insufficient to ensure the conversion of 1 million homes and make meeting the 75% emissions reduction by 2030 target unlikely – though more detail may come in the Heat in Buildings Strategy which could respond to these concerns.

EHA Concern:

The ambition to convert 1 million homes by 2030 is challenging and we are lacking a clear strategy on delivery, leading to confusion and disengagement.

EHA proposed solution:

The forthcoming Heat in Buildings Strategy must clearly set out how we will achieve this and by what means (delivery programmes, regulation, engagement, technologies). Scottish Government needs to provide the policy certainty and leadership as the market will only follow demand.

The CCPu commits to developing long term public engagement strategy in 2021 which is welcome. This should be developed quickly, drawing on existing research³, with implementation in 2021. Quality advice and support services must be available to support homeowners and others to make decisions that will ensure every home gets the most cost effective and appropriate package of investment. At the same time, enhanced communications and engagement to promote existing and new schemes over the course of 2021. This will require additional funding in the 21/22 Scottish Budget.

We also recommend a rural heat transition support package is developed and implemented in 20221, tailored to the specific needs of homes in rural and remote areas; and technical support/expertise is funded / provided for local authorities and social housing providers making decisions on a large scale, to ensure that solutions are tailored to the neighbourhoods and innovative, future thinking solutions are considered.

EHA Concern:

The Plan states that all new homes and buildings consented from 2024 will use zero emissions heating and be highly energy efficient. We believe this is a missed opportunity and there is potential to have an impact earlier.

EHA Proposed Solution:

We believe the new standards should be brought forward to ensure that all new homes actually built as opposed to consented from 2024 use zero emissions heating (the CCC 6th Carbon Budget report recommends such standards ‘in advance of 2023’). There should be no retreat from the position that there will be no gas boiler installations allowed by the new standards. And at a minimum the Scottish

³ [The right frame of mind: Engagement for domestic energy efficiency in Scotland](#), Existing Homes Alliance, June 2019

Government should ensure that homes built between now and 2024 are low carbon heat ready (as proposed by UK Gov and Welsh Government).

The Scottish Government should also lead the way by requiring that new homes receiving government funding must be zero carbon from heat by 2022. This not only accelerates transition but also helps build supply chains to manage future demand.

EHA Concern:

The Plan states that the HiBS will commit to putting in place standards and regulation that will ensure all buildings are energy efficient by 2035.

EHA Proposed Solution:

We believe that homes need to have an Energy Performance Certificate rating of at least C by 2030, and that these standards must be introduced in 2021 with implementation from 2025 so that homeowners, landlords and businesses know what is expected of them and can make the changes needed. This standard and timetable will lock in emissions reduction early, reduce heat demand and make the decarbonisation of heat more affordable.

EHA Concern:

The CCPu recognises the good progress that has been made in terms of increasing the numbers of homes meeting EPC C or better, however it must address the barriers remaining if we are to accelerate improvements.

EHA Proposed Solution:

It is essential that the HiBS recognises the challenges of mixed tenure and hard to treat homes and ensure that an appropriate framework of support and regulation is in place. We recommend that this includes enabling homeowners to better understand the condition of their homes through initiatives such as the Digital Home Log-book (this type of approach was referenced by the SLWG on Assessments which has stalled). We also recommend that, to manage the particular challenges faced by owners in tenements, from 2028 tenement owners should be required to carry out regular surveys, set up building reserve funds and owners associations.

EHA Concern:

The requirement for local authorities to have prepared LHEES by 2023 is positive, however the coverage and quality of LHEES across the 32 local authorities is uneven and they lack the high profile and leadership required to drive them forward.

EHA Proposed Solution:

We believe that local authorities must be adequately resourced to ensure they are equipped to develop and deliver robust LHEES. As LHEES are being completed across Scotland, those strategies which are completed should enter the implementation phase as soon as possible. LHEES must be made a statutory duty to ensure it receives priority, resourcing and leadership.

3. Do you think the timescales over which the proposals and policies are expected to take effect are appropriate?

We believe there are several areas where timescales need to be brought forward and clearly defined, along with interim milestones for monitoring purposes. We note that in the CCC’s letter to the Cabinet Secretary Roseanna Cunningham (9 December 2020), they advised that “Scotland’s 75% target for 2030 will be extremely challenging to meet, even if Scotland gets on track for Net Zero by 2045.” The letter goes on to advise how the Scottish Government could go beyond the abatement scenarios in the CCC’s 6th Carbon Budget report – two of the four suggestions relate to retrofit of buildings: scrappage of high carbon assets such as fossil-fuel boilers and additional retrofit of hybrid heat pumps alongside improvements in energy efficiency.

In light of this advice, we believe there is a need to accelerate some of the policy proposals in the CCPu to meet the 2030 emissions target:

CCPu Policy/proposal	EHA Recommendation
Review existing fuel poverty and energy efficiency programmes	Double the scale and budget of the existing Warmer Homes Scotland and Area-based schemes from 2021/22 to maximise impact in terms of jobs and emissions reduction.
All new homes and buildings consented from 2024 will use zero emissions heating and be highly energy efficient.	We believe this should be brought forward to ensure that all new homes actually built as opposed to consented use zero emissions heating.
All buildings are energy efficient by 2035 and zero emissions from heat by 2045 (the CCPu annex suggests the standard for energy efficiency would be EPC band C).	<p>We believe this must be brought forward to 2030 to reduce heat demand and enable effective and cost-efficient decarbonisation of heat. We believe that most homes should be zero emissions from heat by 2040, maximising emission reductions early to address the climate emergency and investing in the green recovery to address the economic impact of the global pandemic.</p> <p>To achieve this standard, we believe regulations for the O/O sector should be introduced as soon as possible, with implementation from 2025, requiring EPC band C to be met at the point of sale or major refurbishment. We believe that getting the balance right between regulation and support is critical. Hence, the introduction of regulation should be accompanied by attractive financial support – one tool could be the use of a carefully designed boiler scrappage scheme.</p>
Ambition to double rate of zero emission heat installations year on year to 2025	To support this ambition, and the aim for all buildings to be zero emissions from heat by 2045,

	<p>we believe phase out dates for replacement fossil fuel boilers should be set – for off-gas grid properties from 2025 and for on-gas grid from 2030 at the latest. Again, this could be supported by a boiler scrappage scheme.</p>
--	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

4. To what extent do you think the proposals and policies reflect considerations about behaviour change and opportunities to secure wider benefits (e.g. environmental, financial and health) from specific interventions in particular sectors?

Behaviour change:

We were pleased to see the Scottish Government’s acknowledgment in the CCPu of the CCC’s estimate that more than 60% of emissions reductions to meet Net Zero will need to come from societal change⁵. As the CCC stated in their October 2020 advice to the Scottish Parliament, “much of the success in reducing Scotland’s emissions has been invisible to the public. Government policy has enabled emissions reductions to proceed in a way that has not required mass engagement...” (p.123).

The CCPu should consider the role of behaviour change in ensuring that envisaged emissions reductions are actually achieved in practice. How energy is managed is already recognised as a driver of fuel poverty, and ‘after care’ support is provided as part of the fuel poverty programme to ensure households know how to use their new heating systems for maximum benefit. The same should apply for anyone transitioning to new energy systems or tariffs. It’s all well and good increasing the installation rates of energy efficiency and low carbon heating systems but people need to use these appropriately to ensure that envisaged emissions reductions are achieved and also so that financial savings can be realised.

We support the measure to develop and implement a public engagement strategy. It is essential that this is not simply an awareness raising/marketing campaign, but learns from the long experience of Home Energy Scotland and other local and community energy advice groups, as well as the SEEP pilot projects. It is important that homeowners are supported, from seeking information and advice, through identifying the right solutions, the best contractors, how to operate the systems, and all backed up through robust quality assurance.

Wider benefits

For several years we have called for an ambitious programme of low-carbon refurbishment of Scotland’s homes, aimed at cutting greenhouse gas emissions, tackling fuel poverty, improving health, and creating jobs. A similar view on the potential wider benefits from specific interventions has been articulated by others, including the Just Transition Commission¹, which called for more action on energy efficiency retrofit as part of a green recovery stimulus package following the COVID-19 public health crisis.

We agree that fairness and inclusivity is held at the heart of our climate action. This will ensure that no individuals and communities are left behind as we plan and prepare for transformational changes on their way. Taking action in these areas will also allow inequalities to be tackled, provide good jobs, improve Scotland’s environment and support a thriving, wellbeing economy.

5. To what extent do you think the CCPu delivers a green recovery?

The case for investing in retrofit of Scotland's housing as part of the economic recovery plan is very strong and recognised by government advisors and commentators. For example, the UK CCC included buildings retrofit as one of five priority measures for immediate expansion in its recent advice on a green recovery to the Scottish Government.⁴ A report from Smith School of Enterprise and the Environment at Oxford University identified building energy efficiency retrofits as one of five policies with "high potential on both economic multiplier and climate impact metrics."⁵ Prior to the Covid-19 crisis, the Scottish Infrastructure Commission and the Just Transition Commission had already recommended additional investment in building retrofits.

Building retrofit projects are excellent value for money investments because they provide an immediate economic impact, all over the country. They are 'shovel ready' and use local labour and SMEs. In Scotland we are fortunate to have a strong delivery structure in place with Energy Efficient Scotland, with programmes ready to accelerate and scale up.

In supporting Scotland's green recovery following the pandemic, the EHA has endorsed the recommendations in the Just Transition Commission's advice on the green recovery⁶ which has called for a boosting of investment in Scotland's energy efficiency programmes. This is because of the multiple benefits these programmes can deliver in terms of good secure jobs, enhanced public health, tackling fuel poverty (and poverty more widely through supporting local economies) and reducing climate change emissions.

In terms of Scotland's existing buildings, a green recovery will mean everyone in Scotland living in a warm, zero emission home, that is affordable to heat. It also means creating and sustaining good secure jobs in insulation, heat pumps, heat networks, and building maintenance across the length and breadth of Scotland. With analysis by the Scottish Government suggesting fuel poverty rates could potentially increase to 30% of households due to the economic fallout of COVID-19, investing in affordable homes has become even more critical.

We estimate there could be 16-17,000 jobs created and sustained from a major retrofit programme. These would-be local jobs, all over Scotland – so a distributed benefit. There are also opportunities in manufacturing and innovation in services. We strongly support the commitment to develop the supply chain, to ensure it is ready to meet the growing demand, and to support the green recovery. The careful use of public procurement to support local jobs in publicly funded retrofit programmes is also important.

The CCPu contributes to Scotland's green recovery by picking up a number of themes first expressed in the 2020-2021 Programme for Government. A number of these align with priorities for the EHA:

- **Attracting investment** – Both public and private investment must play a role in delivering the transition to Net Zero. This will require every possible policy lever to be used to encourage action

⁴ <https://www.theccc.org.uk/publication/letter-building-a-resilient-recovery-from-the-covid-19-crisis-to-roseanna-cunningham-mssp/>

⁵ Hepburn, C., O'Callaghan, B., Stern, N., Stiglitz, J., and Zenghelis, D. (2020), 'Will COVID-19 fiscal recovery packages accelerate or retard progress on climate change?', Smith School Working Paper 20-02 <https://www.smithschool.ox.ac.uk/publications/wpapers/workingpaper20-02.pdf>

⁶ <https://www.gov.scot/publications/transition-commission-advice-green-recovery/pages/6/>

on the ground and the creation of a level playing field so that the transition to Net Zero is fair and equitable, at the same time as being the only viable choice.

- **Increasing and sustaining good 'green' jobs** – The CCPu has at its centre a commitment from government to create and protect good and green jobs, strengthen supply chains, deliver new skills, boost household incomes and reduce fuel poverty. There is significant potential for jobs arising from investing in a major energy efficiency retrofit and heat programme⁵.
- **Adaptation & resilience** – Improving public understanding of the contribution people and communities can make to meeting climate change targets will help embed resilience and security into Scottish society and the economy. Retrofitted buildings are more resilient to the impacts of climate change.
- **A localised, place-based recovery** – The CCPu outlines the Scottish Government's commitment to delivering a place-based approach to the green recovery. Retrofit plans should be developed with community involvement, tailoring solutions to local circumstances and ensuring that the benefits are spread widely.

The Existing Homes Alliance Scotland is a coalition of housing, environmental, fuel poverty and industry organisations who are working together to end fuel poverty and deliver the transformational change needed to address the climate emergency.

www.existinghomesalliancescotland.co.uk

info@existinghomesalliancescotland.co.uk