

EXISTING HOMES ALLIANCE SCOTLAND

SUPPLEMENTARY WRITTEN SUBMISSION

Responses to questions from the Committee at its meeting on 5 November 2014

Examples from the Netherlands and Scandinavia of best practice in making homes energy efficient and building in infrastructure from the outset

On international examples, the Scottish Federation of Housing Associations (SFHA) has highlighted that Denmark promotes district heating and the Netherlands has set zero carbon targets for housing associations. Please find below links to a paper about district heating systems in Sweden and a link to a case study on district heating in Bergen:

http://www.res-h-policy.eu/downloads/Swedish_district_heating_case-study_%28D5%29_final.pdf

http://www.heatandthecity.org.uk/_data/assets/pdf_file/0003/124428/Norway_Bergen_DH_Case.pdf.

In addition, the SFHA's paper on 'Using EU Structural funds to pay for energy efficiency in social housing' is included in the annexe.

Response on what size of loan fund the Scottish Government would need to help those in private sector housing improve energy efficiency, particularly for those on lower incomes

In relation to the second point about loans, our understanding is that the Scottish Government did consider this a number of years ago however we don't know if they identified amounts of money. The point should be made that there is a lot of Barnett Consequential money around at the moment which can only be used for loan finance - we think £125m for the housing budget in 15/16 alone: this would be ideal for use by a National Lending Unit. So the loan fund could start with a relatively modest proportion of this (say £20 million) and grow depending on take-up.

In addition, Mike Thornton from the Energy Saving Trust produced a paper for the Scottish Government which considered loans and also looked at international examples:

<http://www.scotland.gov.uk/Topics/Business-Industry/Energy/Action/energy-efficiency-policy/Potentialforloans>

In relation to other examples, Hungary has a loan guarantee fund for retrofit, see:

<http://zbr.kormany.hu/gis-revolving-credit-guarantee-fund>

Alan Ferguson
Existing Homes Alliance Scotland
20 November 2014

Annexe

Briefing by the Scottish Federation of Housing Associations

Using EU structural funds to pay for energy efficiency in social housing

Following the setting of Climate Change Targets for EU Member States (2020 target to cut carbon emissions by 20%, provide 20% of energy from renewable sources and reduce energy use by 20%), provision was made within the rules for EU Structural Funds for European Regional Development Funding (ERDF) to be used to improve the energy efficiency of existing social housing. This approach acknowledges the potential for housing to contribute significantly to reduction in carbon emissions (existing homes are responsible for 27% of carbon emissions in the UK), the challenges faced by social landlords in investing to significantly improve the energy efficiency of their homes, and the social, environmental and economic impact that can flow from such investment.

To date the two western European countries to have taken advantage of this opportunity are France and Wales. Wales have set aside 4% of their ERDF allocation to be spent on improving the energy efficiency of existing housing, while a report by Energy Cities, an initiative of local authorities and public bodies across Europe, found that significant strides had been made in French social housing:

In France, social housing organisations tapped into their energy saving potential and used nearly 100% of the European Regional Development Fund (ERDF) available for improving energy efficiency in existing housing in just 22 months! The €320 million from the European grants generated investments of €2.2 billion, the creation of 15,000 local jobs in two years and financial savings of €98 per household per month.

In Wales the Arbed initiative is an area based retrofit programme led by CHC, (the Welsh federation of housing associations), and supported by the Welsh Government and Welsh local authorities. It aims to

- increase the energy efficiency of existing homes in Wales – particularly the most energy inefficient homes – and reduce carbon dioxide emissions;
- to reduce the impact of fuel poverty on people in Wales;
- to create jobs for Welsh residents and economic opportunities for Welsh businesses in the design, manufacture, distribution, installation

and maintenance of domestic energy efficiency measures and renewable energy technologies.

The Welsh Government state that investing in the energy efficiency of Welsh homes should create jobs for Wales in a labour intensive sector and has the added benefit that of also delivering on our housing, fuel poverty and climate change ambitions.

The Arbed programme is Wales-wide, but activity is concentrated in Strategic Regeneration Areas – a similar area based programme in Scotland could focus initially on areas with high levels of fuel poverty and unemployment.

The Scottish Government will be responsible for designing the EU Structural Funds for Scotland from 2014. Given the ambition of the Scottish Government's fuel poverty and Climate Change targets (widely recognised to be world leading) and the costs faced by social landlords in Scotland in meeting both the Scottish Housing Quality Standard and proposed Energy Efficiency Standard for Social Housing, we believe that Scotland should follow the approaches in France and Wales and ring fence a proportion of ERDF for improving the energy efficiency of existing social housing.

At present the Scottish Government provides a number of funds and schemes to promote energy efficiency and cut fuel poverty – these include the National Retrofit Programme (NRP), the Warm Homes Fund, the SPRUCE fund and the District Heating Loan Fund scheme. These are all welcome and have a significant role to play in improving energy efficiency and cutting fuel poverty. The NRP is, however, targeted on the private sector while the other funds are loans rather than grants. We believe that by ring fencing ERDF money for improving energy efficiency in social housing the Scottish Government would be able to achieve its aim of a step change in the energy efficiency of Scotland's housing and would cut fuel poverty, and create jobs and boost Scotland's economy.

Investment in housing and energy efficiency is particularly labour intensive and, if fully resourced, could boost Scotland's employment. We understand that the European Social Fund could help support training, and we believe that there is potential for housing associations and co-operatives to work with organisations such as Changeworks, Solas, SCARF and the Wise Group on investment and training. This could provide a significant boost to employment and training in poorer areas.

Scottish Federation of Housing Associations
October 2012