WRITTEN SUBMISSION FROM SCOTTISH BUILDING FEDERATION

About the Scottish Building Federation

Founded in 1895, the Scottish Building Federation (SBF) is the lead voice of the construction industry in Scotland, an industry which contributes around £10 billion (c.10%) annually to Scotland's GDP and – directly and indirectly – provides employment for more than 200,000 Scottish workers. The overall aim of the organisation is to ensure that the important contribution of the Scottish construction industry to Scotland's economy and society is recognised and valued, and that industry standards are raised. It does this by working with industry, government and the media.

The SBF promotes the interests of the construction industry to a diverse range of stakeholders and is the leading employers' federation for the industry, representing over 700 companies from Orkney to the Borders.

The SBF provides an exclusive range of invaluable support services to a wide range of member companies, whether these are small single trade firms or major regional and national contractors. The shared objective that all members have in common is their commitment to health and safety, skills and integrity, ensuring the delivery of the highest standards of performance, professionalism and quality within the industry in Scotland.

Building energy efficiency retrofit programme

The Climate Change (Scotland) Act sets an ambitious target for Scotland to reduce its carbon emissions by 42% from 1990 levels by 2020.

Use of the existing built environment is responsible for almost 50% of all carbon emissions in Scotland. Research by the Carbon Trust shows that only 1% of building stock each year is comprised of new buildings and that around 60% of today's buildings will still exist in 2050, representing 40-45% of total floor space. Furthermore, by 2050, WWF Scotland estimates that 85% of existing homes will still be standing and in use as homes for Scottish families.

Meanwhile, the implementation rate for cost-effective energy efficiency measures in existing buildings currently stands at less than 40%.

In this context, the Scottish Building Federation (SBF) has long campaigned for a major retrofit programme to improve the energy efficiency of the existing built environment as a major contributor to meeting the targets set out in the Climate Change (Scotland) Act, while also supporting jobs and the development of green skills in the construction industry.

In September this year, SBF joined WWF Scotland, Consumer Focus Scotland, Energy Action Scotland, Energy Saving Trust, Camco, Scottish Federation of Housing Associations, the Chartered Institute of Housing and the Association for the Conservation of Energy to form the Existing Homes Alliance Scotland (www.existinghomesalliance.org.uk/scotland/index.php), with the objective of campaigning for improvements in the energy performance of Scotland’s existing housing stock.

As part of the 2011 Spending Review, we therefore welcome the commitment to create a warm homes fund, designed to “deliver energy efficiency, district heating, and other measures to the fuel poor over the
For Scotland’s 2.4 million homes alone, the Scottish Government has estimated the cost of achieving the carbon reduction targets set out in the Act at around £16 billion between now and 2020.

In view of this fact, we consider the £50 million budget currently committed to this fund to be extremely modest particularly when compared to the level of cumulative cuts inflicted on the affordable housing budget over the spending review period. That said, all efforts to improve the energy efficiency of our built environment are to be welcomed. By implementing some of the measures to revise capital spending priorities as set out below, we hope that additional resources might be found to augment this initiative and provide further opportunity for employment and green skills development in the building industry as a consequence.

We note the Scottish Government’s decision to transfer £200 million each year from resource spending to support the Government’s capital investment programme. We strongly welcome the fact that this transfer has allowed funding for the Scotland’s Schools for the Future programme to be protected, with funding for this programme set to fall only marginally over the spending review period.

At the same time, we note with concern that the capital budget for health projects is set to fall by more than half by 2014-15, while the affordable housing budget faces a cut of 30% over the same period. In contrast, one of the principle beneficiaries of the transfer of funds to capital spending appears to be investment in the Forth Replacement Crossing, which will see a cumulative rise of £322 million over the spending review period.

Our preference would be to see the budget for affordable housing safeguarded (in the same way that the Scotland’s Schools for the Future programme has been protected) and the schedule for construction of the Forth Replacement Crossing revised and alternative mechanisms for funding the project more fully explored.

We note also the Scottish Government’s continuing commitment to provide direct loans to Scottish Water with a cumulative value of £440 million over the spending review period. In previous submissions, the Scottish Building Federation has consistently argued in favour of restructuring Scottish Water as a mechanism for freeing up additional funding for reinvestment in the Scottish Government’s capital investment programme.

In view of the significant cuts to capital spending imposed by the UK spending review, we would reiterate our strong view that the Scottish Government’s decision to ignore the recommendation of Crawford Beveridge’s Independent Budget Review in favour of restructuring Scottish Water should be revisited. As well as protecting other priority areas of capital investment, we believe the funds saved as a consequence of empowering Scottish Water to borrow money on the open market could be partly reinvested towards augmenting the funding available for the warm homes fund and for other programmes aimed at significantly increasing the implementation rate for cost-effective energy efficiency measures in existing buildings.