Local Government and Communities Committee

The Draft Climate Change Plan (RPP3)

Submission from the Existing Homes Alliance

Key points:

- The ambitious targets for the residential sector on energy efficiency and renewable heat are welcome, but they are not backed up by credible policies or proposals and the ‘ramping up’ is too slow.
- All energy efficiency measures that can be done should be done by 2025 – supporting our call for the vast majority of homes to be EPC band C by 2025 and eliminating poor energy performance as a driver of fuel poverty\(^1\).
- The trajectory on renewable heat is highly questionable, with only a small increase to 2020, flat-lining to 2025, and a sudden uptake in low carbon heat thereafter dependent on a ‘technological fix’.
- Rural, off-gas grid and electrically heated properties should get priority, with upgrades to efficient, affordable, and low carbon heat by 2025.
- Regulation of the private housing sector is vital to achieving the targets for 2032 and eradicating fuel poverty. The approach to regulation of the private rented sector needs to be applied to the rest of private sector without delay.
- The budget commitment, with essentially no increase on this year’s funding, to achieve the transformation envisaged in this plan, is clearly inadequate.

Introduction

To meet Scotland’s climate change targets, the reduction of emissions from homes, which today account for 25% of Scotland’s CO\(_2\) emissions, must play an important role. The Draft Climate Change Plan sets out an ambitious vision for homes which are highly energy efficient with most heated by renewable or low carbon sources. While we agree this is the future for homes, the significant gap between this ambition and the policies, proposals and resources to get there is troubling.

Energy Efficiency – policy outcome 1

We are concerned by the slow pace for improvements with energy efficiency, which envisages a doubling of activity in 2018, and then flat lines out to 2032. We have two concerns with this:

- It is not clear what constraints or considerations have led the government not to include a faster uptake of energy efficiency measures given their strong track record, and that they are known to support multiple benefits which are recognised in the plan – alleviating fuel poverty, saving money for the NHS and creating jobs.
- The plan does not contain any new policies, or an increase in budget commitment, to support a transformational change in energy efficiency as suggested by a National Infrastructure Priority.

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\(^1\) Recommendation 24 in the Scottish Fuel Poverty Strategic Working Group report
• The one proposal to review energy standards in building regulations for both new and existing homes is welcome, but on its own will not support the necessary increase in activity.

Low Carbon heat – policy outcome 2

The plan includes a big change in residential heating – with a relatively rapid shift to 80% of homes heated by low carbon technologies by 2032 from a current level of 2%, plus 12% of homes on electric heat. The trajectory suggests a small level of activity to raise the level to 18% by 2020, presumably focused on rural, off-gas grid properties, then from 2025 ‘stepping up deployment’ of low carbon heat technologies, leading to a big jump to 80% by 2032. We have the following concerns:

• There are no new policies or proposals to support even the modest shift to 18% by 2020; these are pushed off to the next climate change plan.
• The plan does not take into account that many electric heating systems will need to be upgraded.
• The proposal to review energy standards in building regulations should also apply to policy outcome 2.
• The sudden increase by 62% in 7 years (that’s nearly 10% jump per year) relies on a potential technical fix to support the shift away from gas. This in turn relies on the UK Government to make decisions on the long term future of the gas network – decisions that are not expected until after 2020 at the earliest.

Recommendations for changes to the Draft Climate Change Plan

Energy efficiency

• Set a ‘transformational’ pace of change – with all appropriate energy efficiency measures installed by 2025. This would include (where technically appropriate) lofts, cavity walls, solid walls, as well as cheaper measures like draught proofing and hot water tank jackets. A whole house approach should be adopted, with support and advice provided to ensure the household understands how to manage their energy use.
• This trajectory recognises that the ‘fabric first’ approach is an essential prerequisite to achieving the best potential of low carbon heat technologies, and is similar to that recommended by the UK Committee on Climate Change in its report Scottish Emission Targets 2028-2032: the high ambition pathway to a low carbon economy.\(^2\)
• Include the objective, as recommended by the Scottish Fuel Poverty Strategic Working Group, of eliminating poor energy performance as a driver of fuel poverty, by aiming to improve the vast majority of homes to EPC band C or above by 2025.
• Make a commitment to new policies that will support the transformation – for example regulate all private sector housing in relation to energy performance, establishing dates for implementation and sending a clear signal to the property market.

• Increase the 2017/18 budget for energy efficiency and acknowledge the need for a continued rise in public sector spend in line with the commitment to make energy efficiency a National Infrastructure Priority.

Low carbon heat

• Establish a more gradual increase in the shift to low carbon heat, building on existing success in heat pumps and district heating and growing these businesses.
• Include (and accelerate) new policies that will support this transformation, such as the use of building regulations, minimum standards, planning, finance, and regulation of district heating.

Conclusion

The Draft Climate Change Plan sets out a bold vision for the change that is required in Scotland’s housing stock to meet our climate change targets. It also acknowledges the many benefits that will result in terms of health, reducing fuel poverty, creating jobs, and simply putting money in people’s pockets by saving on fuel bills.

However, the Plan is seriously flawed as it does not include the new policies and proposals that suggest this vision will be achieved. The Plan relies heavily on a ‘policy development outcome’ - the Scottish Energy Efficiency Programme (SEEP) – and a vague proposal to develop a way to decarbonisation of heat starting in 2025.

SEEP, now under consultation as part of the Energy Strategy, does have the potential to fill some of the credibility gaps in the Climate Change Plan in terms of the trajectory, objectives, regulation and funding. However, this will require an acceleration of effort on SEEP, moving swiftly to decisions on the delivery model, regulation, and funding. This consultation closes at the end of May 2017, so there is time for more detailed policies and proposals, as outcomes of the consultation, to be included in the final Climate Change Plan.

Given SEEP’s importance to achieving the Climate Change Plan ambitions and to eradicating fuel poverty, we recommend the parliament scrutinise its progress. This is a high profile programme, with an expected budget of public and private sector funding of £10bn over 15-20 years – more than many other infrastructure projects which are examined in fine detail. This is a programme needing dedicated resource for delivery and strong, cross-portfolio leadership at the ministerial level.

Finally, we believe the housing sector has a vital role to play in terms of meeting Scotland’s climate change targets going forward. The National Infrastructure Priority has the potential to do ensure the housing sector plays its part, while at the same time providing a real boost to the economy, reduce fuel poverty and improve health and well-being. This will require ambitious objectives supported by a combination of engagement and support, finance and incentives, and also regulation.

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