In my capacity as Vice Chair of the Insulated Render and Cladding Association (INCA), I am writing in response to the recent call for views from the Scottish Parliament Local Government and Communities Committee regarding the Scottish Government’s draft Climate Change Plan (third Report on Proposals and Policies – RPP3).

The Insulated Render and Cladding Association is the recognised trade association for the external wall insulation (EWI) industry, representing the major system designers, a nationwide network of specialist installers and the key component suppliers. INCA represents around 70% of the UK industry by volume and is at the forefront of transforming the energy efficiency of homes and businesses in Scotland and throughout the UK.

Given INCA’s specific area of interest and expertise, I will focus my response to your committee’s call for views on the energy efficiency sector.

**Progress to date in cutting emissions within the sector and implementing the proposals and policies set out in the the RPP2**

Activity within the energy efficiency sector is underpinned by the commitment, under the Climate Change (Scotland) Act, to reducing greenhouse gas emissions by 42% by 2020. Under its Energy Efficiency Action Plan, the Scottish Government has set itself the target of reducing total final energy consumption by 12% by 2020. The most recent available figures show energy consumption in Scotland had reduced by 14.1% in 2013 against a 2005-2007 baseline – including a 17.4% reduction in the domestic sector*. Our view is that, by focusing on a fabric first, area-based approach to energy efficiency in domestic housing, there is the potential to achieve significantly greater reductions in domestic energy consumption than have been achieved to date.

* Source: 2015 Scottish House Condition Survey

**The scale of reductions proposed within the sector and appropriateness and effectiveness of the proposals and policies within the draft RPP3 for meeting the annual emissions targets and contributing towards the 2020 and 2050 targets.**
RPP3 includes a milestone that “Where technically feasible by 2020, 60% of walls will be insulated and 70% of lofts will have at least 200mm of insulation.”

2015 figures show that 89% of solid wall dwellings in Scotland are still without insulation (around 552,000 households) compared to 29% of Cavity wall properties without insulation**. At the same time, 25% of Scotland’s housing stock (622,000 homes) are of solid wall or non-traditional construction, a higher proportion than anywhere else in the UK. These figures support our view that addressing external wall insulation in solid wall dwellings needs to be a key priority for any successful energy efficiency strategy in Scotland in the future – and particularly in order to meet the above-mentioned milestone under RPP3.

At the same time, the Energy Efficiency Standard for Social Housing (EESHH) has been developed to help improve energy efficiency of social housing stock in Scotland. Included within the standard is a target to eliminate EPC bands E, F and G by 2020. RPP3 specifically commits social landlords to meet this standard by 2020. In 2015, 20% of Scottish households (equivalent to around 482,000 households including 58,000 social properties) were classed as EPC Band E, F and G**.

To help meet the targets outlined above, we strongly advocate further reinforcement of Area Based Schemes (ABS) under the existing Home Energy Efficiency Programme for Scotland (HEEPS).

Through our own extensive experience, we have come to a firm view that an area based approach to energy efficiency is by far the most effective means of delivering sustainable long term improvements to Scotland’s housing stock. An area based approach has the important benefit of treating buildings rather than individual households, thereby ensuring that those who are hardest to reach through self-referral schemes but may be suffering the most from living in energy inefficient homes are captured.

By enabling the fabric of entire blocks to be treated irrespective of the individual tenure of homes within a building, an area based approach is by far the most efficient and comprehensive mechanism for improving the energy efficiency of our housing stock. Our experience is that an area based approach also helps to foster a sense of collective community pride and eliminates the potential perceived stigma of applying for fuel poverty funding on a household by household basis.

As part of the 2017-18 budget process, our initial suggestion has been to increase the budget for HEEPS ABS from approximately £47m to £65m. At the same time, we have also argued in favour of longer term planning and certainty in the allocation of funding towards energy efficiency – ideally through the development of three or five-year plans.
Our experience is that the current annual budget process has a tendency to focus the deployment of energy efficiency funding on short-term fixes and quick wins rather than the sustainable long-term solutions our housing stock needs. It also leads to the inefficient use of available resources while discouraging industry investment in skills and capacity. In this context, a longer term approach to the programming of energy efficiency programmes such as HEEPS would be hugely beneficial.

** Source: Energy in Scotland 2016

At the same time, we also believe that social landlords could benefit from more targeted funding and support to help meet the EESSH standard. Specifically, we have recommended that the Scottish Government should re-establish a social housing energy efficiency scheme of £45m over three years (2017-18 to 2019-20) as an alternative mechanism for social landlords to gain direct access to funding to implement their own area-based approach to energy efficiency – rather than having to rely on securing indirect access to funding via the Home Energy Efficiency Programme for Scotland (HEEPS) through their local authority.

Targeted at the social housing sector, this additional funding would have the benefit of encompassing otherwise hard-to-reach private properties that share the same building or area as social housing stock while also helping to meet the social housing sector’s own statutory targets on energy efficiency. Our experience is that social landlords are typically able to mobilise projects quickly and have a good understanding of the general condition of housing stock, priority groups and priority areas within their local communities that enables them to utilise the funds to maximum positive effect.

**Appropriateness of the timescales over which the proposals and policies with the draft RPP3 are expected to take effect**

Our main observation here would be that we have some concerns as to whether the right policies and funding programmes are in place to ensure that certain of the housing-related targets identified in RPP3 can be met. As already outlined, a reinforced focus on supporting area-based schemes through HEEPS and a dedicated programme to enable housing associations to develop and implement their own area-based schemes would in our view represent the best use of available funds to help achieve the target of eliminating EPC bands E, F and G from the social housing sector and insulating 60% of all domestic walls in Scotland by 2020.

**The extent to which 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

Again, we would highlight the multiple benefits of taking an area-based approach to energy efficiency. These include effectively addressing the needs of those households in fuel poverty who tend not to be captured by self-referral schemes. By fostering a sense of collective community pride within an area, an area-based approach leads to improved community cohesion and other associated benefits such as reduced littering. By addressing the fabric of the building, it will improve long-term health outcomes for those adversely affected by living in damp, draughty homes. Crucially, it will reduce energy consumption and bring down household electricity bills for those currently living in fuel poverty.

I hope this information is helpful to you. If there is any aspect of our evidence that you would like to discuss further, I remain at your disposal.

Yours sincerely,

Jennifer Phin
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Managing Director
A.C. Whyte and Co. Ltd.