The Committee will meet at 10.00 am in the Robert Burns Room (CR1).

1. **Decision on taking business in private:** The Committee will decide whether to take item 6 in private.

2. **The draft Climate Change Plan (RPP3):** The Committee will take evidence from—
   - Michael Barton-Maynard, Policy Manager, Homes for Scotland;
   - Fabrice Leveque, Existing Homes Alliance;
   - David Stewart, Policy Lead, Scottish Federation of Housing Associations;
   - Liz Marquis, Director, Energy Agency.

3. **Subordinate legislation:** The Committee will consider the following negative instruments—
   - The Letting Agent Registration (Scotland) Regulations 2016 (SSI 2016/432);
   - The Licensing of Relevant Permanent Sites (Scotland) Regulations 2016 (SSI 2016/433);
   - The Non-Domestic Rate (Scotland) Order 2017 (SSI 2017/8);
   - The Non-Domestic Rates (Levying) (Scotland) Regulations 2017 (SSI 2017/9)

4. **Consideration of evidence (in private):** The Committee will consider the evidence heard at agenda item 2.
5. **Work programme (in private):** The Committee will consider its work programme.

6. **Implications for Scottish local government of the United Kingdom leaving the European Union:** The Committee will consider its report to the Culture, Tourism, Europe and External Relations Committee.

Clare Hawthorne  
Clerk to the Local Government and Communities Committee  
Room T3.60  
The Scottish Parliament  
Edinburgh  
Tel: 0131 348 5232  
Email: Clare.Hawthorne@parliament.scot
The papers for this meeting are as follows—

**Agenda item 2**

Note by the Clerk  
PRIVATE PAPER  
LGC/S5/17/5/1  
LGC/S5/17/5/2 (P)

**Agenda item 3**

Note by the Clerk  
LGC/S5/17/5/3

**Agenda item 5**

PRIVATE PAPER  
LGC/S5/17/5/4 (P)

**Agenda item 6**

PRIVATE PAPER  
LGC/S5/17/5/5 (P)
Local Government and Communities Committee

5th Meeting 2017 (Session 5), Wednesday 8 February 2017

The Draft Climate Change Plan (Report on Polices and Proposals 3) – Note by the Clerk

Purpose

1. This paper provides background information on the Committee’s evidence sessions on the Draft Climate Change Plan (Report on Polices and Proposals 3).

Background

2. The Scottish Government's draft Climate Change Plan was laid in the Parliament on 19 January 2017. Under the provisions of the Climate Change (Scotland) Act 2009 Parliament has a maximum of 60 days to report on the document. Four parliamentary Committees have identified an interest in scrutinising the draft report: The Local Government and Communities Committee, the Environment, Climate Change and Land Reform Committee, the Economy, Jobs and Fair Work Committee and the Rural Economy and Connectivity Committees. Each Committee will separately consider the elements of the Report within their remit and will report directly to Parliament.

Local Government and Communities Committee consideration

3. The Local Government and Communities Committee will focus its scrutiny on:
   - Local Government and Communities;
   - Planning; and
   - Housing.

4. The Committee is seeking views on the Plan in relation to the above areas and issued a call for evidence on 19 January which will run until 10 February 2017. The call for evidence can be accessed here:


5. The Scottish Parliament Information Centre (SPICe) produced a briefing summarising key areas of the draft Climate Change Plan and highlighting parts of the plan in relation to housing. This is attached at Annex A. This briefing is
taken from a wider briefing which goes into more detail in relation to the whole draft Climate Change Plan, available here:


6. At its meeting on 1 February, the Committee took oral evidence from stakeholders in relation to Local Government and Planning.

7. At its meeting on 8 February, the Committee will take evidence from stakeholders in relation to housing. Those attending are: the Scottish Federation of Housing Associations, the Energy Agency, Homes for Scotland and the Existing Homes Alliance. Written submission from those attending are attached at Annexe B. All written submissions received to date are available on the Committee's webpage here:

http://www.scottish.parliament.uk/parliamentarybusiness/CurrentCommittees/103359.aspx

Next Steps

8. At its meeting on 22 February, the Committee will take oral evidence from the Minister for Local Government and Housing.
Local Government and Communities Committee

5th Meeting, 2017 (Session 5), Wednesday 8 February 2017

Draft Climate Change Plan (Report on Polices and Proposals 3)

Background

The Climate Change (Scotland) Act, RPP1 and RPP2

The Climate Change (Scotland) Act 2009 set statutory targets for emissions reductions in Scotland, from baselines of 1990 or 1995 levels for key greenhouse gases. These targets are:

- at least a 42% reduction by 2020;
- least an 80% reduction by 2050.

The 2009 Act further requires the Scottish Government to periodically produce a plan outlining how it will hit the climate change emissions reduction targets. Such plans are required after the Parliament has approved batches of annual targets, and should contribute to meeting the overarching 2020 and 2050 targets. The Scottish Parliament approved the third batch of annual targets covering 2028-2032 in October 2016.

After each batch of annual targets have been set the Scottish Government produce a report on proposals on policies (RPP) that sets out how the Scottish Government intends to meet its climate change targets.

In 2011 RPP1 was published, and in 2013 RPP2 was published.

Progress reducing emissions to date

According to the most recent figures Scotland’s greenhouse gas emissions, adjusted to take account of the EU Emissions Trading System \(^1\) were 45.8% lower in 2014 than 1990. However Scotland missed the annual emission targets for 2010-2013 but met the 2014 annual target.

In their most recent progress report the UK Committee on Climate Change (CCC 2016) stated that:

\(^1\) The EU Emissions Trading System (EU ETS) covers power stations and energy-intensive industries.
'The fall in emissions was largely due to a fall Scotland's share of the EU Emissions Trading System (ETS) and warmer than average winter temperatures reducing the demand for heating in buildings. However, a part of the reduction was from domestic action. The Scottish Government are on track to meet their 2020 target.'

Figure 1 highlights changes in emissions by sector over the period 1990 to 2014. The scale of emission cuts over the period 1990 to 2014 vary by sector. Emissions cuts from the waste sector of 77% and 39% from the energy sector contrast with reductions of less than 3% from the transport sector and 25% from the agriculture and land use sector.

Figure 1 Changes in Scotland's emissions by sector 1990 - 2014

In their 2016 progress report the CCC suggest that more action will be required to meet the targets beyond 2020:

‘To meet high ambition and tighter targets beyond 2020 much more will be required: Whilst emissions have fallen by an average of 3.3% per year since 2009, this has been mostly due to progress in the power sector with reduced coal and expanded renewable generation. There has been little progress in reducing emissions from transport and agriculture and land use, and there is much further to go for renewable heat uptake’

The Draft Climate Change Plan


The document describes:

- Scotland’s emission reduction pathway to 2032
- the approach that has been used to allocate emission budgets across different sectors of the economy
- details of policies, milestones and proposals for each sector
• differences in approach between RPP1, RPP2 and the draft Climate Change Plan
• the response to compensating for excess emissions in the period from 2010-2014
• progress by sector since RPP2.
• the planned approach to monitoring and evaluation

Alongside the Draft Climate Change Plan the Scottish Government also published the following accompanying documents that explore some of the wider benefits of action to cut emissions in specific sectors:

• Evidence Review of the Potential Wider Impacts of Climate Change Mitigation Options: Built Environment Sector
• Evidence Review of the Potential Wider Impacts of Climate Change Mitigation Options: Transport Sector
• Evidence review of the Potential Wider Impacts of Climate change Mitigation Options: Agriculture, Forestry, Land use and Waste sectors.

The Draft Climate Change Plan

Approach and ambition

The Scottish Government commissioned a model based on a modelling approach developed by the International Energy Agency (IEA). The model is referred to as TIMES and is designed to model the energy system within an economy. Combining technical engineering and economic considerations enables the model to identify the most cost effective path to meet Scotland’s climate change targets. The path provides ‘carbon envelopes’ for each sector and measures that would enable emissions within each sector to be constrained within these envelopes (for example the introduction of new energy technologies or take up of electric vehicles). Policies and proposals are then developed to enable these measures to be delivered.

Within each sector the plan describes policy outcomes, policies, policy development milestones and proposals. The document explains these terms as follows:

**Policy outcome:** ‘a measure of change on the ground, resulting from a policy or combination of related policies. An example policy outcome from land use would be the commitment to support an increase in the annual rate of peatland restoration from 10,000 hectares to 20,000 hectares per year.’

**Policy:** ‘a committed course of action which has been wholly decided upon, and to which a policy outcome can be attributed to with a reasonable level of confidence. The land use policies of providing sufficient finance to fund at least 20,000 hectares of peatland restoration per year from 2018/19, and to provide training in peatland restoration, both contribute to the realisation of the policy outcome of 20,000 hectares of peatland restoration per annum.’
Policy development milestone: ‘a government action which is needed to progress or develop a final policy that will reduce emissions in a particular sector. For example, a commitment to consult on the introduction of emission reducing regulations would be considered a policy development milestone. It is not possible to confidently attribute any contribution to policy outcomes from a policy development milestone, although it is a committed course of action indicating a clear intention.’

Proposal: ‘a suggested course of action or exploratory action, the details of which might change as this course of action is explored further. It is not possible to confidently attribute the realisation of a policy outcome to a proposal until it is converted to a policy.’

Structure – pathways and sector envelopes

Based on the TIMES model the Climate Change Plan sets out an emissions pathway to 2032 (Figure 2), how this breaks down by sector and suggests policy outcomes that would need to be achieved to keep within the sector carbon envelopes. The pathway is equivalent to a 66% cut in Scotland’s emissions since 1990 (and a 39% reduction over the period 2017-2032).

The planned emission reductions by sector over the period 2017-2032 vary considerably and are summarised in Table 1.

<table>
<thead>
<tr>
<th>Sector</th>
<th>Emissions change 2017-2032</th>
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<tbody>
<tr>
<td>Agriculture</td>
<td>-12%</td>
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<tr>
<td>Electricity</td>
<td>-120%*</td>
</tr>
<tr>
<td>Industry</td>
<td>-14%</td>
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<tr>
<td>Waste</td>
<td>-71%</td>
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<tr>
<td>Transport</td>
<td>-31%</td>
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</table>
The pathway describes a wholly decarbonised electricity system by 2030 and states that ‘from the late 2020s, Carbon Capture and Storage (CCS), along with gas from plant material and biomass waste, has the potential to remove CO2 from the atmosphere (i.e. negative emissions).’

** The pathway describes the land use/land change and forestry sector switching from being a net sink of emissions to being a net source (as a result of a decline in the rate of woodland creation over the past 40 years and conifer plantations established in the mid-20th century being felled and replanted.

The plan describes the modelling approach used to develop the overall, and sector, emission pathway:

‘By constraining TIMES with the annual emission reduction targets, the model helps us understand least-cost ways of achieving emission reductions by assessing how effort is best shared across the economy, taking account of both individual sectors and how those sectors interact.’

The plan does not provide further information on how the emission envelopes by sector were arrived at. However the document also states that other considerations were also used to ‘constrain’ the model and in this way guide the outputs produced by the model:

‘While TIMES is a powerful tool for considering the implications of changes in the energy system on emissions it is simply a guide rather than a predictor of the future. As such an important part of the modelling process has been engagement with sector experts and consideration of the wider consequences of particular pathways….This engagement was carried out via both analytical working groups and the Senior Suppliers Group of government officials. As a result of this engagement a number of delivery considerations were identified which resulted in additional constraints being placed on the model.’

The plan provides the following graphical representation of this process:
The draft Climate Change Plan does not provide any details of the constraints that were placed on the model following the engagement described above, or any particular policy outcomes that were rejected in various iterations.

**Key assumptions**

The draft Plan relies on a range of assumptions and ambitious rates of change across many sectors. These include

- The role of EU policy measures. Seven policies in the draft plan refer to EU policy to support implementation.

- The complete decarbonisation of the electricity sector by 2027, and a reliance on carbon capture and storage and energy generation from material/biomass to secure this.

- The operation of technologies such as carbon capture and the injection of hydrogen into the gas grid to secure emission reductions from the industrial sector.

- 80% of domestic buildings’ heat supplied using low carbon heat by 2032 (and 18% by 2020). Currently 79% of households use mains (natural) gas as their heating fuel, 12% of households use electric heating, 7% oil.

- A 50% increase in the area of woodland planted each year from the current target of 10,000 ha to 15,000 ha by 2025. In 2015 the woodland planting rate was 7,600 ha.

- 40% of new car sales being ultra-low emission cars each year by 2032, and this includes an assumption that the proportion of new car sales that were ultra-low emission in 2016 will more than double by 2017 (from a current rate of c.1.2% in 2016 to 2.5% in 2017).
Monitoring and evaluation

The draft Climate Change Plan does not include a completed monitoring and evaluation framework, however Chapter 6 of the plan describes the proposed approach. According to the plan this will include:

- Monitoring progress on policy implementation, policy outputs and the development of proposals.
- Developing polices that are specific, measurable, attainable, realistic and time limited (SMART).
- Maintaining information online and publishing a summary report each year from 2018 onwards.

The draft plan states that ‘We will continue to develop the monitoring framework and intend to publish an update alongside the final Climate Change Plan later in 2017. The final version will be published in 2018, from when we plan to publish annual summary monitoring reports.’

Residential Sector

The majority of emissions from the residential sector are related to householder’s energy use and how they heat their homes. Emissions from housing accounted for 13% of total emissions in Scotland in 2014, and were 26% below their 1990 level (CCP p47). This reduction is a result of improvements in the energy efficiency of buildings and fuel switching from soil and liquid fuels (e.g. coal and oil) to gas.

The CCP (8.1.2) notes that in 2015 there were 2.56m dwellings. It is estimated that over 80% of the housing in use today will still be in use in 2050. Scotland’s housing stock is diverse in terms of the tenure, age, primary heat sources and level of energy efficiency. Space heating and the provision of hot water account for over three-quarters of the energy used to heat homes. Around 79% of households use main (natural) gas as their heating fuel, 12% of households use electric heating, 7% use oil and around 2% use low carbon technologies – it is not clear whether electric heating is considered to be a low carbon technology\(^2\).

In their 2016 progress report, the Committee on Climate Change suggested a number of policy requirements for the Scottish Government’s plan to meet future annual targets. In relation to the residential sector they suggested:

- a new policy was required to continue to develop energy efficiency and heat policy that support fuel poverty reduction by targeting measures at fuel-poor homes
- stronger implementation was required on work to overcome the perceived challenges in getting agreement and securing finances for communal work on multi-tenanted properties.

\(^2\) Scottish Household Survey 2015, Table 5
Additionally, in relation to energy supply and consumption key recommendations focussed on district and renewable heating and recognised that whilst there were policies in place in these areas, stronger implementation was required. They state:

- where devolved powers exist implement a clear and stable regulatory framework to encourage the widespread use of district heating where cost effective to do so, to support long-term funding of projects and customers
- further promote the opportunities of the non-domestic RHI to Scottish businesses
- ensure that generation from new renewable heat capacity is fully used with extra heat exported to other heat users.

1. The Draft Climate Change Plan – Residential

As a result of the CCP measures the Scottish Government expects that emissions for the residential sector will fall by 76% between 2017 and 2032.

The residential sector is currently estimated to account for 15% of total Scottish emissions in 2017 (6.3 MtCO$_2$e from a total of 43.1 MtCO$_2$e), which is predicted to decrease to 5.7% of total emissions by 2032 (1.5 MtCO$_2$e from a total of 26.4 MtCO$_2$e).

The CCP sets out two main policy outcomes which are related to energy efficiency and low carbon homes. The CCP lists the policies and proposals that will contribute to meeting these policy outcomes. These are summarised in Annex 1. For both outcomes the policy development milestone is the development of Scotland’s Energy Efficiency Programme (SEEP).

**Policy Outcomes :**

- **Policy outcome 1: Improvements to the fabric of Scotland’s domestic buildings results in a 6% reduction in their heat demand by 2032.**

Fabric improvements relate to insulation measures. The 6% reduction in heat demand refers to a 6% reduction compared to the business as usual projection for 2032.$^3$ Scotland’s Energy Compendium 2016 shows that 54% of total energy consumption relates to non-electrical heat demand, and that Scotland’s total energy consumption for heat amounted to 81,300 GWh in 2013, but there is no breakdown for domestic heat demand.

There are five policies to support this outcome include the continued delivery of the Energy Companies Obligation (ECO), Home Energy Efficiency Programmes for Scotland (HEEPS) and the development of the Scottish Energy Efficiency Programme.

The one policy proposal relates to a review of energy standards within building regulations, and to investigate topics that offer the potential for abatement from new

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$^3$ Scottish Government personal communication
homes and where work is undertaken on existing homes. It is expected that by 2018 this will result in 58,000 insulation measures each year until 2022. From 2023 until 2032, 90,000 insulation measures will be installed annually (see table below)

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<tbody>
<tr>
<td>Number of insulation measures installed as a consequence of policies listed above to reduce heat demand</td>
<td>45,000</td>
<td>32,000</td>
<td>32,000</td>
<td>32,000</td>
<td>32,000</td>
<td>0</td>
<td>0</td>
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<tr>
<td>Number of insulation measures installed as a consequence of proposals listed above (once policies) to reduce heat demand</td>
<td>0</td>
<td>50,000</td>
<td>50,000</td>
<td>50,000</td>
<td>50,000</td>
<td>90,000</td>
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<tr>
<td>Total change in policy outcome as a result of policies and proposals</td>
<td>45,000</td>
<td>50,000</td>
<td>50,000</td>
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Source: Draft Climate Change Plan (Table 8-4)

• **Policy outcome 2: By 2032 80% of domestic buildings’ heat is supplied using low carbon heat technologies**

Currently, around 2% of domestic building’ heat is supplied using low carbon heat technologies\(^4\). Low carbon heat technologies include, for example, biomass boilers, air and ground source heat pumps and solar thermal panels.

The main policies listed as helping to meet this policy outcome are the Renewable Heat Incentive (a UK wide scheme created by the UK Government supported by Scottish Government advice programmes and loan finance), the District Heating Loan Fund (DHLF) and Heat Network Partnership Policy (HNPP). The DHLF helps address the financial and technical barriers to district heating projects by offering low interest loans to local authorities and registered social landlords etc. The HNPP is a collaboration of agencies focused on the promotion and support of district heating schemes in Scotland.

The vast majority of Scotland’s buildings are currently heated by gas or heating oil, which are reserved matters. Decisions on the future decarbonisation of the gas network will be taken by the UK Government and that this is unlikely to happen until after 2020. The policy proposal in relation to this outcome is to develop and identify the best approach to the long-term decarbonisation of the heat supply, to commence

\(^4\) Source: *Table 5 of the Scottish House Condition Survey* (2015).
after 2025. Most of the progress in meeting the outcome is expected to take place within the seven year period from 2025-2032 (i.e. from 18% of domestic buildings’ heat supplied from low carbon sources to 80%) (See table 8.8)

The policy development milestone in relation to this outcome is the development of Scotland’s Energy Efficiency Programme.

**Scotland’s Energy Efficiency Programme (SEEP)**

Much of the progress towards the policy outcomes is predicated on SEEP. SEEP is currently under development (including SEEP pilots) and will be rolled out from 2018. It will build on existing programmes and include the development of a package of actions, across that following themes:

- regulation and standards
- financial incentives
- advice and information
- delivery programmes
- evidence and evaluation.

The Scottish Government has committed to £0.5bn for SEEP over four years from 2017/18. An initial consultation on the design of delivery programmes within SEEP was launched on 24 January 2016 alongside the draft Energy Strategy.

The SEEP consultation document identifies a range of issues and challenges, highlighted by stakeholders, that need to be considered as SEEP is developed. These include, for example;

- grant application deadlines that are challenging and do not often align with each other,
- lack of interest in building owners in making energy efficiency improvements,
- mistrust in the promotion and installation of energy efficiency measures and examples of poor workmanship and a need to provide advice and information to change occupant behaviours.

Also published on 24 January 2017 was a *Consultation on Heat and Energy Efficiency Strategies and Regulation of District Heating* (Scottish Government 2017c). This proposes that the new regulatory framework should focus on two key areas:

- that local authorities are required to create Local Heat & Energy Efficiency Strategies (LHEES) to support the delivery of heat decarbonisation and energy efficiency objectives of Scotland’s Energy Efficiency Programme (SEEP)
- that regulation be put in place to specifically support the development of district heating, including provisions for zoning of areas for heat networks, connecting users and surplus heat loads, technical standards and consumer protection.
The Scottish Government has also committed to consult on the phased regulation of existing buildings and to look at financial incentives, and a consultation on minimum energy efficiency standards for privately rented homes. Discussion about these issues has been on-going within the Scottish Government for a number of years, for example through the REEPs Working Group. Consultation on regulation of private rented sector housing will be published in February. This consultation will also give further information on when consultation will take place on the role of incentives and minimum standards for owner-occupied housing.

The CCP refers to fuel poverty and indicates that improved energy efficiency will help tackle fuel poverty and Scottish Government energy efficiency grants will continue to target low-income and fuel-poor households, whose occupants have the greatest potential to benefit.
Annex 1: CCP Residential Policy Outcomes, Policies and Proposals

<table>
<thead>
<tr>
<th>Policy outcome</th>
<th>Policies</th>
<th>Proposals</th>
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<tbody>
<tr>
<td><strong>Policy outcome 1:</strong> Improvements to the fabric of Scotland’s domestic buildings results in a 6% reduction in their heat demand by 2032.</td>
<td>Energy Company Obligation – UK Government scheme which delivers energy efficiency measures across households in Great Britain. From 2017 the scheme will be worth £640 million per annum across Great Britain and is committed out to March 2022. <em>(UK responsibility, limited powers over the design and delivery of ECO have been devolved)</em></td>
<td>Regulation: Review of energy standards within building regulations – to investigate topics that offer the potential for abatement from new homes and where work is undertaken on existing homes.</td>
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<td></td>
<td>We have allocated £114 million in the 2017/18 draft budget to our Home Energy Efficiency Programmes for Scotland (HEEPS) to support delivery of over 14,000 energy efficiency measures by March 2018. <em>(Scottish responsibility)</em></td>
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<td>Provide £9 million funding to support SEEP Pilots in 2016/17 and make available further funding to support pilots in 2017/18 to test innovative delivery mechanisms for energy efficiency and low carbon heat. <em>(Scottish responsibility)</em></td>
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<td></td>
<td>Energy Efficiency Standard for Social Housing (EESSH) <em>(Scottish responsibility)</em></td>
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<td></td>
<td>All homes to be offered a smart meter by 2020 <em>(UK responsibility)</em></td>
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</tr>
<tr>
<td><strong>Policy Outcome 2:</strong> By 2032 80% of domestic buildings’ heat is supplied using low carbon heat technologies</td>
<td>Renewable Heat Incentive – delivers renewable heat technologies until 2020/21, with uptake supported by advice and loan schemes such as the Home Energy Scotland Renewables Loan <em>(Scottish responsibility)</em></td>
<td>Develop and identify best approach to the long-term decarbonisation of the heat supply, to commence after 2025.</td>
</tr>
<tr>
<td></td>
<td>District Heating Loan Fund and Heat Network Partnership Policy. <em>(Scottish responsibility)</em></td>
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</table>

Dan Barlow (Climate change/local government & communities), Kate Berry (Housing) SPICe Research, 03 February 2017

Note: Committee briefing papers are provided by SPICe for the use of Scottish Parliament committees and clerking staff. They provide focused information or respond to specific questions or areas of interest to committees and are not intended to offer comprehensive coverage of a subject area.

The Scottish Parliament, Edinburgh, EH99 1SP [www.scottish.parliament.uk](http://www.scottish.parliament.uk)
Annexe B

Written Submission from the Scottish Federation of Housing Associations

The SFHA leads, represents and supports Scotland’s housing associations and co-operatives. We want to see a thriving housing association and co-operative sector providing sustainable and affordable homes.

Housing associations and co-operatives have a strong track record in investing in home energy efficiency and have the most energy efficient homes in Scotland by tenure\(^5\). Since housing associations often house people on low incomes, however, their tenants are almost as likely to be in fuel poverty as the average Scottish household\(^6\).

Executive summary

Energy efficiency is a cost effective and proven way to cut carbon emissions. It has the additional benefits of cutting fuel poverty, benefitting public health and creating jobs and training\(^7\).

Housing associations have the most energy efficient homes in Scotland – because of long term investment in their homes and because they have to meet minimum energy standards.

While there have been improvements in home energy efficiency in Scotland in recent years, we believe that more needs to be done. We call for greater investment in home energy efficiency, including zero and low interest loans, and for the introduction of minimum energy efficiency standards across homes of all tenures.

Renewables and district heating also have a role to play in cutting carbon emissions. Many housing associations have been early adopters of these technologies. We look forward to the introduction of a Warm Homes bill and anticipate that it will provide support for the expansion of district heating and an increase in generation of renewable energy.

It will be important, however, as Scotland moves to decarbonise energy supply to ensure that there is a step change in home energy efficiency. At present, heating a home by electricity is much more expensive than gas, so if we are to move away

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\(^5\) SFHA (April 2015); Housing Associations’ Experience of Energy Efficiency

\(^6\) Scottish Government (December 2016); Scottish House Condition Survey 2015 Key Findings

\(^7\) Citizens Advice Scotland (March 2014); Economic Impact of Improving the Energy Efficiency of Fuel Poor Households in Scotland
from gas heating there needs to be real investment in home energy efficiency to avoid further increases in fuel poverty.

**Main Report**

As highlighted in the draft Climate Change Plan, Scotland has made strides in reducing carbon emissions from the residential sector. Housing associations have led the way with the most energy efficient homes.

More can be done, however – only social housing has to meet energy efficiency standards. We believe that the most cost effective way to reduce carbon emissions from homes is to increase home energy efficiency.

This can be achieved by setting minimum energy efficiency standards across all tenures of housing. The SFHA calls for a minimum energy efficiency rating of epc C by 2025, combined with a well-funded programme of grants and loans.

Renewables and low carbon heat have a role to play in reducing carbon emissions and there are numerous examples of housing associations installing domestic renewables, including solar panels and heat pumps and developing communal and district heating schemes.

It is important to remember, however, that low carbon heating generally costs more than natural gas. There is therefore a concern that a move to low carbon heating before there has been a major improvement in the housing stock’s energy efficiency that would insulate residents against the impact of increased process.

To illustrate this concern – paragraph 8.2.1 of the plan describes an ambition to have the majority of homes using low carbon and renewable heating systems, heating homes where homes and walls are insulated to the maximum recommended level, where feasible.

Many homes in Scotland are not suitable for cavity wall insulation as they have solid walls – stone tenements, stone cottages in rural areas and system built homes such as multi-storeys all provide a challenge to improve. They can be technically challenging (stone buildings) or very expensive (non-traditional or system built homes).

If there is to be a rapid transition to low carbon heating by 2032 as proposed, it is essential that there is greater emphasis on significantly increasing home energy efficiency. As suggested above this can be achieved by setting minimum energy efficiency standards across all tenures and providing long term funding to support retrofit programmes.
Low carbon energy does have a significant role to play in Scotland’s transition to a low carbon economy. We would suggest that in order to make this transition without causing fuel poverty, then the Climate Change Plan should

- Prioritise home energy efficiency
- Make the transition to low carbon heat first in rural areas where heating expensive and off the gas grid
- Develop district heating so that can initially use gas, then can transition to low carbon

**Conclusion**

We agree with the ambitions of the Climate Change Plan and welcome them.

We believe, however, that there is not enough emphasis on the alleviation of fuel poverty in the plan. The plan should prioritise significantly improving home energy efficiency before the transition to low carbon heating.

Funding programmes to introduce low carbon heating should initially focus on off gas areas, where they can reduce heating costs while also cutting carbon emissions.

**Calls for Action**

Minimum standards for energy efficiency should be set for all tenures of housing, building on standards in the social sector and a proposed standard for the private rented sector, with a minimum standard of epc C for all tenures by 2025.

Funding for low carbon heating should be concentrated in off gas areas, with a target to have renewable and low carbon heating in all off gas areas by 2025.

Funding for energy efficiency and low carbon heating needs to be increased over time to achieve the ambitious targets set out in the Climate Change Plan.
Written Submission from the Energy Agency

Introduction

In order to meet our climate change targets, the reduction of emissions from homes, communities and transport are key components. The Draft Climate Change Plan sets an ambitious vision for homes and communities and strengthens the commitment to the national infrastructure programme. Scotland already has an excellent reputation across Europe for tackling climate change. The Plan should continue to reflect this lead and the exemplar progress to date. Local Government has an essential role in the development, delivery and evaluation of the progress to reduce emissions. There are some excellent examples of current work, investment and integration across sectors in Scotland due to the existing funding.

Recommendations

- The climate change plan needs more clarity to give confidence for the long term volume of work for the industry (policy outcomes are vague and suggest little expansion to at least 2021). The huge advantage of the current area based schemes funded through Local Authorities is the distribution of work across Scotland. This ensures energy efficiency improvements, fuel poverty alleviation, health improvement and employment opportunities are distributed evenly. Local authorities continue to be seen in a positive light by the communities they serve.
- Infrastructure programs offer real opportunities to develop supply chain capacity and demonstrate the potential for the construction industry
- The government’s strong track record on energy efficiency and the resulting supporting evidence from individuals and communities highlights the positive political profile of this work.
- It is an essential requirement for multi-year funding to give confidence to the industry (lengthening the pledge of funding to 2021 and beyond provides the background for steady growth)
- An increased funding commitment for energy efficiency will support transformational change in energy efficiency.

Existing work under the area based schemes, Home Energy Scotland and work with the NHS in south west Scotland highlights the huge benefits in insulation programmes and the impacts this work has on the vibrancy of communities – the social and economic impacts, benefits to health and well being, employment opportunities and the very positive experiences of installed measures.

Energy Efficiency and Low Carbon Heat

- The Plan should set a ‘transformational’ pace of change with an aim to achieve whole house energy efficiency.
- Include the objective that by 2025 most homes achieve an EPC level C or above.
- Increased regulation for private housing and private rented sector housing.
- Increased regulation and enforcement for commercial building sector.
- Increase the annual budget for energy efficiency measures and agree to long term funding in line with the commitment to the National Infrastructure Priority
- Utilise the existing monitoring and evaluation results to demonstrate the positive impacts for society and individuals in effective energy efficiency programmes.
- Ensure that Government supports the joined up delivery objective covering housing, communities, local government, health, poverty and carbon emission reductions.

Liz Marquis  
Director  
Energy Agency

(Also Vice Convener of Energy Action Scotland, Member of the Existing Homes Alliance Scotland and Board Director of Stop Climate Chaos Scotland)
Written Submission from Homes for Scotland

1. Homes for Scotland (HFS) is the representative body for the home building industry in Scotland, representing some 200 member organisations from home building, RSL, planning and architecture professions as well as supply chains who together help deliver around 95% of all new homes built for sale each year, including a significant proportion of affordable homes. HFS is committed to improving living in Scotland by providing this and future generations with warm, sustainable homes in places people want to live.

2. We welcome the opportunity to respond to the Draft Climate Change Plan (RPP3). This submission is intended to supplement the evidence that will be provided at the oral evidence session for the Local Government and Communities Committee on 8 February 2017. In particular this submission will provide our initial thoughts on matters relating to the new build sector contained within Section 8 (Residential) of the report.

3. The home building industry fully recognises the importance of addressing the challenges of climate change and the impact reducing energy demand from domestic building has on helping eradicate fuel poverty as well as meeting the targets set out within the Climate Change (Scotland) Act. We continue to believe that the construction sector has an important role to play in achieving these aspirations alongside many other industries across Scotland.

Housing Output

4. New housing output totalled 16,209 units for 2014-15\(^8\). With Scotland’s total domestic housing stock estimated at 2.56 million dwellings for the same year\(^9\), new build output represents only 0.63% of the existing housing stock. With it estimated that around 80% of the current housing stock will be in use by 2050, and by forecasting a 4% annual growth in output until it reaches pre-2007 levels of around 25,000 units per annum, it can be estimated that by 2050 only 31% of housing stock will have been constructed to 2010 Building Standards or higher. This means that around 70% (approximately 2 million) existing homes will require some form of retro-fitted energy efficiency measure over the next 33 years. We therefore would argue that given the scale of the sector the main focus for government interventions should be on making the existing housing stock more energy efficient. As is explained below, new build homes are already highly energy efficient.

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\(^8\) Scottish Government Housing Statistics
\(^9\) National Records of Scotland – Household Projections
Energy Efficiency of New Build Homes

5. It is important to recognise how far the new build housing industry has come over the past decade. Whilst RPP3 notes that residential emissions have fallen around 26% between 1990 and 2014, the report fails to pick up that 2015 Building Standards represented around a 75% carbon emissions reduction on the 1990 baseline. The staged improvements in Scottish Building Standards have resulted in significant improvements in the performance of new residential dwellings of all tenures.

6. Putting this into the context of benefits to the end user, we have collated a data sample of EPC bands and estimated energy costs for a range of standard family house types produced by our member companies. This data showed that homes built to 2010 Building Standards (representing a 30% reduction in carbon emissions from 2007 standards\(^\text{10}\)) on average deliver an EPC band rating of B (84) for energy efficiency and an average annual estimated energy bill (for space heating, lighting, hot water and ventilation) of £587; around £49 per month. This is less than half of the current average monthly energy bill in Scotland\(^\text{11}\). 2015 Building Standards (a 45% reduction in carbon emissions from 2007 levels\(^\text{12}\)) show further improvements including a 37% reduction in estimated energy bills; to in some instances a bill of around £30 per month. To put this into context, the average EPC rating in Scotland is a D (61), with around 40% of the total housing stock (approximately 1.02 million homes) having a C rating or above. Almost 10% of these homes will have been built since the introduction of the 2010 Building Standards.

Energy Standards

7. It is clear that increasing the delivery of new build homes can help reduce carbon emissions for the residential sector and may help alleviate fuel poverty in Scotland. However, the scale of output, even at the challenging rates forecast above, indicates that the real opportunity sits with the improvement of the significant proportion of existing housing stock currently unaffected by the policies and proposals contained within RPP3.

8. It is generally accepted that the 2015 Building Standards have, for now, reach cost optimal levels for compliance. Our members note that further improvement to energy standards for the new build sector will incur significant costs for minimal gain in terms of performance and carbon reduction. Changes in 2010 and 2015

\(^{10}\) Sullivan Report 2007
\(^{12}\) Sullivan Report 2013 Update
both incurred construction cost increases in the region of £5,000, which were met by home builders as surveyors did not recognise any increase in the value of a new home where energy efficiency measures were provided.

9. It would be beneficial for RPP3 to breakdown the expected carbon emissions reductions further still, for example by sector and by individual policies and proposals. This would be particularly useful information to understand before the forthcoming Scottish Government review of Building Standards in 2017. A key industry concern is that sequential short-term changes to Building Standards do not provide sufficient time between cycles to embed knowledge and prepare for new regulation. HFS would advocate that the Scottish Government allow more time between changes for building standards to allow learnings to embed into mainstream practice allowing industry, supply chains and technology to catch-up with the principles that underpin them.

10. The policies and proposals in the report regarding Energy Efficiency Standards for Social Housing and Private Rented Housing (EESSH and EESPR respectively), are supported by industry. It is thought that the introduction of EESPR could have an impact on the available supply of rented accommodation (an estimated 345,000 homes) or impact the overall tenure mix, as individual landlords may seek to exit the market to avoid addition costs and regulation. It will therefore be important for the Scottish Government and Local Authorities to support the growth of new purpose built, highly energy efficient private rented sector housing (Build to Rent, BTR), which provides a significant opportunity to help improve the standard and quality of private rented accommodation as well as increase housing supply and tenure choice in Scotland.

11. However, the main challenge for the Scottish Government will be in encouraging the 1.5 million homes in the owner occupier segment to make a considerable investment in energy efficiency measures.

**Decarbonised Energy**

12. The home building industry recognises the benefits that decarbonised energy can deliver for the sector. Indeed, recent changes to building standards have resulted in forthcoming developments adopting renewable technologies including photovoltaic panels and air source heat pumps as solutions to meeting the new energy standards, aligning with many of the Scottish Government’s objectives for the electrification and decarbonisation of energy supply.

13. Evidence from members suggest that often there is very little understanding as to the impact incorporation of low and zero carbon energy generating technologies have on distribution networks, and has been noted that local authorities and
distribution network operators have been on occasions unwilling to engage with industry on such matters. It is clear that the existing utilities infrastructure has not been designed or sufficiently upgraded to enable renewables to connect to distribution networks. We have examples of member companies providing photovoltaics on their new homes and energy network operators refusing to connect them to the network.

14. A further burden is placed on developers through Section 72 of the Climate Change (Scotland) Act in relation to ‘Development plans: inclusion of greenhouse has emissions policies’ as implemented through the Town and Country Planning (Scotland) Act 1997. We are aware that some Local Authorities have chosen to add further requirements to the industry, often prescribing standards above and beyond of what is required through building standards, creating yet further barriers to new development. Our members believe such policies to be excessive and would ask that a more strategic, national and consistent approach is taken to the implementation of Section 72 through the Town and Country Planning (Scotland) Act.

15. For policy and proposals to be truly effective there needs to be an aligned approach to regulation and policy that enables collaboration between key stakeholders of the residential and energy sectors to bring forward cost effective appropriate solutions. With the home building industry becoming ever more involved in the delivery of energy generating technologies and infrastructure it is vital that HFS is more involved in the development stages and implementation and monitoring of future policies.

Observations

Perception of New Build Standards

16. We should celebrate the great strides that have been taken in recent years, and the efforts that the home building industry has made to improve the energy efficiency of new homes. It is therefore disappointing to read and hear statements made by some MSPs that fail to recognise this extremely positive aspect of new build housing, and which persistently presents new build homes as poor in quality and efficiency in comparison to our European neighbours. Whilst the statistics provided above highlight the significant steps industry has taken in such a short period of time, it would be helpful if the Scottish Government were to commission external research to baseline where Scottish Building Standards are in comparison to the rest of the European market prior to any further changes to standards.
Market Context

17. The construction industry and its supply chain operate within the context of a UK and European market. For suppliers to be confident they are producing products at a scale that is cost-optimal, building standards must align with those within our common market area, helping ensure that the sector can utilise mainstream construction products that do not add significant cost to housing delivery. This will be important going forward helping ensure that the industry can increase output and support the cost effective delivery of the 50,000 affordable homes target. The Scottish Government should be taking into consideration the technologies that are currently available and mainstreamed within the sector when making policy decision.

Brexit

18. There is significant uncertainty regarding the impact Brexit will have on the industry, in particular the direction both Westminster and Holyrood will take regarding their ambitions for implementing Article 9 of the Energy Performance of Building Directive (EPBD) that seeks for all new buildings to be nearly zero energy from 2019 and 2021. In light of the UK’s likely departure from Europe and uncertainty regarding Scotland’s position within the single market, we must be mindful that we are reviewing this policy at a challenging time, and must remain flexible depending on geo-political outcomes.

Summary

19. A level of perspective is needed when considering the policies and proposals put forward by RPP3. The new build sector has played a significant role in reducing carbon emissions, having already reduced its own by around 75% since 1990. However, systematic change of standards and inconsistent implementation of policy continues to act as a barrier to development and the delivery of much needed new homes. We would advocate that policy and proposals should be reflective of what has already been achieved by the home building sector and aim to avoid overburdening industry or create barriers to new development. More generally, figures suggest that improvement to existing housing stock will offer more significant carbon reductions than the further enhancement of very high energy standards currently being met by the industry, and therefore should be a primary focus for the Scottish Government.
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.
- 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 CO₂ 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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13 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.\(^\text{14}\)
- 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.

Elizabeth Leighton
Policy advisor and secretariat
Existing Homes Alliance Scotland
Local Government and Communities Committee
5th Meeting, 2017 (Session 5), Wednesday 8 February 2017

Subordinate Legislation

Overview of instruments

1. The following instruments, subject to negative procedure, are being considered at today’s meeting:
   - The Letting Agent Registration (Scotland) Regulations 2016 (SSI 2016/432);
   - The Licensing of Relevant Permanent Sites (Scotland) Regulations 2016 (SSI 2016/433);
   - The Non-Domestic Rate (Scotland) Order 2017 (SSI 2017/8);
   - The Non-Domestic Rates (Levying) (Scotland) Regulations 2017 (SSI 2017/9)

Procedure

2. Negative instruments are instruments that are “subject to annulment” by resolution of the Parliament for a period of 40 days after they are laid. All negative instruments are considered by the Delegated Powers and Law Reform Committee (on various technical grounds) and by the relevant lead committee (on policy grounds). Under Rule 10.4, any member (whether or not a member of the lead committee) may, within the 40-day period, lodge a motion for consideration by the lead committee recommending annulment of the instrument. If the motion is agreed to, the Parliamentary Bureau must then lodge a motion to annul the instrument for consideration by the Parliament.

3. If that is also agreed to, Scottish Ministers must revoke the instrument. Each negative instrument appears on a committee agenda at the first opportunity after the Delegated Powers and Law Reform Committee has reported on it. This means that, if questions are asked or concerns raised, consideration of the instrument can usually be continued to a later meeting to allow correspondence to be entered into or a Minister or officials invited to give evidence. In other cases, the Committee may be content simply to note the instrument and agree to make no recommendation on it.

Background

The Letting Agent Registration (Scotland) Regulations 2016

4. These Regulations make provision about the registration of letting agents. The policy note for the instrument is attached at Annexe A.

5. An electronic copy of the instrument is available at:
6. A Business and Regulatory Impact Assessment is available at:


7. There has been no motion to annul this instrument.

**Delegated Powers and Law Reform Committee Consideration**

8. The Delegated Powers and Law Reform Committee considered this instrument at its meeting on 11 January 2017 and determined that it did not need to draw the attention of the Parliament to the instrument on any grounds within its remit.

**The Licensing of Relevant Permanent Sites (Scotland) Regulations 2016**

9. These Regulations make provision in connection with the licensing of relevant permanent sites under Part 1A of the Caravan Sites and Control of Development Act 1960. The policy note for the instrument is attached at Annexe B.

10. An electronic copy of the instrument is available at:


11. There are no associated impact assessments for this legislation.

12. There has been no motion to annul this instrument.

**Delegated Powers and Law Reform Committee Consideration**

13. The Delegated Powers and Law Reform Committee considered this instrument at its meeting on 17 January 2017 and determined that it did not need to draw the attention of the Parliament to the instrument on any grounds within its remit.

**The Non-Domestic Rate (Scotland) Order 2017**

14. This Order prescribes a rate of 46.6 pence in the pound as the non-domestic rate to be levied throughout Scotland in respect of the financial year 2017-2018. A rate of 48.4 pence in the pound was prescribed by the Scottish Ministers as the non-domestic rate to be levied throughout Scotland for the financial year 2016-2017 (SSI 2016/133). The policy note for the instrument is attached at Annexe C.

15. An electronic copy of the instrument is available at:


16. There are no associated impact assessments for this legislation.
17. There has been no motion to annul this instrument.

**Delegated Powers and Law Reform Committee Consideration**

18. The Delegated Powers and Law Reform Committee considered this instrument at its meeting on 24 January 2017 and determined that it did not need to draw the attention of the Parliament to the instrument on any grounds within its remit.

**The Non-Domestic Rates (Levying) (Scotland) Regulations 2017**

19. These Regulations make provision for the amount payable in certain circumstances as nondomestic rates in respect of non-domestic subjects in Scotland. The non-domestic rate for subjects not covered by these Regulations is fixed by order made under the Local Government (Scotland) Act 1975. For the year 2017-2018, the rate is fixed by the Non-Domestic Rate (Scotland) Order 2017 (SSI 2017/8).

20. An electronic copy of the instrument is available at:


21. There are no associated impact assessments for this legislation.

22. There has been no motion to annul this instrument.

**Delegated Powers and Law Reform Committee Consideration**

23. The Delegated Powers and Law Reform Committee considered this instrument at its meeting on 24 January 2017 and determined that it did not need to draw the attention of the Parliament to the instrument on any grounds within its remit.

**Committee Consideration**

24. The Committee is not required to report on negative instruments, but should it wish to do so, the deadline for reporting on SSI 2016/432 and SSI 2016/433 is 24 February 2017 and for SSI 2017/8 and SSI 2017/9 is 8 March 2017.

25. The Committee is invited to consider the above instruments and whether it wishes to report on any issues to the Parliament in relation to them.
POLICY NOTE

THE LETTING AGENT REGISTRATION (SCOTLAND) REGULATIONS 2016

SSI 2016/432

The above instrument was made in exercise of the powers conferred by section 29(2)(b), 30(2)(f) and 32(2)(c) of the Housing (Scotland) Act 2014 (2014 Act). The instrument is subject to negative procedure.

Policy Objectives

This instrument makes use of Scottish Ministers’ regulation making powers to prescribe:

- additional information that is to be included within an entry to the public register of letting agents;
- additional information that must be provided in an application for registration; and
- training requirements that must be met by the applicant to be admitted to the register.

Regulation 3 sets out the additional information to be included within an entry to the publically available register of letting agents that Scottish Ministers are required to establish and maintain under section 29 of the 2014 Act. As an example, information published within an entry will include the trading name of a business, if different from their legal entity, and the letting agent registration number. This additional information will help those using the public register to identify whether a particular agent is registered.

Regulation 4 makes provision for additional information to be included within an application for registration. This will give Scottish Ministers sufficient information to administer the register of letting agents; enabling them to assess whether applicants are fit and proper persons; establish if applicants are complying with key requirements in the Letting Agent Code of Practice, such as holding client money protection; and have met the prescribed training requirements.

Regulations 5, 6 and 7 set out the minimum training requirements those seeking to join the register of letting agents must have met to be admitted and who they apply to. These requirements will mean that:

- certain key individuals within a letting agency will be required to hold a relevant qualification covering essential matters relating to letting agency work; and
- where this qualification was undertaken more than 3 years ago, they must have undertaken 20 hours of additional training on letting agency work within the last 3 years to keep their knowledge and skills up to date.
The policy intention is for people who direct, or are in charge of, an organisation’s letting agency work to have undertaken the prescribed training for an applicant to be admitted to the register of letting agents. These people have the necessary influence to ensure the business complies with their legal obligations. The regulations therefore require training to have been undertaken by the most senior person within the organisation, unless they are not involved in operational procedures and processes day to day; as well as by those who oversee the business’s letting agency work i.e. they are in charge of managing and supervising letting agency work.

While placing the requirement on these individuals will generally mean there is one person trained in each relevant office, the Scottish Government does not consider that this will be the case for some large organisations. The regulations therefore also prescribe for there to be at least one person to be suitably qualified / trained per office, where letting agency work is undertaken.

Ensuring all those admitted to the register have staff who have undertaken training on the areas essential to the effective and proper management of letting agency work will result in improved standards of service applied consistently across the industry and better services for landlords and tenants delivered by more knowledgeable staff.

Regulation 8 enables Scottish Ministers in certain circumstances to require a person, who is part of an application for registration, to provide them with a criminal conviction certificate (commonly known as a basic disclosure) under section 112 of the Police Act 1997. A basic disclosure contains details of any unspent convictions that a person has. In deciding whether or not an applicant is a fit and proper person to be a letting agent, Scottish Ministers must have regard to information about any unspent criminal convictions for an offence of the types set out in section 34(2) of the 2014 Act.

Section 35 of the 2014 Act provides that, where Ministers have reasonable grounds to believe that the information given to them by the applicant about unspent convictions is, or has become inaccurate, Ministers may have regard to the information which would be contained within a basic disclosure. However, section 35 does not allow Ministers to access this criminal record information unless a separate application is made to Disclosure Scotland for a basic disclosure.

Regulation 8 therefore provides that on a case-by-case basis, Ministers can require the applicant to provide them with a basic disclosure which has been issued to the applicant by Disclosure Scotland. That will then allow Ministers to verify the accuracy of the criminal record information in question and to take that information into account in their consideration of the letting agent’s application.

Consultation

To inform our implementation of Part 4 of the Housing (Scotland) Act 2014 the Scottish Government followed an agreed iterative process with a group of key stakeholders. This included the Association of Residential Letting Agents (ARLA), Chartered Institute of Housing (CIH) Scotland, Citizen Advice Scotland, Council of
Letting Agents (CLA), CRISIS, Edinburgh Tenants Action Group (EPTAG)/Living Rent: Scotland’s Tenants’ Union, LetScotland, The Law Society of Scotland, National Union of Students (NUS) Scotland, Royal Institution of Chartered Surveyors (RICS), Scottish Association of Landlords (SAL), Scottish Land and Estates (SLE) and Shelter Scotland.

Additional information – Entry and Application

The Scottish Government issued proposals to the group in March 2015 in relation to the additional information it would be helpful to publish within an entry to the register and to gather as part of an application to the register. The paper set out the existing legal requirements and considered what further information Scottish Ministers might wish to include and sought views from the key stakeholders on these. 11 responses were received from the group.

Training requirement

The Scottish Government undertook a public consultation on proposals in August to November 2015. 92 responses were received and were analysed by independent researchers, Research Scotland. To raise awareness of the consultation and encourage responses, a number of consultation events were held for landlords, letting agents and tenants in conjunction with the Scottish Association of Landlords (SAL), Council of Letting Agents (CLA) and Shelter Scotland.

Analysis of responses\(^1\) found that, overall, respondents were supportive of our proposed approach in relation to the training requirement with:

- 71% of respondents agreeing there should be a mandatory qualification;
- 62% of respondents agreeing with our proposal on who within an agency should be trained;
- 56% of respondents agreed that the mandatory qualification should be set at Scottish Credit and Qualifications Framework (SCQF) Level 6, with 34% indicating they didn’t know;
- 64% of respondents agreed that there should be at least one person trained per office;


Draft regulations were shared with key stakeholders for their input. Responses to the consultation and comments on the draft regulations have been taken into account in the final drafting.

\(^1\) Consultation on a draft statutory code of practice and training requirements for letting agents in Scotland: analysis of consultation responses, Research Scotland, January 2016 - http://www.gov.scot/Publications/2016/01/6999
Impact Assessments

An Equality Impact Assessment, a Privacy Impact Assessment, and a Children’s Rights and Welfare Impact Assessment (CRWIA) screening have been undertaken in relation to the regulation of letting agents.

Equality Impact Assessment

The Scottish Government’s assessment of the likely impact of the regulation of letting agents upon those within the protected characteristics (age, disability, sex, gender reassignment, marriage or civil partnership, pregnancy or maternity, race, religion or belief or sexual orientation) has identified a number of potential positive impacts including opportunities to eliminate unlawful discrimination and advance equality of opportunity. It has not identified any negative impacts. The equality impact has been published on the Scottish Government’s website.

Privacy Impact Assessment

The privacy impact assessment on letting agent registration has identified a number of potential risks involved with handling of data as part of administering registration and actions will be taken forward as part of implementation to mitigate these. For example, the development of a controller-processor contract and information sharing protocols with relevant authorities. The privacy impact assessment will be published on the Scottish Government’s website.

Children’s Rights and Welfare Impact Assessment (CRWIA) Screening

CRWIA screening has been undertaken. Based on this screening the Scottish Government does not consider this policy requires a full CRWIA at this stage. No issues have been raised during the development of the legislation, or its implementation to date, that suggest any negative impact from the introduction of letting agent regulation. The Scottish Government anticipates that any impact from the implementation of this policy on children and young people is likely to be positive or neutral. However, should any negative impacts be identified, we will review whether a full CRWIA would be required.

Financial Effects

A Business and Regulatory Impact Assessment (BRIA) has been completed and will be published on the Scottish Government’s website.

The impact of these regulations on business will depend on the current business practices of individual letting agents.

Entry and application - additional information

The Scottish Government anticipates any additional costs related to the inclusion of this additional information within an application and an entry to the Register to be minimal. Without making use of these additional powers Scottish Ministers would not
be able to robustly administer letting agent registration and their ability to monitor compliance and support enforcement would be limited.

**Training requirement**

The exact cost of implementing the proposed training requirements are difficult to quantify because they depend on the management and business structure of individual letting agents and the existing level of training already undertaken by those subject to the requirement.

For those applicants who have already attained a relevant qualification and who undertake regular training, additional costs from these regulations are likely to be nil or minimal.

For those subject to the requirements who have not undertaken a relevant qualification and or regular training, there will be an additional one off cost associated with attaining the qualification and an on-going cost for the regular training required once the qualification is more than 3 years old. However, the exact cost of this will depend on the qualification and training they choose to undertake. There are currently two training providers offering relevant qualifications and a variety of training courses and learning opportunities available that will allow them to choose a route that suits their training requirements and their budget.

Scottish Government
Housing and Social Justice Directorate
POLICY NOTE

LICENSING OF RELEVANT PERMANENT SITES (SCOTLAND) REGULATIONS

SSI 2016/433

The above instrument was made in exercise of the powers conferred by sections 32C(4), 32F(3), 32N(1) and 32Y(5) of the Caravan Sites and Control of Development Act (1960). The instrument is subject to negative procedure.

Policy Objectives

The Scottish Government is reforming the licensing system for mobile home sites that are licensed to have permanent residents, or that require such a licence. These changes will give local authorities the powers and tools they need to more effectively issue, manage, and revoke licences, including enforcing site licence conditions. The existing licence system was established in the 1960s, and is not appropriate for licensing modern sites which have permanent, year round, residents.

Part 5 of the Housing (Scotland) Act 2014 amended the Caravan Sites and Control of Development Act (1960) to establish the broad framework for the new licensing system. These Regulations set out the more detailed aspects within the framework, including:

- the information which must be supplied with an application for a first site licence and for a licence transfer;
- setting a 3 month time limit for a local authority to determine an application for a first site licence, a licence renewal, and a licence transfer;
- the matters a local authority can take into account when setting a fee for determining a first site licence application or licence renewal;
- the effect of a successful appeal against a local authority’s decision on an application;
- the powers of an interim manager.

Consultation

We consulted on our proposals for draft regulations from November 2015 to February 2016. There were 30 responses to the consultation, with 3 responses from private sector organisations or trade bodies; 8 from local government; and 5 from residents or community groups. 13 responses were from individuals. There was general support for most of the proposals in the Regulations, with differing views on some proposals from the industry and local government. The main issues raised were around:

- the information to be submitted with an application to obtain, renew, or transfer a site licence application;
- the fees a local authority could charge for considering an application
• the time limits within which a local authority must make its decision on an application.

After considering the points raised, often with differing views from consultees on what should happen, we have set out for key stakeholders our policy response. This includes:

• rather than requiring all information to be resubmitted with a renewal application (as we consulted on), the applicant will instead only be required to provide information about the changes that have occurred since the licence was last issued or renewed.

• continuing the approach of specifying the matters a local authority can take into account when deciding on its fees. We will not set a maximum fee at this stage.

• continuing with the 3 month timescale for a local authority to issue, renew, or transfer a site licence. However in the statutory guidance on the new licensing system (that we will publish in early 2017) we will encourage local authorities to make decisions in a shorter timescale wherever possible, particularly for licence transfers.

The responses to the consultation were independently analysed, and the full consultation report is available on the Scottish Government website.

Impact Assessments

An Equality Impact Assessment was carried out as proposals for site licensing were developed, and were published prior to the 2014 Act being considered in Parliament. We have updated the EQIA as the regulations were developed, and it is available on the Scottish Government website. We have also considered the privacy impact of our proposals, and carried out a screening for issues related to the impact on children and young people. In light of those assessments we will be including a specific section on data handling, storage and sharing in the statutory guidance for local authorities, which we plan to publish in early 2017. The pre-screening assessment for the Children and Young People Impact Assessment did not identify any particular impacts the policy will have on children and young people.

Financial Effects

A Business and Regulatory Impact Assessment (BRIA) was carried out as our proposals for site licensing were developed, and was published prior to the Housing (Scotland) Act 2014 being considered by Parliament. We updated the BRIA as the regulations were developed, and it is available on the Scottish Government website. The BRIA process concluded that there are clearly weaknesses and flaws in the current legislation, which are open to exploitation by unscrupulous site owners, and the new licensing system will create a robust, proportionate, and modern site licensing system in line with those used in relation to other forms of accommodation. Enforcement of the new licensing system will be carried out by local authorities, with costs being recovered from those site owners against whom action had to be taken.
Scottish Government
Housing and Social Justice Directorate
The above instrument is made in exercise of the powers conferred on the Scottish Ministers by sections 7B(1) and 37(1) of the Local Government (Scotland) Act 1975 and by all other enabling powers. The instrument is subject to the negative procedure.

Purpose of the Instrument

The purpose of this instrument is to set business rate poundage in Scotland of 46.6 pence for 2017-18.

Background

The UK Government has confirmed the 2017-18 business rate multiplier for England (equivalent to the Scottish standard poundage rate) at 46.6 pence. This instrument will result in the poundage rate paid by Scottish businesses from 1 April 2017 being 46.6 pence.

Consultation

There is no statutory requirement to consult on these Regulations.

Business and Regulatory Impact Assessment

No Business and Regulatory Impact Assessment is required because the present instrument will not impose new regulatory burdens on businesses, charities or the voluntary sector compared with the Non-Domestic Rate (Scotland) Order 2016 which it replaces.

Financial Implications

This instrument has no additional financial effects on the Scottish Government, local government or business.

Local Government Division
January 2017
POLICY NOTE

THE NON-DOMESTIC RATES (LEVYING) (SCOTLAND) REGULATIONS 2017

SSI 2017/9

The above instrument is made in exercise of the powers conferred by section 153 of the Local Government etc. (Scotland) Act 1994 and by all other enabling powers. The instrument is subject to the negative procedure.

Purpose of the Instrument

The instrument makes provision from 1 April 2017, for reductions in non-domestic rates as a result of the Small Business Bonus Scheme (SBBS) and provides for a poundage supplement on larger business properties with a rateable value in excess of £51,000.

Background - Small Business Bonus Scheme

The Scheme provides relief (bill discounts) to businesses with properties in Scotland where the cumulative rateable value is £18,000 or less for 2017-18. Where the cumulative rateable value of a business's properties falls between £18,000 and £35,000, the Scheme will offer 25% relief to individual properties with a rateable value of £18,000 or less.

The Scheme provides the following reliefs from 1 April 2017:

**Combined rateable value (RV) of all business properties in Scotland Relief percentage under SBBS**

<table>
<thead>
<tr>
<th>2017-18</th>
<th>Relief %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to £15,000</td>
<td>100%</td>
</tr>
<tr>
<td>£15,001 to £18,000</td>
<td>25%</td>
</tr>
<tr>
<td>£18,001 to £35,000</td>
<td>25%     on each individual property with a rateable value not exceeding £18,000*</td>
</tr>
</tbody>
</table>

*This allows a business with 2 or more properties with a cumulative rateable value of under £35,000 to qualify for relief at 25% on individual properties with a RV up to £18,000.

In addition, payday lenders will continue to be unable to benefit from the Scheme.

Large Business Supplement

This supplement contributes a proportion of the cost of the Small Business Bonus Scheme. This instrument provides for a poundage supplement of 2.6p in the pound for all business properties with a rateable value exceeding £51,000 in 2017-18.
Consultation

There is no statutory requirement to consult on these Regulations, however the changes were proposed as part of the draft Budget, which is a consultative process.

Business and Regulatory Impact Assessment

No Business and Regulatory Impact Assessment has been carried out.

Financial Implications

The projected cost of the Small Business Bonus Scheme is estimated at around £224 million in 2017-8. It is estimated that the large business supplement of 2.6p in the pound for 2017-18 will raise a total around £126 million.

The Scottish Government reimburses local authorities for the cost of granting relief as part of the general revenue grant payment. The present instrument has no additional financial effects on the Scottish Government or local government.

Local Government Division
January 2017