



OFFICIAL REPORT
AITHISG OIFIGEIL

Local Government and Communities Committee

Wednesday 8 February 2017

Session 5



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LOCAL GOVERNMENT AND COMMUNITIES COMMITTEE

5th Meeting 2017, Session 5

CONVENER

*Bob Doris (Glasgow Maryhill and Springburn) (SNP)

DEPUTY CONVENER

*Elaine Smith (Central Scotland) (Lab)

COMMITTEE MEMBERS

*Kenneth Gibson (Cunninghame North) (SNP)

*Ruth Maguire (Cunninghame South) (SNP)

*Graham Simpson (Central Scotland) (Con)

*Alexander Stewart (Mid Scotland and Fife) (Con)

*Andy Wightman (Lothian) (Green)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Michael Barton-Maynard (Homes for Scotland)

Fabrice Leveque (Existing Homes Alliance)

Liz Marquis (Energy Agency)

David Stewart (Scottish Federation of Housing Associations)

CLERK TO THE COMMITTEE

Clare Hawthorne

LOCATION

The Robert Burns Room (CR1)

Scottish Parliament
Local Government and
Communities Committee

Wednesday 8 February 2017

[The Convener opened the meeting at 10:01]

**Decision on Taking Business in
Private**

The Convener (Bob Doris): Good morning, everyone, and welcome to the fifth meeting in 2017 of the Local Government and Communities Committee. I remind everyone to turn off their mobile phones. As meeting papers are provided in digital format, tablets may be used by some members during the meeting. No apologies have been received this morning—we have a full house.

Agenda item 1 is a decision on taking business in private. The committee is invited to agree to take in private agenda item 6, which is consideration of its report on European Union scrutiny. Are we agreed?

Members *indicated agreement.*

The Convener: Issues have been raised regarding Scottish statutory instruments 2017/8 and 2017/9, on non-domestic rates, which we were due to discuss under agenda item 3. I therefore intend to defer consideration of those instruments to our meeting on 22 February. Do members agree to that approach?

Members *indicated agreement.*

**“Draft Climate Change Plan: the
draft third report on policies and
proposals 2017-2032”**

10:02

The Convener: We now move to agenda item 2. The committee will take evidence on the Scottish Government’s “Draft Climate Change Plan: The draft third report on policies and proposals 2017-2032”. Last week’s session focused on local government and planning. This week, we will discuss the housing aspects of the plan. I welcome Michael Barton-Maynard, policy manager at Homes for Scotland; Fabrice Leveque from the existing homes alliance; David Stewart, policy lead at the Scottish Federation of Housing Associations; and Liz Marquis, director of the Energy Agency. I thank the witnesses for coming along. It would be helpful for members and anyone watching if you told us a little bit about your organisation.

Liz Marquis (Energy Agency): I am director of the Energy Agency, and I am also on the existing homes alliance and various other organisations that campaign for energy efficiency and carbon reduction. The Energy Agency is a charity based in south-west Scotland. We deliver the area-based schemes, so we do a lot of work on the practical application of the funding from the Scottish Government to the councils in South Ayrshire, East Ayrshire and Dumfries and Galloway. We also have a home energy Scotland contract, which comes through the Energy Saving Trust. We do quite a lot of other work throughout the community, including in education.

The Convener: I understand that you were very helpful to some of our committee members on a visit the other day.

Liz Marquis: We are delighted for anybody to come and see what is happening on the ground. A lot is going on and it is very interesting to see what is happening in practice.

David Stewart (Scottish Federation of Housing Associations): I am from the Scottish Federation of Housing Associations, which is the national representative body for housing associations in Scotland. Our members have approximately 11 per cent of Scotland’s housing stock and just under half of all the affordable social rented housing in Scotland.

As a sector, we are proud that we have the most energy-efficient housing, by tenure, in Scotland. However, given that, typically, we house tenants on lower incomes, fuel poverty is still an issue. Therefore, while we very much support the climate change plan, we have a great interest in and also

want there to be reductions in fuel poverty as part of that plan.

Fabrice Leveque (Existing Homes Alliance): Today, I am here on behalf of the Existing Homes Alliance, which is an alliance of anti-poverty, environmental and housing charities that campaigns to improve the quality of the existing housing stock in Scotland. My day job is as a climate and energy policy officer at WWF Scotland.

We waited for the climate change plan with bated breath, because the Scottish Government had told us that the Scottish energy efficiency programme—the SEEP—would be a cornerstone of its climate change action in Scotland. Therefore we were very interested to see the report and we look forward to discussing it with you today.

Michael Barton-Maynard (Homes for Scotland): I am a policy manager at Homes for Scotland, which is the representative body for the home building industry in Scotland. We represent about 200 different organisations, from home builders to registered social landlords and the planning and architecture professions, as well as supply chains. Together, they help to deliver around 95 per cent of new homes built for sale, as well as a significant proportion of affordable housing.

My day-to-day remit is usually dealing with technical and skills issues for the organisation. We welcome the opportunity to provide comment on recognising the importance of climate change and the impact that reducing carbon emissions can have on fuel poverty.

The Convener: Thank you, everyone. That gives us a flavour of your experience and expertise in the sector. Perhaps we can keep the discussion general to begin with, and give a snapshot of where we are now.

I ask each of you to say what progress you think there has been to date on cutting emissions in the residential sector and on implementing the proposals and policies set out in the previous plan, which was RPP2. To what extent have previous RPPs contributed to the recent drop in emissions from this sector? We are moving on to the third plan, RPP3. How successful have we been with the previous two plans, and how have they provided a focus for reducing emissions in the residential sector? Your views on those matters would be very helpful.

Fabrice Leveque: Looking back to RPP2 and the progress since then, I would say that we have good fuel poverty and energy efficiency schemes in Scotland. In parallel to the Westminster Government schemes, the Scottish Government runs programmes such as the home energy efficiency programme Scotland, or HEEPS. Those

programmes are a good foundation, but the action that we have seen over the past five years is not at the scale and speed that we need to tackle both fuel poverty and—more relevant today—climate change.

Over the past five years, we have seen some reductions in emissions from existing housing stock. We have also seen emissions go up and down, mostly at the whim of the weather. When we have very cold winters, emissions from housing go up significantly. That has been the reason for some of the missed annual climate change targets in the past. The problem is that we have not designed out the variability in the housing stock. We still have a very inefficient housing stock, which means that, when the weather is cold, people turn up their heating and our emissions go up.

For me, the view is that we have made good progress and laid good foundations, but we need much more activity and a much faster scale of retrofit to the existing housing stock.

The Convener: That is helpful. I know that you would have liked RPP2 to go further, Mr Leveque, but, just for clarity, has it provided a focus for improving standards?

Fabrice Leveque: It has, in that continued funding for HEEPS was a policy in RPP2 and there has not been any change in RPP3.

A big failure of RPP2 was that it included a proposal to explore the regulation of privately owned housing stock—that is, to make regulations for rented homes and owner occupiers—to drive energy efficiency improvement. In the four intervening years, we have had a detailed preconsultation process, and the Scottish Government has done a lot of research into how those regulations could be introduced, but that has not been done. RPP3 now has the same proposal to explore the role of regulation in privately owned housing stock. There has been no progress since RPP2, hence the same proposal being repeated. Unfortunately, it is in the proposal rather than the policy category, which means that there is no fixed date or firm commitment from the Government that it will happen over the next four years.

The Convener: I am sure that some members will want to pick up on and develop that area as we move forward. To remind witnesses, the question is about the extent to which RPP2 provided a focus to deal with the residential sector, and about the extent of its success.

David Stewart: I will echo Fabrice Leveque's comments. There have been some significant improvements, including the fact that the Scottish Government has funded home energy efficiency schemes and that it has taken an area-based approach. That has been very welcome and it

helped Scotland to attract more energy company obligation money, although that is more of a challenge since the rules on ECOs were changed and there is less funding available.

For social housing, the regulation of energy efficiency standards has helped to drive investment and that has had benefits for quality of life and quality of place, as well as making heating more affordable for people. However, that regulation covers only about a quarter of homes in Scotland so, if we are looking at reducing not only fuel poverty, but carbon emissions, we need to regulate energy efficiency for all tenures, not just social housing.

The Convener: That builds on the point that we have just heard.

Liz Marquis: I agree with that. If we could have more regulation, it would really help. At the moment, the area-based schemes and the Scottish Government money have made an enormous impact, because we can target all types of housing tenure. We can do properties that have privately rented homes, private homes and social housing all in the same block or in the same geographical area, which makes a huge difference to the cost. The existing area-based programmes come through the local authorities and they are managed by various managing agents or by the local authorities themselves. That flexibility to target all home ownership categories makes a massive difference.

That is about carbon, in particular—I have some really impressive figures that show what has been happening in existing programmes—but there are other benefits. Some of the steel-framed properties that we have been working on are not in a fit state to live in at the moment and they are likely to fall to pieces quite quickly. However, if we invest, say, £6,000 of public money in a property, we are providing long-term investment in that home—36 years for the products and a 25-year guarantee. That has a lot of health and social benefits—we can come on to those—as well as very strong economic benefits for the local area.

The Convener: I am sure that we will come on to those. That was very helpful.

Michael Barton-Maynard: In the new-build sector, a lot of positives have come from the changes in standards, which were probably driven by RPP2. The standards in the 2015 building regulations represent a 75 per cent reduction in emissions from 1990 levels. There has been quite a significant change in standards over the past 10 years. From the data sets that we have collected, we see average energy performance certificate ratings of B, and estimated energy bills for space heating and lighting have dropped to around £30 to £50 per month in comparison with the Scottish

average of around £108. A lot of home builders readily adopt low-carbon and zero-carbon energy-generating technologies, such as photovoltaics and air-source heat pumps. With regard to what the new-build sector is doing, a lot of positives have come out of RPP2.

With RPP3, the same proposals seem to be on the table—further evaluation of regulation, an increase of energy standards and consideration of such elements as district heating. This is probably a good place to be, in that we are discussing some of the challenges that those proposals may have for the industry.

10:15

Our members have always noted that we will come to a point with building standards at which we will reach cost-optimal levels for improvements and there will be little return on the additional energy efficiency investment in a new build property. Also, the national infrastructure is not really designed for delivering low and zero carbon energy generating technologies. We have experienced difficulties connecting photovoltaics back to the grid and inconsistencies of approach by the planning system to the implementation of the Climate Change (Scotland) Act 2009.

New build has a lot of challenges and a lot of positives, but the sector provides only 0.63 per cent of the housing stock every year—it is very small. I agree with my colleagues on the panel that the focus should primarily be on existing stock; that is where the main goal should be for carbon reduction.

The Convener: That is very helpful. There is a common theme from all the responses: there is strong evidence that good progress has been made, but the challenge is existing stock. Mr Leveque made the point that RPP3 is more of the same with regard to aspirations for the standards of existing stock, rather than any statutory improvements of standards. I hope that I have captured the flavour of what people have said.

Before we move to other MSPs, I want to check whether witnesses feel that those are examples where RPP2 is not built upon, but duplicated. Do witnesses see evidence that the new proposals develop existing practice—building upon it and adding value—rather than proposing the same again? Does anyone want to comment on that?

Fabrice Leveque: We should recognise that there are good things in the energy efficiency policy that has been redeveloped. About a year and a half ago, the Scottish Government designated retrofit energy efficiency as a national infrastructure priority, following a missed climate change target, in recognition of the greater effort that was needed in the sector.

That policy has been in development, and it signals that from 2018 we will have an expanded, more comprehensive energy efficiency programme across Scotland, building on the schemes that Liz Marquis is involved in. We should recognise that there is an on-going policy development process, which unfortunately is difficult to see within the climate change plan.

We could go back to the Scottish Government and ask for more detail—there is some. In parallel, there is a consultation within the energy strategy on Scotland's energy efficiency programme, which contains more detail about the role of regulation, incentives and how the programme can be developed. Unfortunately, none of that information is in the climate change plan; what we have is the same loosely worded commitment to explore the role of policies. There has been some change, but it needs to be reflected within the plan itself.

The Convener: That is helpful; does anyone want to add anything? No-one is taking up the cudgels on that, so we move to Ruth Maguire for the next question.

Ruth Maguire (Cunninghame South) (SNP): Good morning, panel. I would like your views on policy outcome 1 about improvement in the fabric of domestic buildings and the 6 per cent reduction in heat demand by 2032. Do you feel that that target is realistic? Will the range of policies and proposals detailed in the plan help to achieve that?

The Convener: Mr Stewart, you have made eye contact so I will take you first.

David Stewart: I would say that it is realistic and that the proposals should allow it to be achieved. If I am not going beyond the question, given the levels of fuel poverty and the potential of home energy efficiency to deliver reduced carbon emissions, I would prefer that the target was higher and there was more emphasis on this approach than on, for example, the use of new technologies or other approaches to delivering the target reduction.

Liz Marquis: I am wondering whether to bring the EPC issue in just now. It might be a little early, but the existing homes alliance is pushing for most houses to be at EPC level C by 2025. An A, B or C rating is better than an E, F or G rating. When you look at the fuel poverty angle, it is clear that a high percentage of people who are on low incomes suffer a major impact on their poverty level and their fuel poverty, but 66 per cent of such people who are in a more energy-efficient home, which is one with an EPC rating of B to C, are in fuel poverty whereas the incidence of fuel poverty among the income poor rises to 99 per cent among those who live in the least energy-efficient

properties, which are those with an EPC rating from E to G.

It is possible to increase the energy efficiency of homes to much higher levels through the external wall or internal wall programmes. We can make existing homes more efficient using the measures that we can currently take and I definitely encourage going down that route. It is expensive but, when you take all the other benefits into account—which is difficult to do when the funding comes out of an energy efficiency budget—you find that it lowers the rates of people going to their general practitioner and has a lot of other economic benefits to local areas. It is difficult when it just comes out of an energy efficiency budget, but everybody—at least politically—seems to have bought into the fact that energy efficiency is a good thing and we want to improve people's lives through that route.

Fabrice Leveque: The existing homes alliance has, for a long time, been asking the Scottish Government to set a target for its energy efficiency programmes of bringing all homes up to EPC level C by 2025. The ambition that is in the first policy outcome is around that level but not until 2032, which is significantly later. Fuel poverty is a reason to go faster on energy efficiency, not slower. As well as delivering the climate benefit, we should be being ambitious on efficiency to get that double win.

I draw the committee's attention to the credibility of policy outcome 1. Although it sets out a useful vision for where emissions will be by 2032 through reductions from efficiency, how credible is it that we have the policies and resources to get there? For example, there is a table in RPP3 that illustrates that policy outcome over time. It indicates the stepping up and envisages a doubling of activity in 2018, going from about 45,000 insulation measures installed a year to 90,000. However, there is no policy in the plan to achieve that.

Given that we know that Scottish Government funding for energy efficiency is fixed to 2021, and that no new regulation will be coming in, it is unclear to us how exactly the rate of insulation will double from one year to the next in the next few years, so there is a credibility gap in the near term.

Looking to 2032 once again, if you add up the sum of all the measures that will probably be funded with the policies that we have, you get approximately 200,000 homes, whereas the 2032 target implies that upwards of 1 million homes will be improved. We therefore have a huge policy gap in getting from 200,000 homes to the number in excess of 1 million that we need to improve.

Michael Barton-Maynard: There are probably not many further comments to make on new build

because, as we have agreed, the focus is on existing stock. That is where the main benefits can certainly be reaped in terms of carbon efficiency.

Ruth Maguire: The responsibility for two of the policies that are listed as helping towards that outcome—smart meters and the energy company obligation—lies with the UK Government. I would be interested to hear people's reflections on how effectively the two Governments are working together on the agenda.

The Convener: It happens sometimes.

Ruth Maguire: It does.

The Convener: Does no one want to comment on that? I see that Liz Marquis wants to say something; thank you for getting us out of a hole there.

Liz Marquis: I will respond briefly. It is incredibly complicated. Our colleagues down south, with whom we have worked a lot over the years, cannot believe how lucky we are in Scotland and how much is happening here. Jenny Saunders, who is chief executive of National Energy Action and is based in Newcastle, has just been looking round the site that we took members to on Monday, to see what is happening in Scotland. People are envious of the work that is going on, because of the additional funding. I know that that does not quite answer Ms Maguire's question, but the picture up here is very positive compared with what is happening elsewhere.

The Convener: We like to hear good things, too.

David Stewart: Smart meters have great potential to help with energy efficiency and fuel poverty. A group of housing associations has set up a not-for-profit energy company, Our Power Energy Supply, which aims to provide energy at a fair price and—crucially—to get away from what is sometimes called the poverty premium, whereby people on low incomes who use prepayment methods pay more. Our Power is managing to do that by rolling out smart meters as quickly as possible, which enables it to charge the same tariff to people on prepayment.

In principle, the energy company obligation has great potential to allow for schemes that are designed in Scotland to meet Scotland's needs, for example by concentrating on measures that are a challenge here, such as off-gas areas or solid-wall insulation. What is less clear at the moment is just how much control will come to Scotland when there is further devolution of energy funding, and to what extent Scotland will have to follow the UK schemes. We will need to see how that develops, but there is potential for the approach to help.

Fabrice Leveque: I echo what Liz Marquis said. Scotland has taken a lead, in that it probably has the leading energy efficiency schemes in the UK, which is to be applauded. A lot of energy efficiency companies, supply chain contractors and manufacturers of insulation and building materials are looking at what is happening in Scotland because we have a longer-term framework and there is a commitment to do the work. Scotland is starting to see benefits and could secure more.

On the relationship between the Scottish Government and the Westminster Government, policy at Westminster has been going in reverse over the past few years. That said, there are some areas in which Scotland could learn from what is going on elsewhere. For example, regulations are coming into force in England and Wales from 2018 to enforce minimum energy efficiency standards in the rented sector. England and Wales are getting on and doing that, but Scotland is behind the curve, because at the moment we just have a proposal to explore the issue at some point—and the proposal has been discussed for more than five years, as I said.

Graham Simpson (Central Scotland) (Con): I have a general question about policy, and then I want to ask about EPCs, which Liz Marquis mentioned, but first, Liz, thank you for hosting Andy Wightman and me on the visit this week, which was very informative. It was great to see the good work that is going on in Ayrshire.

This relates to something that Fabrice Leveque said. The Scottish Government expects emissions for the residential sector to fall by 76 per cent by 2032, which is not far away, really. Do you see any evidence that the Scottish Government knows how to achieve that?

10:30

Fabrice Leveque: If we look at the trajectory of emissions from buildings, we see that that is very ambitious, particularly beyond 2025. In particular, that is because the Scottish Government's climate change plan expects a very rapid switchover of heating systems, particularly from gas boilers to alternatives. It is unfortunate that it did not unpack the trajectory in the heat policy because, if we look at the stages of what we would like to see, in the near term we should be dealing with heat pumps in off-gas-grid properties, switching people from oil boilers to something cleaner, and pushing heat networks in town centres. The Scottish Government has a consultation on regulation to support the growth of heat networks, so it is a shame not to see any ambition on what that stream of policy work will deliver in the climate change plan.

Looking to 2025 and beyond, we absolutely have concerns about the credibility of the pathway, mainly because it rests on UK Government decisions. The plan acknowledges that it will probably be work on homes and buildings on the gas grid that will deliver that carbon saving, but it essentially says that the Scottish Government will do nothing until the next RPP, when it will begin to think about a solution for that. It also says that the Scottish Government is waiting for the UK Government to give it clarity. As we have seen with the regulations that I have referred to, it might be four to eight years before a proposal in an RPP becomes a tangible policy. The fact that this intangible renewable heat policy delivers a huge abatement from 2025 but no work is starting on that is a big problem.

Finally on the heat side, the trajectory in the climate change plan shows rapid progress to 2020. Once again, there is no change in policy to deliver that. Existing policies suddenly start to deliver twice as much in the housing sector as they currently do, which is puzzling. There is then flatlining from 2020 to 2025. For an industry that installs heat pumps and wants to do heat networks, the fact that the Government expects no progress and no policy for five years and then an incredibly rapid roll-out in seven years is just not credible. We would much prefer a gradual decrease in emissions over time. That would give supply chains an opportunity to expand and would mean that we tackle the heat sector in the stages that we should. It is a matter of thinking about the off-gas grid, urban heat and then the gas network.

Liz Marquis: From a practical point of view, heat pumps are amazing things, but they should be installed only in properly insulated properties. They give off low-level heat, so if a heat pump is installed in a draughty, cold farmhouse, that farmhouse will still be draughty and cold and will cost a fortune to heat. Heat pumps are brilliant in new builds and properties with very good external or internal wall insulation.

That is the other side of working in off-gas-grid areas. It is important that the correct technologies are put in. We do not want something like the previous photovoltaic boom, in which people made quick sales of photovoltaic panels, put them on north-facing roofs and offered people a loan. That whole scenario is a nightmare for everybody, and it discredits energy and everything that goes with it.

I am keen that there should be a long-term plan and that it is very clear for the industry, people who work in it and the commercial sector what is happening next. I have a concern about heat pumps and would like all of you to understand the heat pump issue. They are great when they are installed in the right places.

David Stewart: The transition to low-carbon heating technologies is rapid and ambitious. To build on what I said earlier, I feel strongly that we should not do that without having first really invested in home energy efficiency.

I agree that low-carbon technologies should initially be introduced in off-gas-grid areas. A couple of housing associations have benefited hugely from installing heat pumps in rural areas, and that has provided more affordable warmth. However, if you are looking at renewable heating in areas that are currently on the gas network, there could be the unintended consequence of increasing fuel poverty for homes that are not sufficiently insulated.

The Convener: Are you seeking to come in on this point, Mr Barton-Maynard?

Michael Barton-Maynard: No, I do not need to.

The Convener: I do not want to exclude you from the conversation, so make sure that you catch my eye if you want to come in and respond to the issues being discussed.

Graham, do you want to follow up on that point, before I take Mr Wightman for a supplementary?

Graham Simpson: If it is okay, I will explore EPCs, which have been mentioned. I have heard from various people that there are issues with the accuracy of EPC ratings. Would anyone like to comment on that? For example, two people could do an EPC check on a property and come up with different ratings.

The Convener: I see that the witnesses are looking at each other to see who will answer the question, rather than looking at me so that I can choose someone to do so. I now have two bids.

Liz Marquis: Let Fabrice start.

The Convener: Apparently, Fabrice Leveque is to start.

Fabrice Leveque: We are well aware of quality issues with the EPC assessments, as well as underlying issues with exactly how the assessment reflects certain measures. That said, it should not be used to hold up the development of SEEP. The Scottish Government is working with the UK Government to iron out some of those issues.

Just like energy labels on white appliances, the certificates are a widely understood concept. They specify that a house has X rating for energy efficiency. The certificates are a useful tool that is well understood by the public. That aspect is important, because part of the challenge of expanding our installation schemes is to engage the public and to get people to understand the benefits.

On the link between the EPCs, the regulations and the targets, we are saying that, in the near term, we should try to improve the worst houses—the F and G-rated homes—which are terribly insulated, have single-pane windows, leaking roofs and heat escaping out to the wider world. For those homes, an EPC assessment might simply identify that they have a leaky door and no loft insulation or filled cavities. It is absolutely right that the need for interventions in those areas is identified through an EPC assessment. Indeed, we do not need to overengineer the problem and design a complex assessment scheme just to identify those issues.

In the longer term, as we move up the bands towards D, C and B, the cost of any interventions required would be higher and the quality of the assessment therefore becomes a bigger issue.

The Scottish Government's work plan for SEEP includes a workstream on that issue. We need to ensure that, in the near term, we are happy to use EPCs and that, in the longer term, we improve them so that they deliver on those more expensive measures.

The Convener: I am sure that Mr Simpson would want to remind you that the question was about the consistency and the accuracy of some of the certification of the properties. Perhaps Liz Marquis could help us on that.

Liz Marquis: I completely agree with what Fabrice Leveque has said. EPCs are a tool. Historically, we have found that there have been problems and, as has mentioned, the assessments have not always been carried out as effectively as they should have been. We are picking that up more with the area-based schemes. In some cases, it looked as though the EPC rating had gone down. However, that was because different people had done the pre and the post-EPC assessments. In those cases, we have asked those doing the assessments to go back.

We can usually tell where the problem is. A huge amount of information is fed into the EPC. In a lot of cases, a box can be ticked that says "Unknown", which results in a default, which is part of the problem.

Part of the issue is the policing of the EPCs, which was maybe not happening as much as it should have been, because EPCs have been used for other things. Interestingly, we have an example where the modelled EPC for a small two-storey, gas centrally heated end-terrace house—probably in council tax band B—assumes that there are 2.3 people in the property, but there are two adults and three children there. The modelled savings as a result of external wall insulation are £141, but the household actually achieved savings of £732,

because it does not quite fit the model of 2.3 people in the household.

There are problems with the EPC, but it is better than anything else that we have, so I strongly suggest that we stick with it and go with the UK Government's attempts to improve it.

The Convener: Because of time constraints, I will move on, but I will bring Mr Simpson back in later. Mr Wightman, I see that you want to ask a supplementary question, but I note that you intend to ask about policy outcomes, too, so I ask you not to come in at this point. I will take Alexander Stewart, who will cover some more of the ground on policy, which might be helpful.

Alexander Stewart (Mid Scotland and Fife) (Con): The witnesses touched on the scope for improving energy standards in building regulations and how that will contribute to reductions in greenhouse gas emissions. Will you expand on that? Also, given that the review of energy standards in building regulations is yet to start, is it realistic to talk about a timescale whereby 58,000 insulation measures will be installed by 2018?

The Convener: Your namesake has made eye contact with me, which is good, so I will bring him in first.

David Stewart: May I clarify something, Mr Stewart? When you talk about building regulations, are you talking about new-build housing?

Alexander Stewart: Yes—in that regulations have a bigger impact on new build, but regulations can also impact on other properties by requiring additional measures, for example when extensions are planned.

David Stewart: There is scope and potential for building standards to look for, in essence, zero-carbon homes. It would be good to get clarity on when that might happen, so that developers, housing associations and councils, as well as builders and the supply chain, can plan for and work towards that.

That is an important area, but the focus should probably be on existing homes, because they have the greatest potential to deliver carbon savings. Even if new homes do not yet quite achieve the standards that we would like them to achieve, they are still relatively energy efficient. Michael Barton-Maynard quoted figures for energy bills for the average new-build home, which are a lot lower than the bills for a home in an off-gas-grid area that is rated F on its EPC. Regulation for new build has a place, but the focus should be on improving existing homes.

The Convener: We might discuss existing homes but, given that you are here, Mr Barton-Maynard, and that there is a difference between

standards in the social rented sector and those in private, for-sale homes, will you talk about opportunities in the sector that you represent?

Michael Barton-Maynard: We would always say that it is good to have a long-term vision and plan for where we want building standards to go. As a result of the Sullivan report, such a vision has been in place, but there is an issue to do with the timescales. Over the past 10 years, the market has been volatile and there has been uncertainty. It would be good to reaffirm the direction, enable the industry to understand where it can go in the future and enable supply chains and technology to catch up with the standards.

I agree with the other witnesses that the standards presented a bit of a challenge for home builders in 2015, but solutions are coming forward now. It is probably worth pointing out that, in many respects, there has been a three-year cycle of step changes in energy standards, which does not provide enough time for industry supply chains to come up with the solutions that will help us to meet the standards.

There is an opportunity to provide more leeway and to engage with industry suppliers in developing building standards, ensure that mainstream solutions come forward and give the market vision and confidence.

10:45

Alexander Stewart: I am content with that response so I will move on to where the Scottish Government fits into the process. What is your view on the Scottish Government's need to influence consumer behaviour with regard to additional energy conservation and how that can be measured? Does the climate change plan address that sufficiently? Has the Government got the management of that right?

The Convener: The question is about how we influence consumer behaviour.

Fabrice Leveque: We can take a three-pronged approach. First, we can provide information, which is what we do with EPCs. If someone rents or sells a house, it must have an energy performance certificate, and the Energy Saving Trust does a lot of good work to educate people about that and advertise its benefits. Secondly, it is about providing incentives to encourage people to do the things that we would like them to do. Thirdly, it is about regulation—the stick. I think that we are doing the first two, but we are lagging behind on the regulation part.

I welcomed Mr Stewart's previous question, because the wording on the issue in the climate change plan means that we do not know whether we are talking about new or existing buildings.

There is more detail in the information for the separate consultation, but surely it should be in the climate change plan.

Liz Marquis: From the Home Energy Scotland delivery side, when we ask people who phone up about their energy bill whether it is too high, they will say that it is the same as their next door neighbour's and that it is fine. People view paying £2,000 or £3,000 a year in energy bills as being okay, probably because all the houses in the street are badly insulated. We have to be careful about asking people whether they feel that they pay too much for their energy bills, because none of us really knows how much is too much unless we are in the industry, and even then people are not sure. We have to help people to understand that issue.

We do a lot of work in schools on how to use energy and water correctly and what to do with waste. However, people tend to hear more from their neighbours and friends, the Scottish Government and politicians about what it is appropriate to spend on fuel. Many people have no choice about what to pay, perhaps because they are in a leaky house. Recently, we have been doing some work with the national health service, and we know that, if we monitor a property for three weeks pre and post external wall insulation, the temperature and humidity levels will constantly go up and down. People switch on the heating and it gets to a reasonable temperature, then they switch it off and the heat just evaporates from the house.

As I said, many people have no choice because of the fabric of their house. We need to do a lot of work around behaviour, but we also need to be careful about that where building structures are inappropriate.

Alexander Stewart: As you have identified, it is a cross-sectoral issue, because we must ensure that health, housing, social care and other sectors work together to support individuals to change their behaviour. If not all the sectors are involved, such change does not always happen.

As you said, people's expectations about energy bills differ depending on the street where they live. That is a difficult nut to crack because the nature of houses and their occupancy vary dramatically and depend on whether houses are in an urban or rural location. It is difficult to change behaviour, but I take from what you have said that identifying the factors that are involved can help in achieving change as we go forward.

The Convener: I was going to take a couple of supplementary questions, but I will let Liz Marquis respond first—only because it is her. [*Laughter.*]

Liz Marquis: Thank you, convener. In many cases, we target people not about energy but

about health, and then energy or economic issues come in. I will give an example from a few years ago. An off-gas-grid household had an income of £11,000 a year and an energy bill of £1,250. The people had a benefits check and their income increased to £22,000 a year. That was picked up because we were doing a rural energy programme. It is about the links.

Sorry, convener.

The Convener: Please do not apologise. That is why we are here—to hear more from the witnesses and less from MSPs, including me.

We will have two supplementary questions before we move on to another area.

Elaine Smith (Central Scotland) (Lab): Mr Barton-Maynard, you say in your submission that

“It is generally accepted that the 2015 Building Standards have, for now,”

reached

“cost optimal levels for compliance.”

You also talk about some of the distribution network operators being unwilling to engage with the industry. I would like an explanation of what you mean by

“cost optimal levels for compliance”.

Also, what would your solution be to distribution network operators not engaging with the industry?

Finally—the third part of my question is on a later paragraph in your submission—you talk about some local authorities choosing to

“add further requirements to the industry, often prescribing standards above and beyond ... what is required through building standards”.

Do you feel that that puts in place barriers to new development? Will you expand on some of that?

Michael Barton-Maynard: On the 2015 standards and cost-optimal levels, in the discussions that we have had with our members and architectural professionals, it has been suggested that cost benefit analysis shows that we can only add so much more insulation before it starts not to make much difference to performance. Given the cost difference, interventions on new-build homes are now having little impact on their performance as regards fabric efficiency, primarily as they become more airtight. Adding in things such as air-source heat pumps definitely has a benefit, but when we compare the costs with, say, gas central heating systems, there is little difference in terms of output.

As regards solutions that have been brought forward, it is difficult to find the benefit for the consumer in terms of carbon reduction while the costs remain high. That is the challenge that the

industry is facing just now. I suppose that, as technology catches up with the standards, that might be less of an issue. It is certainly worth while to let technology and supply chains catch up with that element of the standards.

On your second point, on distribution network operators, a few of our members have reported that the 2015 standards led many home builders to incorporate photovoltaics, and the experience that they are having is that they cannot get those connected back up to the network. The PV systems remain on the building, producing energy during the day, when an occupier might not be at home, but that energy cannot go anywhere. We know from some engagement that we have had with the DNOs that one reason for that is that the existing electricity network around the development is not capable of absorbing that electricity back into the network, so—

Elaine Smith: Sorry to interrupt. Was that not clear earlier?

Michael Barton-Maynard: From what our members have said, that seems to be the point—they have not been able to engage with the electricity providers on that prior to planning. We have tried to engage with the issue by bringing the two electricity DNOs to discussions, but we have had quite a lot of difficulty in doing so. As I said, the feedback from our members has been that they have also found it difficult.

On your final point—

Elaine Smith: Sorry, convener. May I ask about that again? Are there specific places that you could tell us about? Is the problem specific to a certain area or is it present across Scotland?

Michael Barton-Maynard: I understand that it has been regional. I can go back to our members and pick up a regional breakdown of that if it would be helpful.

Elaine Smith: We would be grateful for information on that.

Liz Marquis: I will comment briefly on the information that we have on that. A year ago, it was really easy to connect. Well, it was not easy, but there was space in the grid across Scotland. However, as the numbers of wind farms and photovoltaic systems has increased—to feed photovoltaics into the grid, people need to be able to feed into that route—the network operators have all been saying that the grid systems are becoming full, so they are reluctant to let people feed electricity into the grid. That is where the problem comes from. I am not sure about new build but, in relation to existing homes, people are finding it more difficult.

Fabrice Leveque: I can expand on Michael Barton-Maynard’s point about building regulations

for new build. There has been progress on efficiency and new homes are very efficient, yet we are still installing in them gas boilers and technology that we know from the climate change plan we will need to phase out rapidly. If house builders are going down the solar PV route, it is probably because they are looking for the lowest-cost way to meet their obligations. We would prefer them to be spending their money on renewable heat in those new buildings, because that would provide a market for the new technologies.

France and Germany install thousands of heat pumps a year, and a big reason why they have that big market is that their standards for new build require that of new buildings. That flags up a weakness in our current regulations. It would be useful for the climate change plan to tell us exactly what the assumed emissions reduction path for building standards is over the next five, 10 or 15 years, so that we could see the trajectory. That information will be in the Scottish Government's modelling that underpins the plan, but it is not shared with us. When the Sullivan 3 review begins, it would be useful for it to sit down and say, "The climate change plan says that, on efficiency and renewable heat, we expect buildings to do X, Y and Z." At present, we are completely in the dark about the assumptions.

The Convener: That is helpful. As you made those points, I was thinking about the 32 local authorities, which have their strategic housing plans and their spatial plans for sustainable communities. The committee might want to check whether they join up with one another.

Mr Barton-Maynard, do you want to add anything before I move on to Mr Gibson?

Michael Barton-Maynard: It is correct to say that, when the latest energy standards were calculated, the promotion of certain solutions, such as PV and electricity-generating technologies, were very much part of the policy and the development of the standards and the way that the calculations worked. That has been one of the leading drivers away from the fabric-first approach that was implemented previously.

The Convener: Thank you. Our deputy convener took a very important line of questioning that we might otherwise have missed, so I thank her for that.

Kenneth Gibson (Cunninghame North) (SNP): Bullet point 4 in the existing homes alliance's submissions states:

"Rural, off-gas grid and electrically heated properties should get priority, with upgrades to efficient, affordable, and low carbon heat by 2025."

Meanwhile, paragraph 4 of Homes for Scotland's submission states that

"by 2050 only 31% of housing stock will have been constructed to 2010 Building Standards or higher. This means that around 70%"

of homes will have to have

"some form of retro-fitted energy efficiency measure over the next 33 years."

The issue that I want to raise comes under the Scotland's energy efficiency programme section of the Scottish Parliament information centre briefing. It states that obstacles to the delivery of the programme include a

"lack of interest in building owners in making energy efficiency improvements"

and a

"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."

Mr Leveque, in your response to Mr Stewart's question, you talked about how we should influence behaviour through encouragement, incentives and regulation. How do we overcome that barrier and that suspicion among the public? We are talking about the delivery of policy, regulation and so on, but according to SPICe, there is a bottleneck that we have to overcome. How can we address that? I would also like other witnesses to comment on the issue.

11:00

Fabrice Leveque: The Scottish approach works really well to instil confidence in consumers. We have area-based schemes that are delivered by local authorities, or partnerships with local authorities, which has been proven to work better than the UK Government's schemes. For example, the UK Government's energy company obligation is delivered by the big six energy suppliers, which, like banks, are not very popular. People are quite suspicious of a company coming along and offering them insulation, and the way in which that scheme has been delivered, going for bulk volume, has led to some mercenary companies targeting the lowest-cost houses. The Scottish approach, which SEEP should build on, is area based, as I have said, and it has a couple of advantages. Local authorities, which people have far more trust in, are the figurehead, and that creates confidence in the product that we are offering. In addition, the fact that people see the improvements taking place—a whole street can have its external wall insulation improved—has been shown to instil interest and confidence among consumers.

At present, very few people are making such improvements. However, if we have the transformational policies that we have been promised by the Scottish Government—an

upscaling of the energy efficiency programme and greater activity in the area—that should pull through more demand from consumers. Then, as the market grows, the already very good companies that we have in Scotland, which are delivering good-quality installations, can expand. There are good links with skills academies in Scotland, which are trying to train people up for that. At present, there is a chicken-and-egg situation in that we do not have much clarity, beyond the next few years, about the scale of the market that will be delivered. We know what the ambition is—it is very big—but, until there is more certainty, we cannot expect the small supply-chain companies to stop living from hand to mouth and invest in better skills.

The Convener: Does anyone want to add to that?

Liz Marquis: We are now in the fourth year of the local authority area-based schemes, which have been for a mixture of internal and external wall insulation, both of which are much more visible. Previous schemes for cavity wall and loft insulation were nothing like as visible. Since the improvements have become much more visible, through the application of external wall insulation, we have been crushed in the rush to have the work done—the customer behaviour has been completely different. We do not advertise the schemes much because so many people are desperate to have the work done to their properties.

As the construction projects have become more difficult, all the people who manage the schemes have had to get much smarter about how we police and monitor the work. Therefore, the complexity of the work has brought a lot of benefit in that the quality is heavily controlled at a local level. The work was controlled before, but it was not as visible. I think that the quality has gone up a great deal as the schemes have become bigger and more complex—and external wall insulation is complex. That has been a huge benefit, whereas historically there have been problems.

The Convener: Before Mr Stewart responds, I give Mr Wightman a heads-up that I will let him in shortly, as this is an area of questioning that he is keen to develop.

David Stewart: If we are to gain those benefits and achieve the targets that we want to achieve, it is incredibly important that there is appropriate energy advice and guidance. We have not discussed that yet today. Housing associations that have installed renewable heating have found that it is incredibly important to provide, possibly more than once, face-to-face support and plain information that is not technical, otherwise they run the risk of making improvements and investments without getting the desired and

expected outcomes because they have not thought enough about the people side.

The Convener: Mr Gibson, are you content?

Kenneth Gibson: I have concerns that the owner-occupied sector is lagging behind. One thing that I find confusing when constituents contact me about the issue is that the grant landscape seems to change frequently. Almost from month to month, there are changes in who is eligible, what they are eligible for and so on. I always have to refer people on because the situation changes frequently and it is difficult to keep up. The SPICe paper says that

“grant application deadlines ... are challenging and do not often align with each other”.

How do we get a wee bit more stability so that we do not have to check almost daily how much is available, who qualifies and what it is for? That seems to put a lot of people off, and it certainly undermines my confidence that I will be able to provide advice to constituents.

David Stewart: That is very true. We have heard about that kind of experience from owners and from social landlords who have applied to schemes. The devolution of some control over the energy company obligation and its successors, together with the fact that the Scottish Government is developing an energy policy will, I hope, provide an opportunity for longer-term planning and consistency. That is absolutely key if we are to gain the most benefit.

You asked specifically about owners, but about a year ago we carried out research that questioned housing associations on their experience of energy-efficiency funding. One of the key messages was not so much about the level of funding that is available, although that is important, as it was about knowing that it will be available in the long term and what it will be for. Knowing that would allow associations to plan and to tie in their maintenance programmes with grant funding. Clarity on the period for which funding is available and on who and what it is for would be hugely helpful.

The Convener: That takes us seamlessly to Mr Wightman's question.

Andy Wightman (Lothian) (Green): I want to get the witnesses' perspective on what the priorities should be in Scotland's energy efficiency programme. There is a consultation out on that at the moment. A lot of reliance has been placed on that programme to deliver the Government's energy efficiency targets, but Fabrice Leveque has said that we are lagging behind a little on regulation, for example. What would be your key priorities for the plan if it is to deliver the climate change targets and the energy efficiency targets?

Fabrice Leveque: We see three priorities for the energy efficiency programme and for getting information into the climate change plan. The first is, as I said, the setting of a target for the scheme. Policy outcome 1 in the plan talks about a vague emissions reduction by 2032, which is not exactly a headline target that we would want to shout about from the rooftops. The setting of a clear target based on EPCs or an equivalent is a big priority. That would move us forward in that it would help to secure commitments to regulation and funding from the Scottish Government. We have had commitments in the past, but key political decisions need to be made, and a target would help to pull those commitments through.

The second priority is regulation, which Andy Wightman mentioned. We need dates for exactly when the private rented sector regulation is expected to start delivering. Is that what will double insulation rates from 2018? We also need clarity on when regulations for the owner-occupied sector will be consulted on and when those regulations will come into force. We are rapidly losing time. Regulations work if they are set several years in advance. We do not want to have to force people into compliance. If we set the regulations far enough away from the target dates, they will drive market change by themselves. We are seeing that with the rented sector regulations in England and Wales. Yet more time lost by pushing the regulations four or five years down the line will make delivery of the plan even less credible than it is at present.

The third priority is funding. Let us not forget that the Scottish Government's budget has, in essence, locked us into a reduced funding commitment until the end of the current session of Parliament. To deliver on fuel poverty, we will need to increase Scottish Government funding. We will also need to provide incentives for the owner-occupied sector.

The Convener: I know that it was your question, Mr Wightman, but can I push Fabrice Leveque slightly? Let us put the funding framework to one side for the moment. If I have understood Mr Wightman correctly, the question is this: we may have all those policies and targets, but what should the delivery programme look like on the ground? There is a consultation out on that just now. Maybe we will come back to Mr Leveque on that. Does anyone else want to respond to that question?

David Stewart: From our members' experience, if we are going to prioritise delivery, that should be prioritised on the hard-to-treat properties. Solid wall insulation and mixed-tenure tenements are a big problem, particularly in off-gas areas, where people have higher heating costs and often have longer heating seasons.

The Convener: Does anyone else want to come in? I will come back to Fabrice Leveque to hear what he would like to see in the programme. Does Liz Marquis want to add anything?

Liz Marquis: I am reluctant to say it but, sometimes, if there are other key performance indicators, those can drive other behaviours at the delivery end. From a delivery point of view for customers, we try to make sure that we are clear about all the benefits, including the economic and health benefits. I have to be very careful in what I say, but you could be looking at more of the other benefits in the energy efficiency programmes. There will be local economic benefits, but there are an awful lot of other impacts on people's lives when their community improves: there is the social capital that is involved, the area looks and feels better, and people invest more in their communities. That is clear on the ground—we have a lot of qualitative evidence from people who talk about that in relation to energy efficiency programmes and the additional money that is being spent in the local community.

It is hard to capture all of that in an energy efficiency programme, but the benefits are huge. I do not know how to capture that, but on the ground we try to link all those things and take an integrated approach. The more integrated the reporting and the cross-governmental working are, the better the programme is and the easier it becomes at the ground level.

The Convener: That is helpful. Does Mr Barton-Maynard have anything to add in relation to the new-build sector?

Michael Barton-Maynard: The only thing to say from the perspective of the new-build sector is on regulation and new-build standards. We would ask that new energy standards look at mainstream technologies but also create a regulatory environment that gives confidence to investors, the industry and the supply chains and that delivers nice timeframes in which people can react.

Given the good work that Homes for Scotland is doing in the private rented sector—in particular, on build to rent—we would welcome a review of energy standards for the private rented sector as well. There is an opportunity for more organisations to get involved in providing new-build private rented housing, which could only help to improve the housing stock.

Liz Marquis: A recent Shelter report said that every £1 that is spent on energy efficiency saves the NHS 42p. There is clear evidence that spending on energy efficiency has other impacts. I do not have the rest of the detail, but that is quite an impressive figure, and we need to keep such things in mind.

The Convener: That is a point well made. I want as much as possible to be put on the public record today, because we will use the information when we produce our report. Does Fabrice Leveque have anything to add on how the programmes will proceed?

Fabrice Leveque: I will elaborate on the structure of the energy efficiency programme. We have called for an expansion of area-based schemes—the work that Liz Marquis is doing—combined with a national fuel poverty programme, which we already have but which is too small in scale.

In relation to the structure and how we deliver it, I would pick up on the point about the need to make it a holistic plan. Ideally, it needs to be delivered through local partnerships of local authorities and social and health care providers as well as housing and regeneration. All those different strands of work need to be brought together. We also think that it needs to have a cross-departmental ministerial group within the Scottish Government, because it is a key policy across different portfolios. Such oversight and prominence are needed to drive it forward and make sure that it ticks all the boxes in terms of the things that it can deliver.

11:15

The Convener: That is helpful. For the benefit of members and witnesses, I note that we have overrun our time. I do not want to curtail the discussion of this important area, so I will let it run for another 20 minutes or so. Committee members will need to discipline themselves when they look at the later agenda items in private.

Do you want to follow up or move us on, Mr Wightman?

Andy Wightman: I have a further question on decarbonisation, but I will first ask a couple of supplementary questions.

Paragraph 6 of the Homes for Scotland submission provides some data on the energy savings of new-build homes. Can Mr Barton-Maynard provide us with the full data that is referenced there?

Michael Barton-Maynard: I will need to confirm with our members that we are allowed to share their data. If you can break down what you would like to see, I might be able to share it.

Andy Wightman: If you could organise that, it would be helpful.

The other supplementary question—panel members might not be able to assist with this, and I do not know whether we will pursue our own inquiries—goes back to Ruth Maguire's question

about the target of a 6 per cent reduction in heat demand by 2032. We are not clear what the projected heat demand is for 2032 or how it has been calculated, but you might care to reflect on that—perhaps not now, but in evidence that you give to the committee—because that does not seem to be a very ambitious target for heat demand given all the money and effort that we are investing in energy efficiency.

The Convener: I am not sure whether there was a question in there. The panel is being asked to reflect on that comment and contact the committee again. Do you want to explore something further, Mr Wightman?

Andy Wightman: Yes. My question relates to policy outcome 2. As Fabrice Leveque has said, we have quite significant and challenging decarbonisation goals for 2032. Do panel members think that the timescale for implementing the low-carbon heat technologies that are being discussed is realistic? I understand that they revolve around putting hydrogen into the gas grid.

David Stewart: I am not an expert on technology, so it is a little difficult for me to say. Investing in home energy efficiency to reduce demand has a strong track record. We know that it works and is cost effective. It seems to me that the plan, particularly from 2025 to 2032, concentrates a great deal on technology and renewables, and I suspect that there might be a risk in that, whereas we know that increasing home energy efficiency can work. We can look to other European countries, such as Denmark, which also have an old housing stock but have much higher energy efficiency. We know that it is a solution that can work.

Fabrice Leveque: On the credibility of the heat proposals, in the near term, the focus on off-gas-grid homes and heat networks in urban centres has quite a large potential. We might be able to get up to 30 per cent renewable heat. That is definitely credible, but it should be made clear in the climate change plan that that is what the Government intends to do.

You are right to pick up on the credibility of gas-grid hydrogen in the longer term. The pathway in the Scottish Government's plan is far quicker than the one that is recommended by the Committee on Climate Change, and I would be interested to know how the almost overreliance on renewable heat in buildings has come about.

It looks as though we are easing off on fabric energy efficiency initially and then going quicker on it in later years, in a kind of back-loading of effort. You are absolutely right to pick up on that policy, because it is questionable in terms of the technology that will do it and what has been moved to give it space. In my view, energy

efficiency has been slowed down in favour of an indeterminate policy for the gas grid.

Let me clarify my views on hydrogen in the gas grid. The best way to tackle the heat issue is to come at it from the heat pump side and the heat network side. We can make inroads on either side of the gas network and then, at some future point, make a big decision on that technology. The options are not quite clear. Previously, we tended to have hybrid electric heat pumps in homes, with a small gas boiler to top up the supply during really cold periods, so that all the combined electricity demands did not create too much of a burden on the electricity system. That approach has changed slightly in recent years, and there is a new focus on hydrogen as a possible way of decarbonising buildings. People like that, because it sounds like business as usual: “Let’s just put hydrogen into the gas grid.”

However, we need to be clear on what we are talking about. The hydrogen would have to be produced from biomethane, gas or coal, and we would need a feedstock. Given the quantities of hydrogen that would be needed to supply buildings, it would probably have to come from either gas or coal. We would then need to use carbon capture and storage to take the CO₂ that resulted from making the hydrogen and store it underneath the North Sea, which would be a big infrastructure requirement. We would need CCS equipment outside cities and networks of pipes to take the gas to the coast.

The idea of locking ourselves into more fossil-fuel production raises all sorts of questions. At present, we give fossil-fuel companies a blank cheque and there is no requirement on them to develop or invest in CCS technology. The credibility of CCS as a technology that will actually come into play is dubious, given that there have been two UK Government-funded schemes to develop the technology and both have been scrapped. In this country, we are nowhere near building our first CCS plant.

I just wanted to give you the bigger picture on hydrogen.

The Convener: If none of the other witnesses wants to add anything on new technologies, I will bring in Graham Simpson.

Graham Simpson: First, I have a point of information for Fabrice Leveque: there is a hydrogen scheme currently going on in Leeds that might well be worth looking at.

I have two questions for Mr Barton-Maynard. At paragraph 16 of your submission to the committee—which is now a public document—you refer to the “great strides” that have been made, but you go on to say:

“It is ... disappointing to read and hear statements made by some MSPs that fail to recognise this extremely positive aspect of new build housing”.

Who do you mean?

Michael Barton-Maynard: I would not want to be specific on names. That issue has arisen mainly in our engagement in the past and in some of the statements that have been made in Parliament. It tends to lead to a perception that new-build homes are not as energy efficient as they in fact are. A number of my colleagues have picked up the same theme in their written submissions.

New-build homes offer considerable benefits to the end user, whatever the tenure, although the discussion often gets muddled when we talk about the private sector. We refer to poor-quality stock in the private rented sector, but we forget about initiatives such as build-to-rent, which involve brand-new and very energy-efficient housing stock. When we talk about new build, we rarely note the successes that have been achieved in reducing energy bills and the increase in energy efficiency that will come through the step change in standards—

Graham Simpson: Sorry—I must stop you there. You stated in your submission, which is now a public document, that some MSPs have basically slagged off new-build homes. Surely we are entitled to know who you are talking about?

The Convener: It is for Mr Barton-Maynard to answer the question as he decides to do so. You have made it pretty clear that you are keen to know specifically to whom he is referring in a public document. Mr Barton-Maynard, do you want to respond to that?

Michael Barton-Maynard: I have no further comments to make on that question.

Graham Simpson: Can we have a look at the “great strides” that have been made? The current building standards regulations date from 2015. I understand that, just before they came into effect, there was a huge rush of applications to council building standards departments. Tens of thousands of applications were made in an effort to get in ahead of the new regulations. In fact, so many applications were made that the Scottish Government had to give councils an 18-month grace period to deal with them. That means that people have warrants that were obtained under the old regulations but they have not laid a brick. The result is that houses can still be built that do not adhere to the 2015 building standards. Do you agree that that is the case?

Michael Barton-Maynard: It is something that we are aware of. We understand that a few home builders put in applications before the 2015 standards came in. That is partly an impact of the

step changes in standards. We had new standards in 2010, three years after the previous standards came in, and there was a review in 2012, which the second Sullivan report delayed until 2015. We are talking about major step changes in standards. I understand that home builders did put in applications at that point.

We must ensure that the system gives people greater knowledge of what is to happen in the future. If each set of building standards applied for a longer period, that would be extremely helpful in avoiding the behaviour that you describe, whereby the system gets loaded up at the beginning.

I note that the 2010 standards provide for a high level of energy efficiency. We are still talking about an EPC B rating and estimated energy bills of around £50 per month.

The Convener: Do you have any further supplementaries on that, Mr Simpson?

Graham Simpson: That answer has confirmed the information that I have.

The Convener: Mr Wightman, do you want to come back in?

Andy Wightman: No, thanks.

Elaine Smith: I want to explore policy outcome 2 on the use of low-carbon heat technologies in domestic buildings. We have already discussed aspects of the issue, but perhaps you could all comment further on that; it is up to the convener to decide whether they are your final comments. Given that some of the progress on outcome 2 is expected to be made after 2025, how could the Scottish Government make further progress on it before then?

We have talked about influencing consumer behaviour, and mention has been made of where heat pumps are appropriate and where they are not. Could you comment further on how we can influence consumer behaviour with regard to the installation of low-carbon heat technologies? Given that low-carbon heat technologies are often more expensive to run, how effectively does the CCP address fuel poverty?

The Convener: I can confirm that your comments in response to those questions might well be your final comments, given that time is upon us—unless, of course, the deputy convener wants to follow up with a supplementary. Therefore, as well as answering those questions, it would be helpful if you could throw in any additional final comments that you would like to make. I will take Liz Marquis first.

Liz Marquis: I am working on a few bits.

The Convener: That is not a problem. We will go to David Stewart first.

David Stewart: I strongly agree with some of the points that Elaine Smith made. There needs to be more focus on home energy efficiency. As I have already said, that is absolutely key, particularly if we want to move to renewable technologies in circumstances in which people have previously had gas central heating.

We should increase deployment of renewable technology now and not wait until 2025. However, as others have said, that should be targeted at off-gas areas where we know that we are providing a cheaper and more energy-efficient form of heating. In short, there should be a big emphasis on home energy efficiency before renewable technologies are fitted and, when we first deploy them, we should prioritise off-gas-grid buildings.

11:30

Fabrice Leveque: To sum up, on the second policy outcome of renewable heat, we are right to ask whether it is credible and what more could be added. One of the first and most important questions is about what exactly will drive the acceleration of renewable heat from now until 2020, given that there is not a new policy in RPP3. We would love to know what that policy is and we would love to suggest a couple. For example, there should be a building standards proposal in RPP3. As I said, new buildings go in with gas boilers, but they could have heat pumps instead, or developers could drive heat networks more strongly.

Regarding behaviour change, especially on low carbon heat, the SEEP continues all the elements that we have discussed, including information, which area-based schemes are helping to disseminate, and regulation. All the components are in the SEEP, but it needs to be funded, and development of the programme needs to happen more swiftly as it has been very slow. The current consultation does not really give us anything new that we did not already have.

The final point is on low-carbon heat and fuel poverty. We need to remember that installing heat networks often reduces heating costs; in fact, lots of social housing providers have installed heat networks because they provide a fuel poverty benefit. Off the gas grid, we should install heat pumps in very well-insulated homes but, echoing what has been said, we first need to ensure that homes are efficient. Installing a heat pump lowers heating costs because they are much more efficient and there is less of a risk with that.

There is an issue in that we do not have a financing mechanism for everybody to have low-carbon heat. There are renewable heat incentives from the UK Government that provide people with a feed-in tariff if they have the up-front capital to

invest, but there is nothing for fuel-poor households. For them, we either have to pay for those measures or provide a discount.

Michael Barton-Maynard: I agree with some of the sentiments and comments that have been made by my colleagues. The only other point that I want to make is to confirm that we need a more aligned approach to the regulation policy that will come through to ensure that all the dots connect. We must all collaborate and co-operate to achieve the aspirations of the RPP.

Liz Marquis: There are so many variables and it is really important to get everybody working together. We all understand the RPP from our individual bases, but we have to ensure that it works across Government and in delivery.

We have talked about the provision of energy efficiency advice, but we have not touched on the home-visiting service, which is pretty key for vulnerable households. There is a real need to deliver specific services. The fact that a lot of the funding is run out through local authorities is essential because it ensures that delivery is across Scotland, and most local authorities are very knowledgeable about their geographical area.

Heat networks are a brilliant idea and we need to put those in correctly. About 15 years ago, we tried to do heat networks in Ayrshire and everybody said, "No, we want to be in charge of our own heat." Things have moved on hugely and there have been lots of developments but, at that point, public perception associated heat networks too closely with different Government environments—not those operating in the UK, but Poland or the Czech Republic—and people were not happy. With a lot of the work in Aberdeen now, heat networks are becoming much more acceptable.

The other important thing is to link the developments and the regulation to commercial buildings and to education environments so that people hear about energy in their work and home. We all need to understand much more about energy and, as people are very receptive in a work environment, we need to roll out training and education programmes to explain to everybody how energy affects their home. We really need the long-term targets, but we also need to achieve as much as we can as quickly as possible.

Elaine Smith: We have not had an awful lot of discussion this morning about the difficulties with solid stone properties and tenements. Rather than ask questions, we need to note that there is an issue, and perhaps we need to consider what has been done to encourage the creation of technologies that might help with such problems.

The Convener: I thank the witnesses for coming along to aid us in our scrutiny of the

Scottish Government's draft climate change plan, RPP3. We have taken considerably longer than we had scheduled for it, but it is important. We have to report on the plan and we want to get it right, so I thank the witnesses for the information that they have provided to help us to do that. I briefly suspend the meeting.

11:35

Meeting suspended.

11:39

On resuming—

Subordinate Legislation

Letting Agent Registration (Scotland) Regulations 2016 (SSI 2016/432)

Licensing of Relevant Permanent Sites (Scotland) Regulations 2016 (SSI 2016/433)

The Convener: Welcome back. We now move to item 3, which is subordinate legislation. The committee will consider instruments SSI 2016/432 and SSI 2016/433.

The instruments are laid under the negative procedure, which means that their provisions will come into force unless the Parliament votes on a motion to annul the instruments. I confirm that no motions to annul have been laid. I invite members to comment on the instruments.

Andy Wightman: I particularly welcome the licensing of caravan sites. Folk have wanted that for a long time and it is great to see secondary legislation coming through that will improve the lives of people who live on mobile home sites.

The Convener: I thank Mr Wightman for putting that on the record. Sometimes, people watching at home just hear us uttering numbers and they must wonder what on earth we are talking about. It is helpful that Mr Wightman has drawn our attention to what the SSI is about.

I invite the committee to agree that it does not wish to make any recommendations in relation to those instruments. Are we agreed?

Members *indicated agreement.*

The Convener: Thank you. We now move into private session, as previously agreed.

11:40

Meeting continued in private until 12:18.

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