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Mr Edward Mountain MSP
Convener, Net Zero, energy and Transport
Committee
Scottish Parliament

By Email: netzero.committee@parliament.scot

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Dear Convener,

I wrote to your predecessor, Mr Dean Lockhart, on 6 May updating on progress with establishing a National Public Energy Agency, and undertook to provide regular updates to the committee. I also promised to write to the committee with an update when I gave evidence on 27 September.

I am now in a position to provide this update. I had advised previously, that a virtual agency would be established in-house within the Scottish Government, I can now confirm that the virtual agency has been established and will be housed within Scottish Government's Directorate for Energy & Climate Change. It brings together a range of key delivery functions including existing advice and support schemes and will help to drive an increase in the scale and pace of the heat transition in the coming years. It will be called *Heat & Energy Efficiency Scotland* and have a remit to accelerate transformational change in how we heat and use energy in homes and buildings, aid public understanding and awareness, and co-ordinate delivery of investment. This is the first step in transitioning to a dedicated body by 2025.

Heat & Energy Efficiency Scotland will be supported by an independent Strategic Board, chaired by Professor Lorne Crerar CBE FRSE, founding partner and current chair of Harper Macleod, who will work with Scottish Government, key delivery partners and stakeholders to consider how to build on, improve and coordinate existing and future advice and support, and consider what needs to happen to scale up delivery as we transition into a Dedicated Agency.

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I have asked that the board help to:

- **Produce a clear and prioritised route map for transition** including considering alignment across existing delivery programmes, how and when to scale up programmes to meet stated delivery targets and identifying potential new approaches in preparedness for acceleration of heat decarbonisation and energy efficiency retrofit, once the dedicated Agency is established.
- **Develop a strong public-facing identity for the Agency**, including help to build a brand for the Agency under which delivery and support programmes can be launched; as well as bringing consistency and coherence across the delivery landscape; and raising public awareness as part of a streamlined consumer journey.
- **Support the design and development of the dedicated agency** through offering advice to Scottish Ministers on its responsibilities, functions and expertise, and engaging with stakeholders to ensure the agency is responsive to, and informed by, the experience of current or future partner organisations, and the needs of homeowners and property owners across Scotland.

The members of the Strategic Board are:

Professor Lorne Crerar, Chair, Harper Macleod
Tricia McAuley OBE, Consumer Expert
Vivienne Cockburn, Director Cockburn Partners
Claire Mack, CEO, Scottish Renewables
Sally Thomas, CEO, Scottish Federation of Housing Associations
Graeme Bissett, External Trustee Citizens Advice Scotland
Mike Thornton, CEO, Energy Saving Trust
James Fowlie, Director of Place Policy, COSLA

It is important to remember that we are not starting from scratch. The virtual agency – and the dedicated agency in time – begins its work with early responsibility and oversight of a number of existing delivery programmes, including our:

- Heat in Buildings Area Based Schemes;
- Warmer Homes Scotland Scheme;
- Home Energy Scotland Advice Service
- Home Energy Scotland Loan and Cashback
- Business Energy Scotland Advice Service
- SME Loan and Cashback
- Heat Networks Fund
- Social Housing Net Zero Heat Fund
- Green Public Sector Estate Decarbonisation Scheme

In addition, there are a number of new workstreams that the virtual agency is beginning to take forward. A priority is public engagement. It will be responsible for developing and implementing a strategic approach that builds public understanding and support for the changes everyone will need to make in how they use heat within their homes and buildings. Work is underway to develop a new Heat in Buildings Public Engagement Strategy, to be published in 2023. To inform its development this virtual agency will launch a call for evidence later this year.

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Once in place, this strategy will provide a blueprint for the agency to drive delivery, which is embedded in the principles of a Just Transition but also remains flexible to respond to evolving external factors.

We are exploring options for the development of a fully integrated front-facing online platform for the agency. This will help communicate directly with the public and stakeholders on the heat transition, as well as begin to streamline access to advice and support.

Heat & Energy Efficiency Scotland, working with existing bodies, will have a role in helping to co-ordinate and build the necessary supply chains and associated skills. In the coming weeks we will publish our Heat in Buildings Supply Chains Delivery Plan, setting out how the agency will work with industry, consumers and public sector partners to support the emergence of a new Green Heat Sector in Scotland. The plan will set out a broad system of support for businesses working in the energy efficiency and zero emissions heating retrofit sector. This will include dedicated funding for innovation, a programme of engagement with industry and ongoing support for skills and training.

Working with key stakeholders to reduce barriers to large-scale deployment will be critical to meeting our targets. A function that is being developed as part of the agency is to establish a Centre of Expertise that will provide a dedicated resource to support local authorities, registered social landlords and other developers to enable the development of heat decarbonisation projects at scale, including Heat Networks. The Heat Network Support Unit, which was launched last month, will form the building blocks of this new Centre of Expertise.

Reaching our ambitious targets for retrofitting Scotland's homes and buildings will not be easy. It will require an unprecedented level of leadership and coordination to change attitudes, ensure people have access to the right support, and to deploy real measures on the ground. This will be the role of Heat & Energy Efficiency Scotland.

I would be happy to keep the committee updated on progress over the coming months.

Yours sincerely,

MICHAEL MATHESON MSP

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