

Bruce Crawford MSP
M4.17
The Scottish Parliament
Edinburgh
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Our Ref: JP/Draft Scottish Budget 2017-18

Date: 23rd January 2017

Dear Mr Crawford,

WRITTEN SUBMISSION TO FINANCE AND CONSTITUTION COMMITTEE

I am writing further to our recent request to meet you and your subsequent kind invitation to submit additional written evidence to the Scottish Parliament Finance and Constitution Committee as a contribution to the committee's ongoing scrutiny of the Scottish budget. A.C. Whyte & Co. Ltd. has over 40 years of experience as a main contractor in the refurbishment of low and high rise occupied social and private housing and specialises in the installation of external wall insulation, where we have more than 25 years of experience. We directly employ an in-house, fully trained and qualified workforce of 160. We are also actively involved in industry trade associations the Insulated Render and Cladding Association (INCA), (of which I am currently Vice Chair) and the National Insulation Association (where I am Head of the Scottish policy group).

Progress has been made in Scotland towards meeting statutory targets on fuel poverty, energy efficiency and climate change. At the same time, there remains a lot still to be done to meet those targets. Although down 4% on 2014, at 30.7% (748,000 households), fuel poverty in Scotland in 2015 remains higher than when it was first measured against the current definition in 1996*. Under the Housing (Scotland) Act 2001, the Scottish Government has a statutory duty to "ensure, so far as reasonably practicable, that people are not living in fuel poverty in Scotland by November 2016". Regrettably, this target was not achieved.

On energy efficiency, 2015 figures show that 89% of solid wall dwellings in Scotland are still without insulation (around 552,000 households) compared to 29% of Cavity wall properties without insulation*. At the same time, 25% of Scotland's housing stock (622,000 homes) are of solid wall or non-traditional construction, a higher proportion than anywhere else in the UK. These figures support our view that addressing solid wall dwellings needs to be a key priority for any successful energy efficiency strategy in Scotland in the future. In 2015, 20% of Scottish households (equivalent to around 482,000 households including 58,000 social properties) were classed as EPC Band E, F and G*. The Energy Efficiency Standard for Social Housing aims to eliminate these EPC bands entirely by 2020.

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

* Source: 2015 Scottish Stock Conditions Survey

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

Based on this analysis and our own extensive experience of working in Scotland's energy efficiency sector, our key recommendations related to the draft Scottish budget for 2017/18 are as follows:

- 1) Longer term planning and a more flexible approach** to the programming of energy efficiency spending, ideally through the development of three or five-year spending plans. The current annual budget process restricts what we are able to achieve through HEEPS area based schemes as well as hampering longer term business planning and investment. We note also that funding for the current national Warmer Homes Scotland scheme is programmed for five years, with an optional two-year extension. A similarly longer term approach to the programming of HEEPS funding would be hugely beneficial.
- 2) Increase the budget for HEEPS ABS, initially from £50m to £65m.** By taking a holistic approach to housing of all tenures within a defined area, an area based approach is by far the most effective mechanism for improving energy efficiency while delivering wider economic, social and health benefits.
- 3) Re-establish a social housing energy efficiency scheme of £45m over three years (2017-18 to 2019-20)** as an alternative mechanism for social landlords to gain direct access to funding to implement their own area-based approach to energy efficiency. This would have the benefit of encompassing otherwise hard-to-reach private properties while also helping to meet the social housing sector's own statutory targets on energy efficiency. Social landlords are typically able to mobilise projects more quickly and have a good understanding of the general condition of housing stock within their local area that enables them to utilise the funds to maximum positive effect.

I hope this information is helpful to you. I would like to thank you again for taking the time to meet us. If there is anything you would like to discuss further, I remain at your disposal.

Yours sincerely,

Jennifer Phin
Managing Director

