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**RESPONSE TO RSE CALL FOR EVIDENCE – SCOTLAND'S ENERGY FUTURE**

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**16/10/17**

## **Scottish Federation of Housing Association's response to Royal Society of Edinburgh Enquiry: Scotland's Energy Future**

### **1. Who we are**

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

### **2. Executive summary**

**2.1.** The SFHA welcomes the Scottish Government's ambition to further increase carbon emissions reductions targets for Scotland.

**2.2.** Housing associations are well placed to support moves to increase energy efficiency and install renewable and low carbon energy and heat – associations have the most energy efficient homes in Scotland and have a strong track record in installing renewable and low carbon technologies<sup>1</sup>.

**2.3.** We are concerned, however, that the Scottish Government's Energy Strategy and Scotland's Energy Efficiency Programme (SEEEP) do not place sufficient emphasis on home energy efficiency in proposals to reduce carbon emissions. This, combined with plans to switch from gas heating to low carbon and renewable heat, could lead to an increase in fuel poverty levels.

**2.4.** We believe that increased home energy efficiency is essential if the stretching climate change targets proposed by the Scottish Government are to be achieved without a sharp rise in fuel poverty. This would also have the benefit of creating jobs as investment in housing has a strong multiplier effect on the economy<sup>2</sup>.

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<sup>1</sup> Scottish Government (2016) – Scottish House Condition Survey 2015 Key Findings – available at <http://www.gov.scot/Publications/2016/12/1539/0>

<sup>2</sup> Consumer Futures Scotland (2014) – The Economic Benefits of Investing in Energy Efficiency in Fuel Poor Households – available at <http://www.cas.org.uk/system/files/publications/economic-impact-of-energy-efficiency-investment-in-scotland.pdf>

### **3. Main Report**

- 3.1.** This submission sets out the SFHA's views on proposals for a new Scottish Climate Change Bill, on Scotland's Energy Strategy . We are supportive in principle of the Scottish Government's aims to decarbonise energy but believe that more emphasis needs to be placed on home energy efficiency.
- 3.2.** At present, fuel poverty is a significant problem in Scotland with 31% of households in fuel poverty. While housing associations have the most energy efficient homes by tenure in Scotland, fuel poverty is still a significant issue as tenants generally have below average incomes (27% are in fuel poverty)<sup>3</sup>.
- 3.3.** We therefore argue that if there is to be an increased target to reduce emissions of gases that cause climate change, then it must be matched by ambitious targets to increase home energy efficiency. The unacceptable levels of fuel poverty in rural Scotland, where homes are off the mains gas network, demonstrate the risk of setting targets to switch from gas to low carbon and renewable heating without significantly investing in home energy efficiency.
- 3.4.** In order to achieve the ambitious climate change targets proposed without the unintended consequence of increasing fuel bills, we believe higher energy efficiency standards should be set for homes (all tenures).
- 3.5.** At present only housing for social rent has to meet minimum energy efficiency standards for existing homes (the Energy Efficiency Standards for Social Housing). SFHA, and our partner organisations in the Existing Homes Alliance, are calling for all homes to meet a minimum standard of energy efficiency of energy performance certificate C (epc C) by 2025. This minimum energy efficiency standard would help reduce carbon emissions while providing affordable warmth.

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<sup>3 3</sup> Scottish Government (2016) – Scottish House Condition Survey 2015 Key Findings – available at <http://www.gov.scot/Publications/2016/12/1539/0>

- 3.6.** To support increased energy efficiency, there should be an increase in the levels of grants and loans available – in line with home energy efficiency being designated as a long term national infrastructure priority by the Scottish Government in 2016. We therefore argue that if much more stretching energy efficiency targets are to be set, then there needs to be a major and long term programme of grants and low interest loans to support investment in home energy efficiency. The grants should support people on low incomes while loans should support investment by people who can afford to fund improvements and who would make savings in fuel bills to support loan repayments. As noted in our introduction this would bring a number of benefits – the creation of jobs, the benefits of addressing fuel poverty and significant reductions in carbon emissions.
- 3.7.** Working to meet climate change targets cannot, however, only focus on physical measures. We know that for investment in energy efficiency and renewables to achieve their intended goals it is important that people receive advice on how to use technologies. Two expert fuel poverty working groups have emphasised the importance of in depth support to vulnerable people to help them out of fuel poverty<sup>4</sup>. This advice will be more important if there is a transition to low carbon heating by 2032 and we urge the Scottish Government to provide nationwide advice services to support people out of fuel poverty.
- 3.8.** As noted in 2.1 housing associations have a strong track record in leading on the installation of micro-renewables, local energy systems and low carbon heating. They have the track record, the project management skills, the interest in fuel poverty and climate change and the groupings of homes to act as a lead and early adopter of technologies.
- 3.9.** As with home energy efficiency, housing associations need support (funding and regulation) to enable them to be leaders and early adopters of renewable and low carbon heating.

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<sup>4</sup> Scottish Rural Fuel Poverty Task Force and Scottish Fuel Poverty Strategic Working Group

**3.10.** There is scope for housing associations to lead on the introduction of new technologies and systems which can help Scotland's transition to low carbon and renewable energy. These include the installation of district heating schemes, the installation of micro-renewables (which housing associations already have a strong track record on), the use of new technologies such as energy storage and the use of smart local grids.

**3.11.** Not for profit energy companies such as Our Power, set up by housing associations to provide fairly priced affordable energy to tenants, may have a role to play in the innovations in 3.12, as may the mooted national Scottish energy company.

#### **4. Conclusion**

**4.1.** We support the ambition of the proposed Climate Change targets set out in the recent Climate Change consultation.

**4.2.** We are concerned, however, that current Scottish Government energy and climate change policies do not focus sufficiently on home energy efficiency. Significantly improving home energy efficiency is a cost efficient way to reduce carbon emissions, reduce fuel poverty and create jobs.

**4.3.** We propose that in order to facilitate this increase in home energy efficiency levels, minimum energy efficiency standards should be set for all tenures of housing. The first target should be an epc of C for all homes by 2025.

**4.4.** We also propose that there needs to be a well funded long term programme of grants and loans that fulfils the commitment to make home energy efficiency a national infrastructure priority in order to enable a step change in home energy efficiency.

**4.5.** Housing associations are well placed to continue to lead on innovation in renewables and low carbon heating. If they are given the right funding support they can act as early adopters and leads on a transformative programme to move to low carbon homes..