

Consultation on Scotland's Energy Efficiency Programme Shelter Scotland's Response

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CHAPTER 1: INTRODUCTION

Shelter Scotland welcomes the opportunity to respond to the Scottish Government's consultation on the Energy Strategy – Scotland's Energy Efficiency Programme (SEEP): National Infrastructure Priority for Energy Efficiency.

Shelter Scotland is the national housing and homelessness charity, with a policy and campaigning role to ensure that there is a safe, secure and affordable home for everyone. In that respect, our response to this consultation will focus on domestic properties and ensuring SEEP effectively tackles fuel poverty, and that any move towards the climate change targets is carried out in a socially sustainable and just way¹. Shelter Scotland believes there are four drivers of fuel poverty, and that SEEP can impact on three of these: poor energy efficiency, high energy costs, and how energy is used in the home. The design and development of SEEP should ensure that these three drivers are kept at the forefront and ultimately as far as possible should remove them as drivers of fuel poverty.

The latest statistics in the Scottish House Condition Survey estimate that 748,000 households, equivalent to 31% of households in Scotland, are in fuel poverty, i.e. need to spend more than 10% of their income on energy use to maintain a satisfactory heating regime. 203,000 households need to spend more than 20%. The Rural Fuel Poverty Task Force outline that the levels of fuel poverty in rural areas are significantly higher. This is despite significant investment by the Scottish Government in energy efficiency and fuel poverty programmes in recent years. Designating energy efficiency as a National Infrastructure Priority, and designing a long term, large scale energy efficiency programme (SEEP) that seeks to pull together strands of work on this issue, is a step in the right direction for making significant and tangible steps in tackling fuel poverty.

Shelter Scotland therefore welcomes the Scottish Government's focus on ensuring that meeting the 2050 vision, that Scotland's buildings are near zero carbon by 2050, is done in a way that is both socially and economically sustainable, and commends the linking to fuel poverty throughout the proposals.

¹ Please note that not all questions asked by the Scottish Government were answered in our consultation response. Any omitted questions are also omitted from this document.

CHAPTER 2: SITUATION REPORT

Thinking about current Government schemes and the delivery landscape, we would welcome stakeholders' views on:

- **what currently works well, including aspects of existing schemes that should be retained?**

The provision of free, impartial advice to help individuals navigate the inherently complicated system of support for energy efficiency is essential. The main current vehicle for this advice is through Home Energy Scotland, which provides one contact point for information and advice for all households. This system on the whole works well and allows for a clear message from the Scottish Government and partner agencies. There are however opportunities to expand on this aspect of delivery, for example by working more closely with partners in the health sector, and for providing more face to face support to householders, and Shelter Scotland is aware there are already programmes in place to support the development of this work.

The provision of loans and grants for householders is essential as a 'carrot' for householders to get involved and take action to improve the energy efficiency of their homes.

The regulatory aspect of energy efficiency in social rented housing, for example the Scottish Housing Quality Standard (SHQS) and the Energy Efficiency Standard for Social Housing (ESSH) has seen real improvements in the energy efficiency ratings of social rented stock.

- **what are the main delivery challenges faced at present and how might these be overcome?**

There are limitations to the current schemes because of a lack of regulation acting as a 'stick' for householders to take action, particularly in the case of private rented properties where tenants lack the ability to make decisions about their energy use to some extent, and landlords can lack the motive (in terms of not benefitting themselves from lower energy bills, and also prospective tenants not valuing energy efficiency in their search for a tenancy) and they can also lack the means (in terms of carrying out works with a sitting tenant). The consultation on energy efficiency and condition standards in the private rented housing lays out some action towards addressing these challenges and we will respond in full to those proposals. Any future programme must ensure that all tenures are considered and specific barriers addressed to ensure some households and tenures aren't disadvantaged because of different regulatory standards.

The current targeting of households in fuel poverty by schemes could be improved and the upcoming review of the definition of fuel poverty will consider this.

Awareness of existing programmes and support could be improved. This is the experience of our advisers supporting people with fuel debt, and was also one of our findings from working with the health sector throughout 2016 on the issue of fuel poverty. In a survey of 120 frontline health and social care practitioners, although nearly all (96%) felt fuel poverty was an issue for their patients, only 11% said they had good knowledge on how to refer their patients on for support.²

A comprehensive and long term communication plan detailing the support available for households could help to address this, in addition to planning and funding longer term programmes to give both delivery agents and advice organisations time to promote the programmes and time for positive word of mouth to spread.

Currently, the monitoring of programmes focuses on measures installed, and not on the outcome for the householder or indeed energy used or emissions. Future monitoring and evaluation should consider householder behaviour, taking into account the need to ensure householders understand how to make the most of any measures installed.

² Shelter Scotland, 2017, Working with the health sector to tackle fuel poverty, http://scotland.shelter.org.uk/data/assets/pdf_file/0016/1320613/Working_with_the_health_sector_to_tackle_fuel_poverty_2016.pdf/nocache

CHAPTER 3: AIMS AND OBJECTIVES OF SEEP

How can Scotland best meet this vision and underpinning objectives in a way that is both socially and economically sustainable and supports long-term inclusive growth?

Shelter Scotland welcomes the intention to achieve the 2050 vision in a way that is socially sustainable and that this intention is outlined in the vision statement. The objectives outlined in the consultation document, however, detail a commitment to policy outcomes from the Climate Change plan, and states ‘the Programme will support delivery of the Scottish Government’s new Fuel Poverty Strategy as it is developed’. Shelter Scotland appreciate it is difficult to provide specifics given the lack of a current fuel poverty strategy in place, but are concerned the fuel poverty element might be lost or overshadowed without a specific and measurable objective in place at the planning stage.

The programme must focus and target its resources on those most in need, i.e. those in or at risk of fuel poverty. The programme must consider all tenures and the ability of those in all tenures to seek to improve their home, and what barriers exist to this. Shelter Scotland welcomed the publication of the consultation on energy efficiency and conditions in the private rented sector, for example, and support the broad principles proposed.

Importantly, SEEP must ensure full and independent evaluation of programmes takes place, rather than just the monitoring of the measures installed as has been the case with existing provision of support. This evaluation should capture an understanding of how occupants interact with any physical changes to their homes – in terms of their heating use and energy bills, for example, to ensure that the physical measures result in the aspired to changes both in terms of the reduction in energy use (and therefore emissions), but that this is carried out without adverse impacts on householders and with the intended positive results of reducing energy costs and therefore supporting a reduction in fuel poverty. As well as tackling fuel poverty and reducing emissions, it is important that householders are available to achieve comfort and warmth in their home through their energy use. As this information becomes available there should be a willingness to change direction as required to achieve the intended outcomes.

We would welcome stakeholders’ views on how to set appropriate milestones for energy efficiency improvement and heat decarbonisation of buildings to ensure that the level of emissions reduction ambition (i.e. near-zero carbon buildings) is achieved.

We advise long term milestones are set to provide time for landlords, be they social or private, to plan and set aside resources as well as to inform tenants of the benefits of this work to help overcome any obstacles and for owner occupiers to plan for any financial implications. Shelter Scotland believe the communication

surrounding milestones is more important than the particular dates chosen, ensuring that everyone is well informed of the changes and can seek support if required in their response to the regulations.

CHAPTER 4: SCENARIOS

- **The role of regulation, standards and financial incentives**

How might regulation and standards be used most effectively across the different sectors and when should they be applied across the lifetime of the programme?

Regulation and standards should be put in place over long time periods to allow adequate time for planning and resourcing as well as conducting an effective communication strategy during lead in periods. Whilst regulation is important, enforcement of any such standards is crucial. There must be clear and straightforward follow up for tenants to report any compliance issues, particularly in the private rented sector.

Regulations should be accompanied by effective programmes of support, information and assistance to encourage householders to go beyond the minimum standard, however. Fiscal and financial incentives are important here.

Shelter Scotland is supportive of the use of frameworks known to households to identify standards, in particular the Energy Performance Certificate (EPC), like our partner agencies the Existing Homes Alliance and Scottish Federation of Housing Associations. We are aware that both the Existing Homes Alliance and SFHA have made suggestions on how the EPC system could be improved, particularly on modelling assumptions. We defer to their judgment on these issues.

What should be the trigger points for buildings to meet standards? Should this differ between domestic and non-domestic buildings, and if so, how?

Our answer relates to domestic properties only. The natural trigger points for domestic buildings to meet standards is at the point of sale or rental, or following contact with the council for building standards or planning permission. Shelter Scotland is supportive of the approach taken with regards to regulation of the private rented sector – with trigger points put in place followed by a backstop date by which all properties should meet the required standard.

What do you think are the benefits of using financial and fiscal incentives to support energy efficiency in domestic and non-domestic buildings? Please give examples, from Scotland or elsewhere, of where incentives have been used in this way to good effect.

The 'carrot' element is a powerful tool for negotiation and supporting behaviour change, particularly when trying to encourage uptake at an early stage to use as 'case studies' or to encourage positive word of mouth.

For example, in trying to reduce the number of long term empty homes in Scotland, councils have been provided with the option of charging up to 200% of the council tax rate to reflect the financial and social implications of empty homes

on the community under the Local Government Finance (Unoccupied Properties etc.) (Scotland) Act 2012. This has proved to be an important ‘stick’ to encourage owners of long term, private empty homes to bring them back into use. However, councils have also successfully employed a ‘carrot’ in that they can put this charge on hold if owners are engaging with empty homes officers in a positive way. The experience of the Scottish Empty Homes Partnership has shown financial and fiscal incentives work best when it comes hand in hand with good quality and appropriate specialist support, information and signposting. Fiscal incentives without the appropriate support have been shown to be deeply unpopular and this may deter individual councils from implementing any new discretionary power. In the example of private sector empty homes, this support would be a dedicated empty homes officer post embedded within the council, cross-departmental working within the local authority to assist owners to meet their objectives and appropriate advice, assistance and signposting to owners to assist them to take desired action(s).

- **The appropriate levels and sources of funding**

How should the installation of energy efficiency improvements and lower carbon heat supply through SEEP be funded? In particular, where should the balance lie between grant funding and loans for homeowners, landlords and businesses?

As far as possible, interest free loans should be made available, as well as grant support for householders who are unable to pay. The latter is particularly important in rural areas where the cost of energy efficiency improvements is likely much higher. As recognised in the pre consultation exercise, however, there is a responsibility on owners to contribute to the funding of works particularly where they may reap the benefits in terms of higher sale or rental value, or lower energy usage and costs. It should be acknowledged however that at present there is little evidence available estimating the value of improvements on sale or rental values and therefore that owners and landlords may be reluctant to invest at this time and therefore require additional incentives.

What is needed to encourage private investment in energy efficiency and heat decarbonisation, including the take-up of loans by a wider range of owners and occupiers?

A large scale marketing and awareness raising campaign is required to help normalise the move towards energy efficiency and encourage a culture shift that should help encourage private investment in energy efficiency and the take up of loans. The information available to householders should clearly lay out the Scottish Government’s long term plan, including any future regulation and funding availability, to help owners and occupiers make informed decisions. A carrot and stick approach should also be employed to both incentivise and regulate action. Enabling funding and support should also be considered to allow householders to overcome barriers, for example support or signposting to existing funding streams for repairs.

- **Advice and information**

How do we ensure that householders and owners are well advised and supported in making decisions on how to improve the energy efficiency of their building and install lower carbon heat supply through SEEP?

A clear and well advertised 'one-stop shop' should be available for all householders that can advise accurately all on support available regardless of tenure and circumstance, such as that currently provided by Home Energy Scotland. In addition, and as previously mentioned, a comprehensive and long term communication plan detailing the support available for households would help to ensure householders and owners are well supported and advised, in addition to planning and funding longer term programmes to give both delivery agents and advice organisations time to promote the programmes and time for positive word of mouth to spread.

Are the current mechanisms for providing advice sufficient? What changes, if any, do you think are required?

Home Energy Scotland currently provides the mechanism for advice, and is linked in with local advice agencies. This provision works well. Improvements could be made to join the dots between a range of advice agencies, including for example those providing money and debt advice and the health sector to try to pull in a wider range of audiences, rather than relying on potential consumers to proactively engage with the agenda. Our project working with the health sector to tackle fuel poverty³ highlighted the crucial role that can be played by trusted professionals, but also the barriers that exist including a lack of knowledge on support available with only 11% knowing how to advise their patients on fuel poverty issues. There is a need for training for these professionals, and additional work at a strategic level in terms of promoting a cross-sectoral fuel poverty strategy. The provision of advice in a variety of formats, including face to face, is also important particularly with more vulnerable customers, for example as advocated by the Scottish Rural Fuel Poverty Taskforce with their Energy Carer model of advice⁴. Shelter Scotland is aware there is a range of work ongoing by a variety of agencies including Home Energy Scotland to support both these areas of work.

³ Shelter Scotland, 2017, Working with the health sector to tackle fuel poverty, http://scotland.shelter.org.uk/_data/assets/pdf_file/0016/1320613/Working_with_the_health_sector_to_tackle_fuel_poverty_2016.pdf/_nocache

⁴ Scottish Rural Fuel Poverty Taskforce, 2016, An action plan to deliver affordable warmth in rural Scotland, <http://www.gov.scot/Resource/0050/00508120.pdf>

- **Monitoring and review**

What should be included in a monitoring framework to ensure that the Programme is effectively monitored and evaluated?

Monitoring and evaluation is a crucial part of Scotland's Energy Efficiency Programme. Any monitoring and evaluation should include and focus on the changes for **people**, rather than focusing on, for example, measures installed. This is important to ensure that SEEP meets its vision of being socially sustainable, and its objective to tackle fuel poverty, but also because without understanding the individual's perspective there is a limit to any benefits reaped. For example, a new heating system may allow an individual to heat their home more efficiently, but without exploring whether the individual changes their behaviour too, i.e. has the heating on less or lowers the temperature, the expected reduction in energy use may not follow.

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Shelter Scotland helps over half a million people every year struggling with bad housing or homelessness through our advice, support and legal services. And we campaign to make sure that, one day, no one will have to turn to us for help.

We're here so no one has to fight bad housing or homelessness on their own.

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