

**4. Please indicate which category best describes your organisation**

*(Tick one only)*

<b>Executive Agencies and NDPBs</b>	<input type="checkbox"/>
<b>Local authority</b>	<input type="checkbox"/>
<b>Other statutory organisation</b>	<input type="checkbox"/>
<b>Registered Social Landlord</b>	<input type="checkbox"/>
<b>Representative body for private sector organisations</b>	<input type="checkbox"/>
<b>Representative body for third sector/equality organisations</b>	<input type="checkbox"/>
<b>Representative body for community organisations</b>	<input type="checkbox"/>
<b>Representative body for professionals</b>	<input type="checkbox"/>
<b>Private sector organisation</b>	<input type="checkbox"/>
<b>Third sector/equality organisation</b>	<input checked="" type="checkbox"/>
<b>Community group</b>	<input type="checkbox"/>
<b>Academic</b>	<input type="checkbox"/>
<b>Individual</b>	<input type="checkbox"/>
<b>Other – please state...</b>	<input type="checkbox"/>

**Response to Scottish Government Consultation:  
Scotland's Sustainable Housing Strategy:  
Homes that don't cost the Earth**



**Introduction**

Energy Action Scotland (EAS) is the Scottish charity with the remit of ending fuel poverty. EAS has been working with this remit since its inception in 1983 and has campaigned on the issue of fuel poverty and delivered many practical and research projects to tackle the problems of cold, damp homes. EAS works with both the Scottish and the UK Governments on energy efficiency programme design and implementation.

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**Fuel Poverty in Scotland**

The Scottish Government is required by the Housing (Scotland) Act 2001 to end fuel poverty, as far as is practicable, by 2016 and plans to do this are set out in the Scottish Fuel Poverty Statement. The number of Scottish households living in fuel poverty dropped from 756,000 (35.6%) in 1996 to 293,000 (13.4%) in 2002. Half the reduction was due to increases in household income, 35% to reduced fuel prices and 15% to improved energy efficiency of housing<sup>1</sup>. The most recent figures<sup>2</sup> from the Scottish House Condition Survey Key Findings Report show that there were 658,000 households living in fuel poverty in Scotland mid-2010, representing 30% of total households.

According to figures produced by the Scottish Government<sup>3</sup>, for every 5% rise in fuel prices an estimated 46,000 more households would go into fuel poverty. Based on these figures EAS estimates that there are currently almost 900,000 households, four in ten, in fuel poverty in Scotland. This significant increase in fuel poverty is widely accepted to be due to the dramatic increases in domestic fuel prices and EAS is very concerned about the impact on vulnerable customers.

**General**

EAS welcomes the opportunity to respond to this consultation. We have confined our responses to those areas we feel we are best placed to answer.

Some of the narrative throughout the consultation document gave rise to a number of issues. EAS did not feel that it was appropriate to incorporate comment on these issues into our responses to the specific consultation questions. Accordingly our queries, general comments, observations and concerns are listed after our responses to the consultation questions.

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<sup>1</sup> Fuel Poverty in Scotland: Further Analysis of the Scottish Housing Condition survey 2002

<sup>2</sup> Scottish House Condition Scotland Key Findings 2010

<sup>3</sup> Estimate of Fuel Poverty Households in Scotland: Scottish House Condition Survey March 2009

**Q1. Are the vision and objectives as set out in sections 19 and 20 appropriate for Scotland's Sustainable Housing Strategy? Please answer Yes or No and provide fuller explanation if you wish.**

Yes

**Q2: What do you think are the main barriers that prevent home owners and landlords from installing energy efficiency measures?**

In addition to the 'known and accepted' barriers (for example, issues relating to build type, off-grid areas, multiple ownership, etc), access to appropriate information and the complexity of the various funding streams are concerns.

**Q3: Please explain any practical solutions and/or incentives to overcome any barriers you have identified?**

- Value of guarantees for improvement work.
- Perceived value of measures in relation to property value.
- Investment does not financially benefit the landlord.
- Awareness of tax scheme schemes such as LESA.
- Properties with shared elements can be hard to engage with other occupants/owners. Tenements Act only relates to necessary repairs and not improvements.
- Costs of similar work in more rural areas can be prohibitively expensive.
- Cavity constructions have a well understood and frequently applied improvement measure. Other types of home need to be catalogued and ways of improving these types of property devised. A national register of property types and improvements needs to be created and widely distributed. Work was completed before on describing the range of non-traditional properties in Scotland, this work needs to be taken further and standardised improvements to the most popular property types devised by a national technical panel.
- Certain property types can have a low residual value e.g. Orlit houses. Investment in this type of property may be seen as potentially out living the lifetime of the building.
- Landlord registration scheme can be a useful way to promote energy efficiency benefits
- Comprehensive, cohesive and consistent marketing and promotion are required to raise awareness and encourage take-up/participation

**Q4: Given Scotland's diverse range of housing, what support is needed to enable people to get energy efficiency measures installed?**

- Comprehensive, cohesive and consistent marketing and promotion (including all sources of help and support) are required to raise awareness and encourage take-up/participation
- Face to face advice, advocacy and 'hand-holding', to ensure that those most vulnerable are fully supported through a process ranging from improved knowledge and understanding, to installation of measures and more efficient/effective use of these measures

**Q5: (a) What specific issues need to be addressed in respect of improving energy efficiency in rural areas, particularly more remote or island areas?**

**(b) How should these be addressed?**

See comments below in relation to standardising the methodologies for improvement across a range of dwelling types. Systems were designed to build dwellings cheaply and timely. It should therefore not be beyond the will of Government to standardise the systems to improve these. Once standard systems are developed, the costs associated with provision and application of systems can be mitigated.

Aside from the issue of access to inexpensive energy for heating, the main issue in relation to making energy efficiency improvements to the rural landscape is one of density and accessibility. Many homes may be available and easy to improve, however their location can be a barrier to the cost effectiveness of this compared to a similar scheme in a more central location (a rural premium). Business models to tackle issues where rurality is an issue have often had to resort to subsidy in the delivery chain. Standardisation of improvements can in some cases make the need for subsidy minimal. Subsidy should be available to local businesses supporting the local economy and local residents.

EAS is pleased to note the commitment within the consultation to support community renewables initiatives particularly in areas off the gas grid. Funding streams such as the Renewable Energy Investment Fund should have a specific focus on district heating, for example, particularly in areas of deprivation. This approach would offer the opportunity to attract ECO funding.

**Q6: Taking into account the models and funding sources outlined in sections 1.20-1.37, what role might local authorities and other agencies play in bringing about a step change in retrofitting Scotland's housing?**

Local authorities in Scotland are probably best placed through their strategic role under the Local Housing Strategy (LHS) to understand the nature of housing provision across their area. Whilst the condition of this stock may not be fully known, particularly in the private sector, nevertheless all households engage with the local authority in a variety of ways starting from the financial commitment of Council Tax through to front line services tackling health and wellbeing.

EAS views the involvement of local authorities as imperative in taking forward a successful domestic retrofit strategy. We would encourage that commitment to be specific and integral to the LHS. Scottish local authorities do not have an obligation to improve housing energy efficiency in anything other than their own stock; this duty was removed with the repeal under Section 118 of the Energy Act 2011 from statute of the Home Energy Conservation Act, and has not been replaced with another similar obligated duty.

The LHS serves as the only route to drive investment in housing, however without central government support through legislation in minimum standards in the private sector and structural funding to support enforcement there is little impact that a LA can make within the much larger private sector. It is clear though that new private sector routes to funding are emerging through the Green Deal and ECO policy, however the Scottish Government should not pull back on its commitment to tackling fuel poverty and climate change under the assumption that a policy which happens to share its own ambition will deliver on commitments made within a Scottish policy landscape.

Local authorities have the ability to facilitate access to information and services, acting as trusted local intermediaries. They are best-placed to enable local delivery (co-ordinating a local supply-chain) of a national programme.

With regard to the funding options laid out in the consultation, EAS believes that a formula-based allocation would be the most equitable. Challenge fund bidding is too largely reliant on the ability to construct an effective bid and first-come-first-served is too random!

**Q7: What role should the Scottish Government play in a National Retrofit programme?**

The Scottish Government must not assume that the private sector will be able to deliver on its own targets. A national budget for tackling fuel poverty must be maintained and the importance of having a national **reactive** scheme that will work alongside the area based approaches should not be ignored. This would tackle fuel poverty for people who just miss out from an area based scheme or who can't wait for the scheme to come to their area.

The Scottish Government is ideally placed to market and promote a NRP. There are specific roles that might best be undertaken by the government, including:

- Co-ordinating funding streams
- Simplifying access to funding
- ECO-brokerage
- Co-ordinating multi-local authority approaches

**Q8: What role could the devolution of additional powers play in achieving more retrofit?**

Devolution of more power to Scotland may have an impact on the welfare system and so allow the Scottish Government to set benefit levels differently from those being set in Westminster. It is unlikely that the regulation in the gas and electricity markets and the price of energy would be affected by greater devolved powers. Nor would it affect the adoption of renewable technologies which for microrenewables are coupled with the financial incentives Feed-in Tariff and Renewable Heat Incentive. However it may be possible for the Scottish Government to look at bringing in powers to regulate the domestic oil, LPG and solid fuel distribution markets in Scotland separately to any plans to do the same through the UK Government.

**Q9: What further action is needed to achieve the scale of change required to existing homes?**

Long term budget commitments.

Support for back to work programmes and training for long term unemployed to increase the available labour capacity in Scotland. The desire to accelerate activity in the area of energy efficient refurbishment must also come with a commitment to support the training and education of our labour force. Structural support of training and apprenticeship programmes via colleges and CICs to ensure that young people can be brought into the industry from school leavers to those coming off long term unemployment.

The marketing messages relating to a NRP need to be clear, unambiguous and delivered constantly and consistently. There is a need to address the issue of behaviour change i.e. a strategic targeting of (particularly vulnerable) households to ensure that those receiving measures and improvements to their homes are in a position to benefit fully from them. This includes the need for a structured programme of face to face advice delivery incorporated into the delivery of a NRP.

**Q10: How can we make sure a National Retrofit Programme maximises benefits to all consumers (for example, older people, those from ethnic minorities, those with long term illness or disability)?**

Awareness of help and awareness of the sorts of agencies that can provide support on the ground is crucial to the proliferation of understanding in the community. There are many examples of where diligent individuals working within the community have been able to bring much needed help to those that just are not aware that they can be helped or indeed where to go in order to initiate help.

The use of existing networks will be essential, as will finding more effective ways of informing frontline advisors, and professionals such as social workers, as to the assistance available to their client groups.

We need to make sure that the actions of local champions on a local scale can be translated. The problem is on a national scale, it requires a national mobilisation in order to tackle it. We need to ensure that education from school through to the community at large considers the impact of poor energy efficiency and the impact of wasteful energy use. The NRP can tackle the physical building, but there also needs to be put in place strategies to change the minds and habits of the community.

## **Comments, questions and observations**

### Chapter 1: A National Retrofit Programme

#### **General Comments**

Under section 4.3 of the “The Report on Proposals and Policies” (RPP), this also includes for draughtproofing and pipe lagging by 2020

Need to define "highly efficient boiler" and what controls are "appropriate"? Is this 'A' rated boilers only or just condensing boilers? An interlocked room thermostat should be a minimum control standard.

*“At least 100,000 homes to have adopted some form of individual or community renewable heat technology”*

This target aligns with the objective of the Warm Homes Fund. Therefore we should expect some kind of objective which recognises the impact on fuel poverty as this is a key area of delivery for this funding stream.

The majority of the £200 million expected budget is to come from ECO spend in Scotland of which approx. £120 million has been estimated. We need to be aware now of the sorts of issues that suppliers will come up against in Scotland and what policies can be put in place to make ECO spend in Scotland attractive.

What mechanisms are to be used to define the priority "fuel poor areas"? The Fuel Poverty Indicator was based on 2001 census information. Will 2011 Census information be available to update this work? Or will the priority of area follow the SIMD as proposed for the Carbon Saving Communities element of ECO?

The procurement required for public bodies is expected to take up to 18 months to complete. This means that a local authority engaging with the Green Deal as a provider will have a very long lead in time. Can the Scottish Government provide any support for Councils willing to move forward with Green Deal to reduce the procurement burden?

### **Specific Section Comments**

**1.3** – We still need a significant national reactive fuel poverty scheme supported by central Scottish Government. This will sit alongside the area based strategy.

**1.9** - Many of the issues experienced with exacerbated dampness problems resulting from insulation improvements are the result of inadequate education over the need for proper ventilation alongside these improvements in fabric insulation. Ventilation is often overlooked in the pursuit of more insulated and therefore air tight dwellings. It also highlights the need for adequate client education about the impact on and use of their home post-installation.

**1.11** – There has never been a greater need to mainstream and recognise the value and impact of proper face-to-face energy advice. This is not just about providing a signpost to help with installing measures, this is about the delivery of a service to reinforce the community education and change the minds and habits of the public. Proper energy advice has shown time and time again to have benefits that reach further than just the delivery of a grant or a loan for physical works. There is a clear social inclusion and money management agenda that can be delivered via a well-managed and resourced advice service.

**1.18** - There are both solid walled and cavity constructed non-trads. Need to be careful that we are not underestimating the scale of the issue in relation to non-traditional constructions.

Also, how are timber framed homes categorised, these should be considered to be non-traditional and therefore "hard to treat"?

**Box 5** - Community carbon offsetting for new buildings needs to be carefully implemented to ensure that new buildings do not under perform. Robust backstops are a feature of new building standards, however these may need to be reviewed if carbon offsetting is allowable within a new development. EAS is supportive of the concept of offsetting carbon emissions within the existing community and we recognise that the ratio of cost to energy savings in the existing built environment is

much more favourable than that which can be achieved within the new build environment with the same budget.

**1.31** - NB insulation is not always a critical factor in the performance of microgeneration technologies. The issue is more the potential for technologies such as biomass to meet carbon emission targets without addressing the demand for energy in the building, thereby ignoring the impact of the cost of that energy and not tackling fuel poverty.

**1.34** - ECO uses the full SIMD to define the areas as Carbon Saving Community areas; will area based programmes under the NRP follow the same rationale? We should ensure that there is a rural safeguard component of any future area based scheme in Scotland.

**1.35** - Targets for this 'challenge funding' should also align with the 'affordable warmth' target under ECO i.e. that criterion for selection should not just be on the potential to reduce carbon emissions. This ensures that low income households that don't meet the Affordable Warmth Group (AWG) under ECO still have a route to funding which is not reliant on a loan model.

Energy suppliers are very likely to want to operate as they have in the past, dealing directly with social landlords in meeting their obligations. This option (b) does sound very much like an expansion of the current Stage 3 arrangements under the EAP; this relationship is not without its issues. It may be useful for the Scottish Government to look at what it can do to support Community Interest Companies (CICs) in developing 'brokerage' models for the Green Deal and ECO. Employing locally based staff to deliver energy efficiency programmes would help to ensure that Scotland can draw in a larger proportion of Green Deal offerings and ECO funding and support the local economy which has wider benefits in terms of social inclusion.

The formula model could become cumbersome very quickly when trying to balance both the needs of the properties with the needs of the occupants and all this within the view of local politics. Would the formula for instance be adjusted in relation to the rate of fuel poverty in each area and also recognise the issues in relation to the cost of delivery brought about by the rural environment? Should the rate of fuel poverty itself be mitigated in this case by the level of energy efficiency in the area as there would be little point in weighting funding for energy efficiency programmes in an area where the issue is not about low energy efficiency? EAS is not supportive of this option.

**1.36 Green Deal Provider** - Other financial risk issues aside, unless a local authority has already at present started down this route, it is unlikely that this is a realistic way forward due to the time taken to set up within what will be a very competitive marketplace. There could however be some benefit in a local authority being part of a business model to deliver the Green Deal in rural less well served areas of the country.