

**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 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 checked="" type="checkbox"/>

SCDI is an independent membership network that strengthens Scotland's competitiveness by influencing Government policies to encourage sustainable economic prosperity. SCDI's membership includes businesses, trades unions, local authorities, educational institutions, the voluntary sector and faith groups.

## CONSULTATION QUESTIONS

1. 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  No

No comments.

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

Energy efficiency measures are often a low priority for home owners and landlords' budgets, especially at a time when these budgets are under pressure. Barriers include unawareness of the issues, unawareness of the financial and environmental benefits of reducing energy use, or having insufficient information on the most appropriate energy efficiency measure to install. The cost and disruption of installing these measures can also be a disincentive, as well as an inability to access loan funding to finance energy efficiency home improvements.

3. Please explain any practical solutions and/or incentives to overcome any barriers you have identified.

The most attractive way of addressing the barrier of the cost of installing energy efficiency measures at a time of constraints in household budgets is to reduce these costs through a mixture of subsidies and incentives in the tax system. To increase access to finance by home owners and landlords, the government could work with finance providers to set up a specific energy efficiency loan process. Awareness of the issues and the benefits of reducing energy consumption can also be improved through targeted public information campaigns and through advice from energy companies, along with the provision of easy-to-understand information on the range of measures available for various housing types and face-to-face advice based on house surveys (similar to the proposed Green Deal advisors).

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

There is a need to ensure that people are informed and able to make the right decisions for them as a wide range of incentives and measures become available and a wide range of businesses, including new, seek to compete for the market.

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

Rural areas often face the challenge of older, harder to heat properties and, particularly in the north of Scotland, harsher weather conditions. These

factors, coupled with limited energy choices and higher costs as a result of being connected to the gas network, make households likely to spend a higher proportion of their income on fuel costs. Rural areas can also find accessing information and finding contractors more difficult, resulting in higher prices. This combination of harder to insulate properties, reduced financial resources and higher contractor costs presents a real barrier.

5. (b) How should these be addressed?

Proposals need to be brought forward that can provide better signposting to the help and support available, and recognition must be given to the challenges some communities can face in having suitable works carried out.

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

SCDI welcomes consideration by the Scottish Government of Homes for Scotland's proposal for the creation of a fund by house-builders for investment in the energy efficiency of existing homes. SCDI agrees that this may prove to be a more cost-effective and successful way of achieving the vision of the Sustainable Housing Strategy, including tackling fuel poverty, without further driving up the costs of new homes at a time of financial pressure on house-builders and buyers.

7. What role should the Scottish Government play in a National Retrofit Programme?

The Homes for Scotland proposal would need to be approved by and a mechanism to reinvest the fund developed along with the Scottish Government.

8. What role could the devolution of additional powers play in achieving more retrofit?

The new Land and Buildings Transaction Tax could be linked to Energy Performance Certificates to nudge purchasers into valuing energy efficient homes more highly and prospective sellers into making energy efficiency improvements. This would change the nature of the market. It would be important that such incentives did not introduce significant complexity into the new LBTT.

9. What further action is needed to achieve the scale of change required to existing homes?

No further comments.

10. 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)?

No comment.

11. (a) Should the Scottish Government consider whether a single mandatory condition standard (beyond the tolerable standard) should apply to all properties, irrespective of tenure?

Yes  No

11. (b) If so, how would that be enforced?

In principle such a standard would be desirable. However, there is not enough detail into the resources which would be made available to enforce this, and as such whether it is possible. The duty of enforcement would have to be assigned to an existing body, or a new body would have to be created. Both would require significant investment.

12. (a) In box 6 we identify a checklist for maintaining a quality home. Do you agree with our proposed hierarchy of needs?

Yes  No

12. (b) If you think anything is missing or in the wrong place please explain your views.

No comment.

13. Should local authorities be able to require that owners improve their properties, in the same way they can require that they repair them? For example, could poor energy efficiency be a trigger for a work notice? Please answer Yes or No and provide further explanation if you wish, for example on how this might work.

Yes  No

No comment.

14. Should local authorities have a power to enforce decisions taken by owners under the title deeds, tenement management scheme or by unanimity? For example, should they have explicit powers to pay missing shares of owners who are not paying for communal repair work, in the same way they can for agreed maintenance work? Please answer Yes or No and provide further explanation, if you wish.

Yes  No

No comment.

15. Should local authorities be able to automatically issue maintenance orders on any property which has had a work notice? Please provide further explanation if you wish.

Yes  No

No comment.

16. Should the process for using maintenance orders be streamlined , and if so, how? Please answer Yes or No and provide further explanation, if you wish.

Yes  No

No comment.

17. Should local authorities be able to: a. issue work notices on housing affecting the amenity, and b. require work such as to improve safety and security on properties which are outwith a Housing Renewal area? Please answer Yes or No and provide further explanation if you wish.

Yes  No

No comment.

18. Should local authorities be able to issue repayment charges for work done on commercial properties, in the same way they can for residential premises? Please answer Yes or No and provide further explanation below, if you wish.

Yes  No

No comment.

19. What action, if any, do you think the Government should take to make it easier to dismiss and replace property factors?

No comment.

20. What action can be taken to raise the importance placed by owners and tenants on the energy efficiency of their properties?

See answer to Question 8.

21. Should the Scottish Government introduce minimum energy efficiency standards for private sector housing?

The impact on the wider housing market must be considered in the assessment of the introduction of energy efficiency standards. While the motivation behind such a measure of increasing the energy efficiency of the

existing private sector housing stock is endorsed, the Scottish Government must be very cautious of measures which, by introducing costs for house-sellers at the point of sale, would discourage them from moving and, thus, further depress the housing market.

22. How could we amend EPCs to make them a more useful tool for influencing behaviour change to improve energy efficiency?

See answer to Question 8.

23. Are there other key principles that we ought to consider when looking at the possible introduction of regulations?

See answer to Question 22.

24. How could regulation be used to support the uptake of incentives?

The wider impact of regulation should first be carefully weighed-up. If regulation is to be introduced, affordability and acceptability for householders must be carefully considered. Its requirements for energy efficiency measures should be related to the availability of incentives, rather than seeking to set higher levels.

25. In section 2.68 we identify design options for the standard. Do you have any views on the options set out in that report? Are there other options that we should be considering?

The option of using the Energy Performance Certificate as the standard would have the advantage of utilising an existing requirement for houses for sale, giving it a higher profile with house-buyers and enabling comparison across the market.

26. Do you agree that any regulations for private sector housing ought to reflect the energy efficiency capacity of the property and/or location, as is proposed for the social sector?

Yes  No

Yes, but any regulations must not be burdensome and should give the house-owners flexibility to decide on how the energy efficiency standard will be met.

27. If you agree with Q26, should houses of the same type in the social and private sectors be expected to meet the same standard?

Yes  No

The same standards would be helpful to address the current difficulties in the retrofitting of housing blocks where there are different forms of ownership. With both social and private sectors, the standards must add

value to homes yet be proportionate in order that homeowners believe that there will be a return on their investment and that housing associations have the capital to continue investment in the new homes which are needed while retrofitting their existing housing stock.

28. Are there other specific issues we need to consider in introducing regulation on the energy efficiency of the home for particular groups of people, for example older people, those with disabilities, people from minority ethnic communities?

No comment.

29. Should we consider additional trigger points to point of sale or rental? If so, what?

Yes  No

Yes. Approvals of building regulations to extend existing homes could be an appropriate further trigger point for an energy efficiency regulation and could be attractive to homeowners, given that they are already planning a degree of disruption in their home, if incentives for the measures are available. However, the Scottish Government should ensure that any requirements are not a disincentive to home improvements as this would damage the building industry.

30. Should rollout of any regulation across the owner occupied and PRS sectors be phased or all at once? If you think that rollout should be phased how do you think this should be done?

Yes  No

There is a need for certainty with any regulation to allow for planning. Any phasing would need to be easily understood by homeowners. The EPC would, again, be an appropriate way of targeting properties, tackling the quick wins first.

31. What other issues around enforcement do we need to think about when considering how different approaches to regulation might work?

Consideration of different approaches should be guided by the better regulation agenda. The use of EPCs would simplify processes and minimise the costs.

32. In sections 2.76-2.79 we suggest that one way of regulating would be to issue sanctions.

(a) Do you think that sanctions on owners should be used to enforce regulations?

Yes  No

(b) Should owners be able to pass the sanction or obligation on to buyers?

Yes  No

The Scottish Government should be cautious about introducing sanctions. If sanctions are to be introduced, then owners should be able to pass them on to buyers. No doubt this would be taken into account in the price or negotiations.

33. The Scottish Government does not intend to regulate before 2015. The working group will consider what options for timing of any regulation might be appropriate, but, given all the points set out in sections 2.80-2.81, from when do you think it might be appropriate to apply regulations?

It would not be appropriate to introduce a regulation in the prevailing market conditions. Suggesting a date is not possible given the challenges in predicting market recovery. The working group needs to take advice from house-sellers and valuers. The need on one hand to ensure that the market has sufficiently recovered not to be setback by any regulation, and on the other hand to provide certainty for homeowners and the sector on a date, suggests caution with the date is necessary.

34. (a) In Section 3.4 we describe the range of legislative and policy levers that we believe are available to help us transform the financial market such that it values warm, high quality, low carbon homes. Do you agree that this is the full range of levers?

Yes  No

34. (b) Can you suggest any other ways to help transform the market for more energy efficient, sustainable homes?

N/A

35. What changes would be required to current survey and lending practice to enable mortgage lenders to take account of the income from new technology or savings on energy bills?

Surveyors and lenders should take into account the long-term benefits of energy efficiency measures and microgeneration in reducing fuel bills and generating income. These should have a material benefit for the affordability of mortgages.

36. Section 3.15 lists a range of challenges that may prevent the benefits of a more sustainable, energy efficient home being fully recognised in its value. What further challenges, if any, need to be addressed?

The list captures the range of challenges.

37. (a) Sections 3.16-3.22 set out the action that Scottish Government is currently developing to encourage greater recognition of the value of sustainable homes. Do you agree that this action is appropriate?

Yes  No

37. (b) What further action is needed to influence consumers and the market?

The majority of the action set out is appropriate. However, given that the new build market is only 0.5% of the total housing stock, it is highly questionable whether further increases to energy efficiency standards for new build housing will really raise cross-market expectations of what should be considered 'normal'.

38. What steps can we take to ensure that we design and develop sustainable neighbourhoods?

Consideration of energy requirements should be embedded in the planning process from the earliest stage. The location of housing developments should take into account the potential to link to or accommodate low carbon energy supplies such as combined heat and power plants, district heating systems or ground source heat. Housing developments which are located near to an existing district heating system should be encouraged and supported to connect with it. Where there is no existing district heating system, consideration should be given to creating one, depending on the scale of the development. The layout of new neighbourhoods must also facilitate the addition of green infrastructure, such as allowing solar panels to be fitted and charging infrastructure for electric vehicles to be introduced.

39. Section 4.10 sets out the main challenges to address in taking forward our aim of new build transformation. What further challenges, if any, need to be addressed?

Increasing the utilisation of the available modern construction methods.

40. What action is needed to increase the capacity for developing and bringing to market innovative methods of construction?

See answer to Question 39.

41. What further changes to the operation of the Government's affordable housing supply programme would help to enable it to champion greener construction methods and technologies in the medium term?

In addition to supplying new homes, retrofitting can also play an important role in improving the supply of affordable, greener homes. Encouraging improvements to already existing housing stock which is not currently in use or is falling into disrepair provides another route to champion greener technology while supplying affordable homes.

42. What further action is needed to influence the construction industry to make greater use of innovative methods to deliver more greener new homes?

The construction industry will always be driven by proven profitable methods.

43. (a) Has Chapter 5 of this consultation identified the key challenges to ensuring Scottish companies have the skills to take advantage of the opportunities expected to be on offer?

Yes  No

43. (b) If not, What other challenges are there?

N/A

44. What further action is needed to ensure there is appropriate investment in skills and training to meet these opportunities?

Skills development is a key strategic priority for SCDI's members and one of Scotland's key economic priorities. The skills of college and university leavers are of vital importance in ensuring the housing industry can achieve its potential and maximise its benefit to the Scottish economy.

To be globally successful, Scotland's housing sector will need to further build on its entrepreneurial record. Colleges and universities have an important role to play in encouraging enterprise among the student and graduate population as a whole.

Colleges and universities must also ensure they invest in modern equipment to ensure college leavers and graduates have experience in the operation and use of new workplace technology when entering employment. As part of the wider delivery of skills, institutions should also teach students how to use new equipment in a workplace context and should offer flexible courses, in partnership with employers, in the operation of new technologies.

The Scottish Government's Skills for Scotland and the previous UK Government's Leitch Review both emphasise the need for decisions on investment in skills development and productivity to be based on real and collective industry need. This will require better links between employers and education and skills providers, a simplified and streamlined system of funding and delivery, and information, advice and guidance.

It is essential to ensure that education leavers acquire the necessary work behaviours and analytical, interpretive and interpersonal skills for work, and their skills are utilised effectively by employers. This means long-term employer engagement and industry representation and participation.

Apprenticeships are an essential part of Scotland's housing sector and a big success story for Scotland. SCDI is keen to see continued support and

uptake of apprenticeships in the housing sector. Many businesses, particularly in the housing sector, have been unable to employ as many apprentices as they would like to due to continuing challenges of bank credit raising. The Scottish Government should investigate options available to help support companies to take on apprentices.

Unemployment, particularly youth unemployment, is of great concern to SCDI. We believe the housing sector can play a significant role in tackling unemployment in Scotland. SCDI welcomes the announcement in the Draft Budget of a National Employer Recruitment Initiative to create up to 10,000 opportunities for SMEs to recruit young people. We look forward to further details on the development of this programme and expect it to be particularly relevant to the housing sector.

45. How can the construction industry be made more aware of the potential funding and support for skills and training development opportunities and engage effectively with those providing training to ensure that it meets their current and future needs?

SDS has developed the web portal Our Skillsforce, due to be launched shortly, which will provide one location for employers to find information on the support available for skills and training development opportunities as well as information to help plan for future workforce needs. SCDI recommends that Scottish Government encourages the construction industry to engage with this website.

46. How do we ensure that skills and training opportunities are provided on an equitable basis to all groups in society?

There is a need in schools to ensure that careers advisers are able to advise all young people about the future opportunities in the industry and not just those who might have traditionally entered the industry. There is a risk that negative headlines about the state of the industry obscure these opportunities to careers advisers, young people and parents. A number of construction companies are supporters of SCDI's growing network of Young Engineers and Science Clubs in primary and secondary schools across Scotland and these help to engage young people from a range of backgrounds in society with the house-building industry.

47. Apart from training and skills opportunities are there any other issues that should be addressed to make employment in construction and other industries becomes more representative?

No comment.

48. Please describe any specific difficulties relating to skills and training that apply to those in remote and island areas and your view on how these may be addressed.

Remote and island areas are facing the dual challenge of limited training budgets and a housing stock which is often more difficult to make energy efficiency improvements to, and thus requires more specialist skills. In

addition upskilling the existing workforce can be more difficult if there is no nearby training provider with the correct facilities. Again, the SDS Our Skillsforce website, due to be launched soon, will host pages from all 32 local authorities in Scotland which will detail local skills and employment offers and opportunities, and will be a valuable resource for employers.