

HEAT AND ENERGY EFFICIENCY SCOTLAND

Area Based Schemes Programme Guidance
2024-2025 (ABS 12) to 2026-2027 (ABS 14)



*Removing poor energy efficiency as a driver
for fuel poverty – achieving an EPC rating of
C or better by 2030 for eligible homes*

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Area Based Schemes

1. Background

- 1.1 This document sets out the guiding principles and process for the design and delivery for the Area Based Schemes programme in 2025-26 (ABS 13) until 2026-27 (ABS 14).
- 1.2 The Scottish Government has set fuel poverty targets that by 2040, as far as reasonably practicable, no household in any local authority area in Scotland is in fuel poverty and, in any event, no more than 5% of households are fuel poor, no more than 1% are in extreme fuel poverty and the fuel poverty gap is no more than £250 (in 2015 prices). [Tackling Fuel Poverty in Scotland: A Strategic Approach - gov.scot \(www.gov.scot\)](https://www.gov.scot/resources/documents/2023/04/Tackling_Fuel_Poverty_in_Scotland_A_Strategic_Approach_-_gov.scot)
- 1.3 The Climate Change (Emissions Reduction Targets) (Scotland) Act 2024 also established carbon budgets that will enable a phased reduction in greenhouse gas emissions by 2045. [Heat in Buildings Strategy - achieving net zero emissions in Scotland's buildings - gov.scot \(www.gov.scot\)](https://www.gov.scot/resources/documents/2024/03/Heat_in_Buildings_Strategy_-_achieving_net_zero_emissions_in_Scotland_s_buildings_-_gov.scot)

2. Aims for Area Based Schemes

- 2.1 Energy efficiency improvement is a strategic infrastructure priority for the Scottish Government.
- 2.2 Area Based Schemes contribute to delivering our wider aims as set out in the [Heat in Buildings Strategy](#) and [Fuel Poverty Strategy](#).
- 2.3 These are to ensure:
 - Fewer Scottish households experience fuel poverty and extreme fuel poverty;
 - Energy inefficiency is reduced as a factor in energy costs for Scottish households in or at risk of fuel poverty;
 - More Scottish homes are warm and comfortable;
 - Long term reductions in CO2 emissions and decarbonisation of heat;
 - Improvements in the capacity of the supply chain to deliver domestic energy efficiency retrofits to every community across Scotland;
 - Investment in energy efficiency benefits the local economy and sustainable local economic development;
 - Additional investment in whole house retrofits (as set out in the [Programme for Government in 2020/21](#)).

3. Objectives for Area Based Schemes

- 3.1 The objectives of the Area Based Schemes funded by the Scottish Government, designed and delivered by local councils are to:
 - Provide improvements to private households in or at risk of fuel poverty that

- help to reduce energy usage and costs;
- Support delivery of both the Fuel Poverty and Heat in Buildings Strategies;
- Enable and support eligible homes receiving support from ABS to have achieved an EPC rating equivalent to a C or better by 2030;
- Ensure more fuel poor households benefit from a 'whole house' retrofit that includes provision of zero/low carbon heating measures and microgeneration, where feasible and it will reduce energy consumption and bills, supporting fuel poverty
- Secure Energy Company Obligation (ECO) and other funding/investment to maximise the impact of ABS projects and funding;
- Administer and manage the ABS programme to ensure it is delivered fairly and effectively through transparent, timely and robust processes.

3.2 This guidance continues to reflect the lessons learned from the COVID-19 outbreak and the actions required from government, businesses and individuals during the public health emergency. Councils and local delivery partners should take aim to mitigate the risks to public health from projects. We would also expect councils to continue to consider the well-being and safety of their own staff and those of contractors.

4. ABS Budget allocations for 25-26 (ABS 13) and beyond

4.1 The Fuel Poverty Act (2019) established a new definition for fuel poverty and extreme fuel poverty that is much better aligned with low income, allowing us to better focus on those in greatest need. This impacted the number and characteristics of households identified in fuel poverty/extreme fuel poverty through the Scottish House Condition Survey. The use of estimates for each council area based upon the new definition and a phased redistribution of allocations was agreed by Council Leaders and the Scottish Ministers in 2020.

4.2 The Scottish Government anticipates that ABS grant funding will continue to be allocated to councils using the current funding model, sources for estimates/data and definition of fuel poverty (as was first used in 21-22). We anticipate that the underlying data used in the model will be updated in line with published estimates based upon the Scottish House Condition Survey.

5. Planning, Assessment and Delivery of Local Schemes

5.1 The Scottish Government has indicated that capital funding allocations for individual councils for Area Based Schemes in 25-26 will be similar to those in the 24-25 Budget.

5.2 Councils are requested to provide copies of their ABS proposals, including a completed Section 1 by 31 May. Given that we anticipate providing an offer of grant to the end of June each following year, councils must confirm that relevant contracts will be at tender stage no later than **end September or earlier**.

6. Strategy and priorities in developing Area Based Schemes

- 6.1 The Heat in Buildings Strategy re-confirmed our ambition that all households in fuel poverty would benefit from an EPC C rating by 2030 and EPC B by 2040 (where it is technically feasible and cost effective). In delivering Area Based Schemes, the Scottish Government and councils need to reflect how this will be achieved for households in or at risk of fuel poverty by the end of 2030. This should reflect the needs of local communities as set out in Local Housing Strategies (LHS) and Local Heat and Energy Efficiency Strategies (LHEES).
- 6.2 Local Heat & Energy Efficiency Strategies (LHEES) are at the heart of a place based, locally-led and tailored approach to the heat transition. LHEES Strategies will set out the long-term plan for decarbonising heat in buildings and improving their energy efficiency across an entire local authority area. A statutory duty came into force in May 2022 which required Local authorities to publish LHEES Strategies and Delivery Plans by the end of 2023, and update them on a five year basis.
- 6.3 For each local authority area LHEES will:
- set out how each segment of the building stock needs to change to meet national objectives, including achieving zero greenhouse gas emissions in the building sector, and the removal of poor energy efficiency as a driver of fuel poverty;
 - identify strategic heat decarbonisation zones, and set out the principal measures for reducing buildings emissions within each zone; and
 - prioritise areas for delivery, against national and local priorities.

LHEES includes analysis that helps to identify areas where poor energy efficiency is a driver for fuel poverty. This analysis should be used to help inform the targeting of area based schemes. LHEES also provides information about on and off gas grid properties; potential for heat networks; poor building energy efficiency; mixed-tenure, mixed-use buildings; listed buildings; and buildings in conservation areas.

- 6.4 Previous Area Based Schemes have been highly effective in delivering measures in mixed tenure areas. Councils should aim to work with Housing Associations and other local stakeholders to identify and deliver mixed tenure projects. However councils and other RSLs cannot use ABS funding for measures directly benefitting their own stock.
- 6.5 Councils must clearly target fuel poor areas and households in their ABS plans and proposals, prioritising households in extreme fuel poverty and others in most need of assistance. Local councils are best placed to co-ordinate improvement projects that require consent from multiple property owners, such as households living in flats, tenements, terraced and semi-detached properties.
- 6.6 The Scottish Government encourages local council to extend their area based schemes to benefit everyone living in local communities. ABS schemes and projects can be very helpful in planning and procuring installers to deliver necessary improvements that a wide range of property owners may be able to

benefit from. This can also provide a more cost effective approach to local delivery that enables energy efficiency improvements to be adopted more promptly by householders.

7. Assessment and selection of projects/proposals for funding

Scottish Government funding is provided to support fuel poor households who are owner occupiers or living in private rented accommodation. Proposals should not exclude dwellings on the basis that owner contributions might be required. The choice of area, properties and mix of measures being put forward to meet the funding criteria should reflect the aims of the Heat in Buildings and Fuel Poverty Strategies. <https://www.gov.scot/publications/tackling-fuel-poverty-scotland-strategic-approach/>

- 7.1 Please see the section on 'Evidence in Support of Choice of Area' for more details (27.1). Proposals by councils will be assessed based upon the effectiveness of the targeting demonstrated, as well as for deliverability and value for money.
- 7.2 The Scottish Government make funding contributions to cover the costs of the measure and delivery (as grant-in-kind). This grant contribution will not necessarily cover the full costs of delivery but in most cases will fund the vast majority of the costs.
- 7.3 When considering property owner contributions, councils should continue to be sensitive to the ability of some households to make repayments, secure credit and overall levels of indebtedness (i.e. these are known issues for households in or at risk of fuel poverty). Councils should also be aware that many households are struggling due to cost of living increases and we have seen a significant increase in fuel poverty rates (driven by the increase in energy prices).
- 7.4 Areas should not be targeted solely because of the archetype of the house (e.g. no fines, British Iron and Steel Federation (BISF) etc.). However one of the characteristics in prioritising projects/delivery may be the house type (where this is 'hard to treat' and/or is more expensive to heat due to build type etc.).

8. Additional Reserve Projects

- 8.1 As in previous years, councils will be invited to submit proposals for reserve projects. We strongly encourage all councils to support sustained progress by identifying 'reserve projects' with a value of at least £100,000 in total that could be delivered during ABS14 and ABS15.
- 8.2 In the event that additional funding is available, councils will be invited to begin works to deliver their reserve projects. We would expect proposals for reserve projects to carry forward into following Financial Years.

9. Special Projects

- 9.1 Special project funding cannot be guaranteed unless it is identified as being

part of the LA's proposals for their annual ABS funding allocation.

- 9.2 Special projects are intended to directly tackle fuel poverty by removing poor energy efficiency as one of the drivers, while promoting decarbonisation with the ultimate end of lowering energy costs. We recognise that every project is unique, and will not fit with the usual criteria for ABS. In some exceptional cases the guidance provided by the Scottish Government for schemes may be reviewed and/or relaxed to enable special projects to go ahead.
- 9.3 For example, proposals for special projects could include provision of measures to ineligible properties or to provide non-standard measures (e.g. non-ECO eligible measures or innovative technologies/approaches). Proposals could also include additional enabling measures beyond those set-out in the ABS guidance. We are also keen to receive proposals that would reduce child poverty, help tackle homelessness and/or benefit particularly disadvantaged groups.
- 9.4 Where councils anticipate increased delivery costs due to construction type, this can be proposed as a special project to help maximise take-up and improve value for money. Increases in the average grant-in-kind per property can also be agreed with the ABS Team without the need for a special project.
- 9.5 Given the much higher costs of improving some non-standard construction types, proposals for these types of special project need to strongly demonstrate the benefits from investment. For example, councils should show that they have assessed whether lifetime savings will exceed the installation costs and maximise improvement of all properties of this construction type in their area (i.e. remove the necessity for a further project in future).
- 9.6 Councils can include special projects as part of their annual proposals for ABS funding or separately during the year. However to be considered for current financial year funding, special project applications **must be** submitted **no later than the 30 September**.
- 9.7 Similarly, special projects should be in a position to **commence work within 3 months** following approval. If the project is not able to commence within this period, then the council must provide a detailed explanation along with supporting evidence as to why the project cannot commence within the 3 month period.
- 9.8 In putting forward proposals for a special project, managing agents or delivery partners on behalf of the respective council, are strongly reminded of the need to provide supporting evidence in line with SG ABS guidance. Councils should be aware that a lack of evidence may result in the application automatically receiving a 'C' marking and therefore being rejected.
- 9.9 Where a special project is proposed, councils will need to demonstrate in their application that the following has been considered:
- a special project application **is not required** for projects proposing a solar PV

and battery storage project in off gas households, where the battery being installed has a minimum kWh of 4kWh or more;

- a special project application **needs to be submitted** if the solar PV and battery storage system is under 4kWh and in `off-gas' areas. Evidence of survey on roof angle and orientation as well as pre-installment electricity usage must be provided to determine property suitability;
- solar PV in `on-gas' areas projects will need to show as part of a special project how this can/will be combined with other renewables to reduce energy bills and support use of clean heating (i.e. this has to demonstrate value for money based upon anticipated usage of electricity by households);
- when councils plan to submit proposals to fund the installation of underfloor spray foam insulation, the special project application must demonstrate that it will be delivered and monitored in line with best practice guidance published by the UK Government. The council **will need to confirm** when asked that they have made it clear to each household on the potential risk to their insurance and mortgage, as their providers may have restrictions on this type of installation. The councils **will need to request a household contribution of £500**, this is to ensure that the customer has consumer protection in the event of unexpected, future liabilities.
- **insulation** projects will only be considered if the archetype of the property meets the criteria for non-standard house construction such as Swedish/Canadian timber, Athol Steel, Weir Multicon, BISF, etc...
- proposals are encouraged for other innovative projects such as alternative materials or processes that deliver advantages in terms of increased energy efficiency, improve quality and/or help to reduce costs;
- proposals should confirm how they will ensure that property owners have received appropriate advice and understands the impact of/confirm agreement to install planned improvements;
- specific evidence about how the project will directly benefit households that are in fuel poverty. For example, councils could provide details of individual or household circumstances such as:
 - eligibility for/reliance upon income related benefits;
 - total income/ outgoings and energy costs (e.g. increased costs associated with caring for young children, people with disabilities and/or a long-term health condition);
 - evidence of poor energy efficiency/low EPC ratings;
 - households dependent upon a high-cost heating fuel/type, particularly in rural/off-gas areas;
 - fuel poor households with a pre-payment meter or using electricity as their primary heating fuel;
 - area has a low SIMD ranking;
 - evidence that households have a long-term health condition/disability that is likely to be exacerbated by living a cold home;
 - confirmation that properties are or will be accessed by a homeless person or other disadvantaged households (such as gypsy/travellers, asylum seekers etc.).
- specific technical assessment which sets out the impact of the proposed measures (e.g. improvement in 'u' values, improvement of EPC rating to at least an EPC C, forecasts showing how energy bills are likely to be reduced);

- details of the housing types in scope including archetype and numbers affected by this special project (for example 2 x end terrace, 4 x semi-detached that are of BISF type);
 - demonstrate project deliverability with timescales for each stage of the project, any identified risks and risk treatments (i.e. the retrofit design, identified suppliers and costs, project plans, inclement weather conditions etc.) also provide details on staffing levels delivering the project;
 - if appropriate, explain and show how the project could be scaled up or adopted more widely to benefit similar properties/households across Scotland (e.g. demonstration projects for non-standard build types);
 - if appropriate, demonstrate how the proposal leverages additional investment by property owners and achieves value for money to the public purse;
 - include details of how the project will be monitored including how the outputs and benefits will be evaluated, frequency of collection and method (e.g. type of technical equipment that will be used etc.). If technical equipment is not being used the council must provide further details about how they will determine effectiveness of the installed measures;
 - provide assurances where necessary that the use of public money will meet the test of regularity and propriety (as per the Public Finance and Accountability (Scotland) Act 2000). For example, in some cases it may be appropriate to formalise agreement about the use, rental or sale of a property with the property owner by means of a covenant following completion of the works.
 - wider refurbishment projects that are not primarily intended to enable domestic retrofit or the transition to clean heating will receive a 'C' marking and be rejected;
- 9.10 If councils are proposing to undertake solar PV & battery storage for on-gas properties, they will need to demonstrate that they have undertaken due diligence to demonstrate that the properties in question have been properly surveyed (roof angle and orientation) and electricity usage.
- 9.11 Councils are invited to propose special projects by 30 September to reflect budget availability and will be considered separately on its own merit. Special projects are unlikely to be accepted as a complete replacement for established delivery (i.e. requiring 100% of grant).
- 9.12 Councils must provide monthly progress updates about delivery and the information requested should cover project start dates, any issues affecting the start and completion of the project. Where funding is provided for special projects, councils are required to provide pre and post completion pictures of the special project measures. We also request that details of outputs from special projects are reported by councils as part of their quarterly returns.
- 9.13 Due to Ministerial interest and to reflect the rationale for approving special projects, we will ask councils to provide case studies based upon special projects upon completion and **within in 2 months**. The information gathered helps to determine the impact and value for money achieved by special projects, this helps shape changes to the overall design of the ABS programme.

- 9.14 If further clarity is required, the ABS Special Projects team will provide a clarification. Councils need to respond to these requests for clarification within 14 days. If these are insufficient or are not provided, after 28 days the application will be rejected and will have to be resubmitted. If in any doubt as to whether the proposal is a Special Project, you should contact the Special Projects Team before submitting a formal special projects application.
- 9.15 Any project **not** started within 3 months following approval of the special project application, will be paused and recommenced in the following ABS year. If an extension to the 3-month period is required, councils should contact the Special Project Manager to extend the period.

10. Public Health

- 10.1 In identifying ABS projects, councils will need to consider public health advice and recognise that fuel poor households will often be at a higher risk of illness. Similar risks of severe illness may also affect some workers in the delivery of projects and recognise the impact on their families. Councils must also consider the health risks to households where a member of the household is or is in regular contact with someone at extremely high risk of severe illness.

11. Eligible Measures

- 11.1 Across Scotland, there remain more than 400,000 fuel poor households living in properties with solid or complex cavity walls that are 'hard to treat'. In many cases, improvements to insulation will deliver better long term savings in energy costs and reductions in emissions. Local programmes should therefore continue to have a primary focus on insulation measures and a 'fabric first' approach.
- 11.2 The Scottish Government agrees that more homes across Scotland need to benefit from a **whole house retrofit**. Faster progress in decarbonisation of heating is also needed to progress towards net zero and ensure a just transition. Local ABS schemes should therefore have a secondary **focus on delivering 'zero carbon first'** through renewables, where this is technically feasible and will result in reduced fuel poverty (i.e. lower energy bills).
- 11.3 The Scottish Government will no longer provide public funding for the costs of providing or repairing solid fuel, oil or LPG heating systems. These heating systems are not eligible for Energy Company Obligation (ECO) finance and councils should not include these systems as part of local scheme or project design.
- 11.4 Councils can apply an **uplift in grant for additional zero/low carbon heating or microgeneration measures** per household. This is in addition to the grant-in-kind that can be provided for insulation measures.
- 11.5 In most cases the appropriate heating measure will be an air source heat pump (ASHP) or high heat retention storage heaters (HHRSH).

- 11.6 ABS projects can include micro-generation/renewables where it will significantly reduce fossil fuel usage and household heating costs (e.g. households using solar PV for hot water, secondary heating etc.). All councils can propose special projects that include battery storage where this is combined with micro-generation and will help to significantly reduce household bills (this must be evidenced for on-gas network properties).
- 11.7 Solar PV with 4kWh batteries can be included as standard ABS measures for off-gas grid properties where this increases household resilience (e.g. batteries can operate in 'island' mode in the event of network failure/severe weather).
- 11.8 In areas that are considered to be on-gas, Councils will need to set out what evidence they have/will collect to ensure that this is targeted based upon a) actual household energy usage; and b) will specifically benefit vulnerable households (e.g. low income households using electric heating, carers/family members with disabilities etc.). For example, results from a technical and/or household survey for specific properties.
- 11.9 However research suggests that the return upon from this investment is greater for households relying upon electric heating or with higher daytime energy use (e.g. households with caring responsibilities using medical devices, more frequent need for washing clothes etc.). The Scottish Government would welcome any reporting or data councils can provide on this.
- 11.10 **We encourage councils to target households in fuel poverty whose primary fuel source for heating is electricity.** The prevalence of fuel poverty is higher in remote rural areas, and not all of these households have access to the gas network, with the fuel poverty rate for homes with electricity as their primary heating fuel being higher than those on gas.
- 11.11 Your local authority's LHEES and/or tools, such as Home Analytics, can enable councils to identify potential households that could benefit from measures such as high heat retention storage heaters or Air Source Heat Pumps (as appropriate, to fully insulated homes). Councils in remote rural and island areas can also apply a higher maxima to reflect the additional costs of installation in remote areas. Councils serving these areas can also routinely propose micro-generation and battery measures, if this will provide increased resilience for fuel poor households in exposed locations.
- 11.12 Councils should design projects and select measures with reference to the achievement of national targets for energy efficiency and decarbonisation of heat in buildings. **ABS funding should help secure an EPC rating equivalent to a C or better** by 2030 for all eligible homes. We encourage proposals for low regrets projects that will achieve higher levels of energy efficiency and deliver a whole house retrofit. Significant numbers of domestic properties in Scotland will also need to switch to a low carbon/renewable heating measures. By 2032, our target is to have 35% of heat for domestic buildings and 70% of heat and cooling for non-domestic buildings supplied

using low carbon heat technologies, where technically feasible.

- 11.13 Councils can propose projects that include any ECO eligible measures as part of their main scheme. Proposals for renewable and district heating schemes, as well as for ventilation measures are particularly welcome. Councils do not need to assign the costs of relevant monitoring equipment to enabling funding, where this is being provided as part of a modified PAS2035 approach (as this is a delivery cost). Councils are strongly encouraged to work with installers, energy suppliers and other stakeholders to leverage additional funding and deliver additional measures.
- 11.14 Given the widespread availability of commercial finance and providers, the use of grant funding to replace doors and windows remains **unacceptable** other than where they are a recommended secondary measure related to solid wall insulation. Councils should contact the ABS team for guidance on this. As noted above (contributions) councils are encouraged to take account of individual household circumstances in accessing credit etc.
- 11.15 Councils can offer support for basic loft and cavity measures where ECO finance is unavailable due to the restriction upon blended funding. Councils can consider offering LED bulbs etc. where an EPC indicates that low energy lighting would help to achieve an improved EPC. However in the light of the evidence of diminishing opportunities we ask that any councils seeking to devote more than 5% of their funding allocation to these programmes, to set out a clear and detailed explanation of their evidence and promotion/targeting strategy.
- 11.16 **All properties benefitting from ABS funding must have a pre and post EPC lodged on the EPC register. (Scottishepcregister.org.uk)**
- 11.17 Councils are strongly advised to include the fitting of smoke detectors and alarms as part of their proposals for funding for ABS projects, where the risk of fire may have changed as a result of an ABS funded measure being installed (e.g. battery storage within the property).

12. Extreme Fuel Poverty

- 12.1 The Scottish Government published its Fuel Poverty Strategy in December 2021. This drew upon an analysis of the data we hold about fuel poverty in Scotland to identify the characteristics of those households most likely to be in fuel poverty and most likely to be impacted by each of the drivers of fuel poverty. The full details of this analysis are set out in the supporting technical annex that accompanies the strategy.
- 12.2 Unfortunately there is no single proxy or a simple mechanism for determining extreme fuel poverty. However, low income is a key factor as demonstrated in the box above and in the ability of households to meet the costs of improvements. The Scottish Government aims to target investment to maximise benefits and deliver improvements that are least likely to be achieved without public funding.

12.3 Given the urgent need to make progress and help these households, in the interim, Councils can use the following proxies in providing the higher level of grant- in-kind for households. These are that the household:

- ***is entitled to receive a Winter Heating Payment (formerly the Cold Weather Payment) or has received one in the last twelve months;***
- ***is in receipt of Child Winter Heating Payment;***
- ***has received or has received confirmation that they are eligible for a rebate under the Warm Home Discount scheme during 2025 or 2026.***

12.4 Alternatively some councils may already collect or may wish to collect sufficient information from households to make their own local determination of extreme fuel poverty (rather than using a proxy). Councils should note that fuel costs relative to household incomes should be considered after housing costs have been deducted. Housing costs, fuel costs, benefit income from a care need or disability, or any payments made for childcare costs should also be deducted from income before considering whether a household is below the income threshold in the new definition.

12.5 The remaining adjusted net income must be at least 90% of the UK Minimum Income Standard to be considered an acceptable standard of living with an additional amount added for households in remote rural, remote small town and island areas. If more than 20% of net income is needed, the household is defined as being in extreme fuel poverty.

12.6 The Scottish Government has published research relating to minimum incomes in remote rural, remote small town and island (RRRSTI). [1 The cost of remoteness - reflecting higher living costs in remote rural Scotland when measuring fuel poverty: research report - gov.scot \(www.gov.scot\)](#) We are keen to work with councils to ensure that households in the greatest need receive the right level of support from our schemes.

12.7 The Scottish House Condition Survey highlights the following characteristics of Extreme Fuel Poor Households in 2023:

- As with fuel poverty overall, fuel poverty has a strong association with income. 96% of households with an annual income less than £15,000 were in fuel poverty compared to 58% of households earning between £15,000 and £24,999 annually) .
- The highest rates of extreme fuel poverty are seen in the lowest council tax band. 27% of households with a council Tax Band A were in extreme fuel poverty. By comparison households in council tax band F have a rate of 13%.

Band A	27%
Band B	25%
Band C	18%
Band D	13%

Families have a lower rate of extreme fuel poverty (12%) than both older households (25%) and other households (19%) Source: [Scottish House Condition Survey: 2023 Key Findings - gov.scot](#) Scottish House Condition Survey 2023 (www.gov.scot)

13. Park homes, second and holiday homes

- 13.1 Park homes are eligible only where the council treats them as permanent homes; they are the sole permanent residence of the occupant; and a pre EPC is carried out, the rating of which must G or F, and the post EPC is lodged. Holiday homes, second homes, and individual static caravans, are excluded from receiving support through the ABS programme. Proposals that include tied homes will be considered and assessed as special projects.
- 13.2 Householders offering bed and breakfast accommodation as a business will typically be excluded from ABS funding (e.g. where the property owner is registered as such and/or liable for business rates). Councils should also consider income from regular use of a property as an AirBnB letting or similar, where this regularly exceeds the value of any household contribution being requested. Councils are encouraged to discuss these with their ABS delivery manager.

14. Registered Social Landlords

- 14.1 Registered Social Landlords (RSLs) and/or local authority properties are not eligible for ABS funding. Proportionate sharing of enabling costs, such as scaffolding or preliminary costs, is deemed acceptable. The ABS team will consider proposals to share other relevant costs such as rainwater goods and where a roofline may need to be extended.

15. Private Rented Sector landlords

- 15.1 Private rented properties are potentially eligible for fabric measures provided through ABS projects as grant-in-kind. However in order to be eligible, properties owned by private landlords must meet all regulatory requirements (e.g. repairing standard etc.).
- 15.2 Private rented properties may be eligible for full or partial ABS support, if the landlord has three or less properties in their ownership as a natural individual (i.e. they are owned in a personal capacity, not registered to a business). Private and commercial landlords owning more than four properties are not usually eligible for support without the specific agreement of the ABS Team.
- 15.3 Private Rented Sector Landlord Loans are available to support landlords to install energy efficiency and renewable energy measures. **Up to** £38,500 will be available per property and landlords are able to borrow up £250,000 at any one time, dependent on the number of properties they have available for rent.
- 15.4 Properties which are not occupied must be included in the above numbers but are not usually eligible for grant-in-kind. Properties funded in the 2017/18 or earlier ABS programmes will be disregarded. Councils are responsible for carrying out and ensuring a reasonable check is in place for these criteria. For example a letter from the individual/landlord's lawyer on the number of homes held and any previous ABS grant. This must be available for inspection.

16. Additional resources and leveraged funding

Energy Company Obligation (ECO)

- 16.1 Where possible ABS grant funding should be used to help leverage additional ECO funding from energy suppliers. Blended funding to meet the costs of energy efficiency measures will not be permitted under ECO4. However ECO finance may be available for different measures in the same property (i.e. ECO financing for heating controls, ABS funding for EWI).
- 16.2 The majority of measures funded by ABS remain eligible for ECO finance. In order to maximise access to ECO finance, councils are expected to publish and maintain an up-to-date Statement of Intent for the ECO4 flexible eligibility scheme as a condition of ABS grant funding. Councils must identify how they will leverage ECO finance as a replacement for SG funding or as part of a parallel local scheme.
- 16.3 Councils should seek to recover the full cost of delivering a measure against ECO finance, even if this measure was originally commissioned as part of a wider ABS project. Where measures include PAS 2035 costs, councils may need to apply a charge that reflects any additional costs that have been charged against ABS enabling funding (project management, surveys, scaffolding etc.). Where measures rely upon a certificate provided by the council through flexible eligibility, council may wish to apply an administrative charge to reflect the costs of providing a certificate and verification.

Energy Industry Voluntary Redress Scheme

- 16.4 For information, the Energy Saving Trust distributes payments to charities from energy companies who have breached rules. The funds can pay for anything from making homes more energy efficient, to providing advice that helps consumers keep on top of their bills. Councils and local partners may wish to make applications to the scheme in support of relevant ABS projects. Information on this can be found on the Energy Savings Trust website at the following link:

[Energy Industry Voluntary Redress Scheme - Energy Saving Trust.](#)

17. Publicly Available Standards for Retrofit (PAS 2035 and PAS 2030)

- 17.1 Local authorities are responsible for the planning and management of their Area Based Schemes. This reflects their statutory responsibilities for housing, as well as how grant funding is provided by the Scottish Government and intended to be provided (i.e. as grant-in-kind). Similarly the Scottish Government sets the overall aims and objectives of the programme and is accountable to Parliament for the use of public funds.
- 17.2 Whilst these responsibilities may be delegated, accountability for PAS2035: 2023 compliance is shared by the Scottish Government and local authorities.

17.3 This means that in delivering their ABS projects and local schemes, councils need to clearly demonstrate how the different roles set out in PAS2035:2023 will be applied to their projects and local schemes. We expect councils to develop their ABS project plans and design local schemes on this basis. Further advice about this has been published by the Retrofit Academy:

[Contracting-for-PAS-2035-Compliant-Retrofit-Guidance-for-Local-Authorities-FINAL- 19-08-21.pdf \(retrofitacademy.org\)](#)

17.4 The Scottish Government actively encourages councils to design projects that deliver multiple measures including insulation, zero/low carbon heating and improved ventilation. ABS projects should ensure that householders can benefit from medium- term low carbon improvement plans that provide for a phased implementation of retrofit and advise an appropriate order for implementation, as set out in PAS2035:2023 (Chapter five, section 5.3.3.).

17.5 There is no requirement or expectation that all potential measures identified in retrofit plans will benefit from public funding. Plans should be agreed with the property owner and improvements can be provided in phases.

17.6 In general, the Scottish Government does not support delivery of ABS funded retrofit projects where an installer is solely responsible for all aspects of PAS2035 (e.g. Contractor Led Turnkey Retrofit (CLTR)).

17.7 For ABS funded works, councils must have identified and agreed their approach to PAS2035 compliance with the ABS Team. This needs to reflect the principles of a whole house approach, such as ensuring adequate ventilation, and is broadly compliant with the PAS2035 standard. The ABS team intend to review the cost/benefits of PAS2035/2030 in advance of further changes to these standards.

17.8 We encourage councils to review the PAS 2035 and PAS2030:2023 requirements and consider how best these can be incorporated within their own programmes (e.g. the role of an independent retrofit coordinator). Proposals should identify how these will be procured/ commissioned or otherwise resourced by councils (e.g. as an 'in house' service). Councils are strongly encouraged to consider approaches that will reduce costs (e.g. partnership working across schemes in more remote rural and island areas).

17.9 With changes in ECO financing, the costs of delivering a PAS2035 approach should now be charged to enabling funding. However where this supports deliver of ECO financed measures. **councils/suppliers should seek to recover these additional costs through a higher rate of ECO financing.**

17.10 In most cases, we would expect measures delivered with ABS funding to comply with PAS2030:2023 requirements, not least as these are often a requirement for a guarantee. Where this cannot reasonably be obtained, councils should discuss this with their ABS Delivery Manager and we will seek to identify and share best practice.

18. Property owner contributions and loans

- 18.1 ABS funding is not and should never be provided as a financial grant to private property owners. Grant is provided to councils to enable targeted investment in energy efficiency improvements (as grant-in-kind) and help remove this as a driver of fuel poverty.
- 18.2 Property owner contributions may be requested to meet the costs of energy efficiency improvements, including micro-generation and battery storage measures. These may also be requested to help meet the costs of other works undertaken as part of an ABS project (such as repairs to roofs, shared areas etc.).
- 18.3 Property owners providing a contribution will also potentially benefit from consumer protections if they have helped to fund the cost of improvements.
- 18.4 Scottish Government loans administered by Energy Saving Trust are available to help meet the cost of household contributions. The maximum loan value for energy efficiency measures is £5000 and a further £5000 can be provided to help meet the costs of other repairs.
- 18.5 Councils have discretion to require a property owner contribution as well as to grant an exemption or require a higher/lower contribution.
- 18.6 Property owner contributions should not exceed the anticipated benefits to householders from energy efficiency improvements (e.g. by comparing energy savings against the costs of repaying an interest free loan over ten years).
- 18.7 In determining the level of any contribution requested from property owners, councils should reflect the cost of work and anticipated benefit in terms of energy savings from the improvement.

Property characteristics and asset value

- 18.8 Larger properties will typically be more costly to improve and heat. The property owner will gain a correspondingly larger benefit from improvements and increased asset value of the property. However councils will also need to consider the need to obtain consents in some tenement-type properties (e.g. impact of larger corner flats, end of terrace etc.).

Energy usage and main heating type

- 18.9 Heating costs are generally higher for households that pay energy bills on account rather than direct debit, particularly those with pre-payment meters. Given the current imbalance between gas and electricity prices, properties with electric heating systems are also often more expensive to heat (technologies such as heat pumps can help reduce these costs).
- 18.10 Some households have higher energy bills because of household

circumstances, such as caring responsibilities. Councils should take account of factors such as increased energy usage for washing of bedding/clothes etc. as well as other needs associated with poor health or a disability (medical devices, transport aids etc.)

Low income and financial hardship

- 18.11 Where the property owner is in extreme fuel poverty due to a low income, it is very unlikely that they will have sufficient funds therefore should not have to provide a contribution. Councils can also offer an exemption to property owners where the household is in temporary financial distress and/or unable to meet a credit check requirement for a Loan provided through Home Energy Scotland. Details of proposed contributions should be included in council's ABS proposals and any exemptions provided should be reported to the ABS team.

19. Engagement with Households and consumer protection

- 19.1 In the interest of public health, councils are advised to be mindful of householders who are unable to attend public meetings/community engagements and should be able to provide alternative ways of interaction such as the use of social media and/or online video presentations. As part of their sign-up and engagement processes, Councils must ensure that households are referred to the Home Energy Scotland service and advised about the need to contact their mortgage lender about some types of improvement (e.g. spray foam insulation) .
- 19.2 This is necessary to ensure that householders and landlords have the option of applying for an interest free loan to meet the initial cost of any contribution. Ensuring an effective referral to HES will be particularly important in identifying and supporting people who have reduced income and are facing increased energy costs.
- 19.3 In most instances, we would not expect households to benefit from grant-in-kind from both Warmer Homes Scotland and a local Area Based Scheme. The revised aim of the Scottish Government, as set out in the Heat in Buildings Strategy, is to maximise the number of homes with householders in fuel poverty achieving a level of energy efficiency equivalent to EPC C by 2030 and EPC B by 2040.
- 19.4 Where a fuel poor household lives in a property below this standard, councils can consider offering a further measure through ABS. If a Council considers that a property would benefit from energy efficiency measures available from both schemes, they can also refer the householder for assistance from Warmer Homes Scotland via Home Energy Scotland. Councils should continue to consider overall value for money and effective use of funding in designing and delivering local schemes.

All improvements and/or works funded by ABS must comply with all applicable Building Regulations and Planning requirements. Energy efficiency measures must

be backed by an appropriate guarantee for workmanship and materials (e.g. industry-wide insurance schemes such as those provided by SWIGA or CIGA). Where households are asked for a contribution, these may also provide the basis for consumer protections as set out in relevant regulations [Buying green heating and insulation products: a consumer guide - GOV.UK](#).

20. Installers and suppliers to local schemes

- 20.1 In most cases the energy efficiency measures and works delivered through ABS funding will be provided on behalf of the council by a third party. As noted above, contractors and suppliers appointed to deliver relevant ABS funded measures must meet the standards required to comply with PAS 2030:2023 where this is applicable.
- 20.2 Many of the reported delays to ABS delivery often reflect a delay in procurement or commissioning of a suitable or lack of qualified installers. We are also aware that some delays may result from a lack of capacity by a supplier and clashes due to competing projects (much of the supply chain in Scotland relies upon a relatively small number of larger companies specialising in domestic retrofit).
- 20.3 During 2025-26 councils will be asked to provide updates about procurement and share further information about their contractors. The ABS team will work with officers to identify and help minimise supply chain risks. As noted above, we are keen to confirm details of their Retrofit Co-ordinators, whether internal or sourced externally.

21. Community Benefit

- 21.1 Local schemes should be designed to support the local economy and encourage the use of local installers, where possible, within the framework of procurement legislation and best practice. We anticipate a significant increase in the number of heating and insulation measures being delivered in Scotland to 2030, as well as more generally across Great Britain.
- 21.2 With increased certainty about future grant funding of ABS projects, it is reasonable to **expect larger suppliers to actively promote job vacancies and support apprenticeship opportunities in the local community**. Councils must consider this as a contractual condition in their procurement and commissioning of goods and services. The ABS team will work with councils and suppliers to support the anticipated need for expansion in the workforce and upskilling requirements.
- 21.3 We are aware that some councils are considering innovative ways to strengthen the supply chain, particularly in more remote areas (e.g. 'in house' delivery). These proposals could be considered for ABS grant funding as special projects.

22. Fair Working Practices

22.1 The Scottish Government and COSLA are committed to ensuring Scotland is a fair work country and are joint signatories to the National Performance Framework which includes fair work as a national outcome. Councils should engage in a dialogue with potential suppliers about how they intend to deliver projects to reflect these commitments. Councils and installers will also want to ensure the health and well-being of workers and their families in light of COVID-19 and other public health issues. Sub-contracted businesses and self-employed contractors should also be able to access appropriate support in the event of financial disruption.

23. Children's Rights

23.1 We want to make Scotland the best place in the world for a child to grow up. Recognising, respecting and promoting the rights of children and young people is essential to achieving this. As part of our grant offer we will ask you to demonstrate how your programme will promote and raise awareness of children's rights. You can do this by:

- Digital promotions and following a safe return to work:
- posting a poster in staff room of the council and your contractor
- discussion within a staff meeting for local authority and the contractor
- training event

24. Quality Assurance

24.1 In line with their responsibility for project management and PAS2035 compliance, Councils should provide a statement on quality assurance for its schemes and how this will be ensured. This statement should also explain **how the authority and their installer(s) or managing agent(s) will deal with complaints**. In all cases an independent (from the contractor) clerk of works should be appointed as part of the Quality Assurance process. Monitoring and system manufacturer inspections for ECO or for PAS certification are supplementary and should not replace an independent clerk of works.

24.2 All properties funded by ABS must be improved in compliance with all applicable Building Regulations/Planning requirements. Measures should comply with the requirements and standards to qualify for Energy Company Obligation funding - whether or not this funding is successfully obtained. This should include an appropriate guarantee being offered on completion to the householder.

24.3 In particular if the measure is referred to in PAS it must be carried out to those standards or if not referred to in PAS/BSI standards, then carried out in line with building regulations and any other good practice standards that relate to the installation of the measure.

24.4 In addition to providing an additional level of assurance and feedback about delivery of ABS, we hope that this approach may help with knowledge sharing between councils/projects. The ABS team intend to work with councils in selecting projects to maximise the impact and benefit of these inspections.

We will also welcome any additional requests from councils to use this service, for example some councils have indicated this could be helpful in managing complaints/contract management.

- 24.5 All properties benefitting from an ABS funded measure should receive a post completion visit to improve the use of energy in the home to maximise the benefits of the installation. We continue to require councils to deliver a post install 'after care' pack, including a Dos and Don'ts list which covers maintenance of the installed measure, contacts for issues and how they will receive their guarantees. It should also indicate how clients are supported pre- and post installation (e.g. where a Building Warrant is required and how this will be checked by the local authority).

25. Monitoring and Evaluation

- 25.1 Councils must provide a proposal on monitoring and evaluation, funded from the enabling element of the budget. The purpose of the evaluation will be to provide information on changes in EPC rating, fuel poverty and what potential bill reductions can be achieved and where possible temperature and humidity monitoring, for the measures installed.
- 25.2 The ABS team will continue to work with councils in 25-26 to develop a more standardised approach to evaluation and monitoring of any installed works. Councils should also indicate what technology will be used in monitoring. These findings should be included in annual reports submitted to the Scottish Government.

26. Reporting

- 26.1 The Scottish Government publishes details of the allocations and final outturns (claims) for each council area on our website. The website also provides details of ABS measures delivered per year, as reported by local authorities. , [Area-Based Schemes - gov.scot \(www.gov.scot\)](http://www.gov.scot). The Scottish Government intend to publish additional information from 25/26 onwards, including a summary of council ABS proposals for the year and annual reports where provided.

27. Advice and Assistance to the Householder

- 27.1 Households receiving assistance via ABS **must** be directed to other suitable advice and support networks. This can be Home Energy Scotland or another agency providing a similarly expert level of advice – however only HES provides direct access to Scottish Government loans and Warmer Homes Scotland referrals. Proposals and project applications should indicate which organisation will provide this.
- 27.2 **Households should always be advised and/or directed to HES who can provide advice on interest free loans to help meet household contributions.** For similar reasons, we strongly advise that Councils include details of their referral process/advice services in their Statement of Intent for

LA flexible eligibility (ECO4) and again, include a referral mechanism to/from Home Energy Scotland.

28. Evidence in Support of Choice of Area

28.1 Councils may submit a broad range of evidence in support of the area/measures mix put forward, for example:

EST Home Analytics data model	Local house condition and survey information	Evidence from HEED
Evidence from SIMD and CACI- Lowest 25% of SIMD classification. Council Tax Banding A-C	Evidence from Local Housing Strategy, Local Heat and Energy Efficiency Strategy and Community Planning strategies	Other administrative data on subjects such as child poverty, school meals, Scottish welfare benefit payments, benefits entitlement etc.

The cost of living crisis has resulted in significant numbers of households facing additional economic hardship due to rising prices, loss of income and savings etc. However councils should note that many households in fuel poverty continue to be found within the lowest 25% SIMD areas. The most recent survey data published by the Scottish Government showed that 51% of households in the most deprived areas were in fuel poverty compared to other areas of Scotland (31% respectively). However, councils should note that although some households in fuel poverty are in the most deprived areas, the impact of rising prices may mean that more are now found in less deprived areas.

Councils should note that not all households apply for income related benefits, such as the Pension Credit or universal credit. Councils may have an option to identify households on a low income and at risk of cold as part of their ECO Flex Statement of Intent (SOI).

Each council is advised to have a SOI in place and can get in touch with the ABS team or Mark McArthur at EST with any queries.

We encourage councils to target households in fuel poverty whose primary fuel source for heating is electricity. The prevalence of fuel poverty is higher in remote rural areas, and not all of these households have access to the gas network, with the fuel poverty rate for homes with electricity as their primary heating fuel being higher than those on gas. Using tools, such as Home Analytics, can enable councils to identify potential households that could benefit from measures such as high heat retention storage heaters or Air Source Heat Pumps (as appropriate, to fully insulated homes).

Although living in a property liable for Council Tax Band A-C is a characteristic of most fuel poor households we do not recommend that this is used on its own in targeting areas for ABS projects.

Households in Council tax bands D can be targeted where an EPC indicates an energy efficiency rating band of E, F or G.

We are also open to some flexibility out with bands A-C related to health interventions and individual circumstances. We would expect these to be relatively small elements of any scheme and raised as an exception/proposed as a special project. Please note the guidance elsewhere about preventing the spread of COVID, Influenza and other respiratory illnesses.

Important note: We do not usually expect councils or other social landlords to provide individual evidence of fuel poverty for every household in a selected area. We recognise that it is often necessary to use proxy information to identify low income areas and blend this with other knowledge or data about the housing stock.

We are currently seeking to provide more information to councils about properties in their area where a household on a very low income lives (e.g. a list of addresses of properties where Winter Heating Payment (Cold Weather Payments) have been made or where at least one household would be eligible).

- 28.2 Councils must ensure that in targeting areas, they comply with their public sector equalities duty. Please note that PSED reporting requirements remain in force. Scottish public authorities must have 'due regard' to the need to eliminate unlawful discrimination, advance equality of opportunity and foster good relations. (please see - [The Energy Efficiency \(Private Rented Property\) \(Scotland\) regulations 2020: EQIA - gov.scot](#))

[Public sector equality duty - GOV.UK \(www.gov.uk\)](#)
[Technical guidance on the Public Sector Equality Duty: Scotland | EHRC](#)