

Heat Networks (Scotland) Bill

Equality Impact Assessment – Results

March 2020

Equality Impact Assessment – Results

Title of Policy	Heat Networks (Scotland) Bill
Summary of aims and desired outcome of Policy	<p>Following the passage of the Climate Change (Emissions Reduction Targets) (Scotland) Act 2019, Scotland has set a statutory target for net-zero greenhouse gas emissions by 2045, with interim emissions reductions of 75% (by 2030) and 90% (by 2040).</p> <p>This move follows the First Minister’s recognition of a global climate emergency. In response, the Scottish Government set out the initial action it would take, as part of the Programme for Government 2019-2020.</p> <p>These commitments included the introduction of a Heat Networks (Scotland) Bill in 2020. Heat networks are a form of infrastructure that consists of pipework, through which heated water or steam provides heating (and hot water) to buildings. Heat networks are generally more efficient than individual gas boilers and can also be run from a range of sources, including renewable technologies such as heat pumps or solar thermal. As such, heat networks have the potential to reduce – or remove – the emissions caused by heating our buildings.</p> <p>The Bill aims to contribute to Scotland’s climate change targets by increasing the number and scale of heat networks in Scotland, by:</p> <ul style="list-style-type: none"> • Creating a Heat Networks Licensing system to ensure that those developing and operating the infrastructure are suitable to do so. A Licensing Authority will administer and enforce the system; • Creating a Heat Network Consent system to ensure that local factors and assets (such as fuel poverty, or waste heat sources, respectively) are considered before approving new developments; • Enabling the identification of Heat Network Zones – those areas where a heat network is the appropriate heat decarbonisation solution; • Enabling the award of long-term but time-limited Heat Network Zone Permits – an exclusive right to operate a heat network to a single organisation within a Heat Network Zone;

	<ul style="list-style-type: none"> • Provide heat network operators with a right (akin to a necessary wayleave) to have a physical connection (but not a contractual agreement to sell/buy heat) between the infrastructure and certain buildings with high heat demand within a Heat Network Zone; • Conferring new rights on Heat Networks Licence Holders to facilitate the development and maintenance of the infrastructure; • Introducing Transfer Schemes to provide a ‘Supplier of Last Resort’ and a means to fairly re-tender Heat Network Zone Permits; and • Requiring public sector building owners to assess the potential for their estate to connect to a heat network, in order to increase the robustness of Heat Network Zones. <p>Through these measures, the Scottish Government expects to:</p> <ul style="list-style-type: none"> • attract greater investment in heat networks; • increase consumer and supply chain confidence in this emerging market; and • reduce fuel costs for households and businesses, thereby contributing to Scotland’s statutory targets to eradicate fuel poverty and making our businesses more competitive.
<p>Directorate: Division: Team</p>	<p>Directorate for Energy and Climate Change Consumers and Low Carbon Division Heat Strategy Unit</p>

Executive Summary

1. This Equality Impact Assessment (EQIA) has considered the potential impacts of the Heat Networks (Scotland) Bill ('the Bill') on the protected characteristics under the Equality Act 2010 of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, and sexual orientation.
2. Evidence of the impact of the Bill's proposals was gathered from responses to two consultations on proposals for heat network regulation which asked specific questions in relation to the impact on equalities. Evidence was also gathered on all aspects of the Bill in a face-to-face evidence-gathering session with a range of equality groups that represented each of the protected characteristics.
3. The EQIA has helped the Scottish Government to consider the potential impacts of the Heat Networks (Scotland) Bill on people who share the protected characteristics: age, disability, sex, gender reassignment, sexual orientation, race and religion or belief.
4. No significant gaps were identified in relation to the proposals, with the exception of the protected characteristics relating to gender reassignment, sexual orientation and pregnancy and maternity where there is no data available to suggest whether the proposed legislation would have any effect on individuals.
5. It was assessed that the Bill will provide an overall positive, or no impact, on those with protected characteristics. The EQIA has not identified any Bill provision that would either directly or indirectly have a discriminatory impact on any of the protected characteristics in relation to equalities. No objection has been raised to the proposals from any group.
6. Although concerns have been raised over the fact that there is currently no statutory protections for consumers in this market, the Scottish Government have found that the overall aims and expected outcomes of the Bill will have a positive impact on those groups with protected characteristics in comparison to the scenario with no regulation. In particular, the ability for heat networks to bring about energy savings and therefore help eradicate fuel poverty are thought to bring positive impacts.
7. The introduction of the Heat Networks (Scotland) Bill is only the first step. As we move into subsequent stages, we will continue to engage with our stakeholders to develop secondary legislation. This will allow us to ensure that the Bill meets a full range of needs and can be adapted where necessary.
8. The EQIA will be kept under regular review, with any new evidence analysed as it becomes available to monitor the ongoing impact of the Bill on those with protected characteristics.

Background

9. The Committee on Climate Change (CCC) published advice on 2 May 2019 recommending a new emissions target for Scotland of net-zero greenhouse gases. The CCC's Report found that "an overhaul of the approach to low-carbon heating and energy efficiency is needed" within the UK by 2045.

10. The Scottish Parliament has since passed the Climate Change (Emissions Reduction Targets) (Scotland) Act to set a net-zero target for 2045 and increase the targets for 2030 [to 75%] and 2040 [to 90%], while the First Minister has declared that we are facing a global climate emergency.

11. Reducing and removing the emissions caused by heating our homes and other buildings will be a major challenge in achieving our climate change targets.

12. The Scottish Government's Programme for Government 2019-2020 set out a range of commitments which formed part of our initial response to the global climate emergency.

13. This included a commitment to introducing a Heat Networks (Scotland) Bill during 2020. Heat networks are a form of infrastructure where heat, in the form of hot water or steam, is delivered to homes and businesses through pipework. Heat networks are generally more efficient than individual gas boilers, and the hot water or steam can also be heated by renewables. As such, heat networks can reduce – or remove – the emissions caused by heating our buildings.

14. Heat networks are a proven solution – with some European cities, such as Copenhagen and Amsterdam supplied on a large-scale. Meanwhile, in Scotland, there are an estimated 830 heat networks, serving over 23,500 homes and over 2,000 non-domestic buildings.

15. The Scottish Government therefore believes that there is a clear role for heat networks to play in the decarbonisation of heat. This is supported by the CCC, who has advised the Scottish Government to focus on accelerating the deployment of heat networks, with estimates that the sector could grow to meet around 7% of our heat demand in future.

16. Recent research by Scottish Renewables¹ highlighted the latent potential of the heat networks market in Scotland, with a sample of 46 projects able to save 100,000 tonnes of carbon per year, if using low-carbon sources from day one.

17. The Heat Networks (Scotland) Bill aims to unlock this potential, thereby contributing to our climate change targets. Given that heat networks can reduce fuel costs in the right circumstance, the growth of the sector can also contribute to our statutory climate change targets.

¹ [Piping Hot: Building Heat Networks to Tackle the Climate Emergency](#), Scottish Renewables, November 2019.

18. The provisions of the Bill have been informed by extensive engagement with stakeholders, including through two consultations^{2 3} and the formation of the Heat Networks Regulation Working Group in May 2019.

19. The Bill aims to overcome two key challenges to the deployment of more heat networks in Scotland:

- Attracting greater investment in the sector by reducing the risk involved in developing and operating heat networks; and
- Providing greater confidence in, and awareness of, heat networks amongst both consumers and the supply chain.

20. The Bill will do this by:

- Part 1 which makes it an offence to operate a heat network without a relevant licence. The licensing system would be administered by a Licensing Authority.
- Part 2 which makes it an offence to construct or operate a new (or extended) heat network without the consent of the Scottish Ministers.
- Part 3 which places a duty on local authorities to consider undertaking the designation of Heat Networks Zones – those areas most suited to a heat network. Local authorities are not required to undertake this process, only to consider it, and they may direct the Scottish Ministers to do this on their behalf.
- Part 4 which enables a permit to be required to operate a heat network in a certain Heat Networks Zone. These would be awarded via competition to a single, winning bidder thereby providing ‘exclusivity’ for a number of years.
- Part 5 which places a duty on public sector building owners to undertake an assessment of the suitability for its estate to connect to a heat network, and to provide this to the relevant local authority and the Scottish Ministers for the purposes of Heat Network Zoning and for encouraging connection of public sector buildings to heat networks.
- Part 6 which provides Heat Networks Licence holders with rights in relation to land and roads in order to install and maintain equipment. This part also provides compulsory purchase powers and ‘network wayleave rights’ in order to enable a connection to non-domestic buildings, and binds successive land owners.

² [Consultation on Heat and Energy Efficiency Strategies, and Regulation of District Heating](#), the Scottish Government, 24 January 2017.

³ [Scotland’s Energy Efficiency Programme: Second Consultation on Local Heat & Energy Efficiency Strategies, and Regulation of District and Communal Heating](#), the Scottish Government, 14 November 2017.

- Part 7 which obligates heat network operators to agree a scheme for transferring the rights to use the heat network assets to the Scottish Ministers in order that they can ensure continued operation in the event of revocation of e.g. licence revocation or liquidation.
- Part 8 which makes miscellaneous provisions, such as in regards to Crown application and commencement of the Bill.

The Equality Impact Assessment (EQIA)

21. Equality is about creating the kind of society that we want to live in – one without prejudice and discrimination, free from sectarianism and hate crime, where people have the opportunity to achieve their potential, to contribute to the economy and to fully participate in society. The EQIA allows us to look at how this Bill impacts on people and is an opportunity to promote equality. The EQIA helps us to meet our legal duty under the Equality Act 2010 and deliver the Scottish Government’s business strategy.

22. This EQIA is being undertaken on the introduction of the Heat Networks (Scotland) Bill.

23. The EQIA is being undertaken in accordance with Section 5 of the Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012.

The Assessment Process

24. In line with requirements of the 2012 Regulations, the Scottish Government undertook a three-stage process in developing the EQIA:

- Stage 1: Framing
- Stage 2: Data and evidence gathering, involvement and consultation
- Stage 3: Assessing the impacts and identifying opportunities to promote equality

Stage 1

25. A framing exercise was carried out by the Scottish Government to consider issues that might arise from a policy. The framing exercise raised a number of points:

- The Bill could impact on a high percentage of Scotland’s population, especially older people or those experiencing poverty, where it is suggested that these groups would spend more prolonged periods at home and have a higher likelihood of experiencing fuel poverty.
- Heat networks can bring benefits to homes and businesses, but communications in relation to the Bill must be accessible to ensure that all can understand the objectives of the Bill. Other means of communication will be used to engage groups of different ages and income, some of whom may not be familiar with the internet or have limited access.

- The Bill could also impact on businesses, and business owners could at times face disruption which could carry a financial cost.
- Heat network businesses may also need to expand their workforce and this, in turn, could mean an increase in costs. Any localised skill shortages could potentially increase system costs, affect quality of installations and damage customer confidence. This in turn, could lead to local employment and economic benefits being missed.
- Retrofitting heat networks can cause additional disruption (although this may be less than for the retrofit of other heating systems). Disruption may have a higher impact, in particular, on older householders, those with disabilities or those that are expecting or have young children. This means that these types of households may require additional support throughout the entire process. Disruption could also impact on business owners which could carry a financial cost.

26. As such, at the completion of Stage 1, the Scottish Government was of the view that a full EQIA was required.

Stage 2

27. At Stage 2, the Scottish Government considered evidence about the potential impacts on people in regards to the following characteristics:

- Age
- Disability
- Sex
- Gender reassignment
- Sexual orientation
- Race
- Religion or belief
- Pregnancy and Maternity

28. The Scottish Government consulted with various groups during previous consultations. These included representatives from various sectors including:

- Environmental and Energy Sector
- Local authorities
- Social landlord representative bodies
- Advice and information bodies
- Stakeholder groups
- Building and construction sector

29. As well as this, the Scottish Government invited a range of equality groups that represented each of the protected characteristics to a joint Equality and Fairer Scotland consultation event in November 2019.

30. It should be noted that attendance at this event was limited, with only the following organisations being represented: Energy Action Scotland; West of Scotland Regional Equality Council; CEMVO Scotland; Change Works; 2050 Climate Group and University of Edinburgh (Department for Social Responsibility and Sustainability).

31. However, this evidence was supplemented by consultation events held by the Scottish Government across the six Island Local Authorities which experience high levels of fuel poverty, as part of the Island Communities Impact Assessment (ICIA).

32. The Scottish Government also gathered quantitative data from:

- the Scottish House Condition Survey (SHCS) 2018⁴
- the Scottish Household Survey 2018⁵
- the 2011 census
- the National Record of Scotland Mid-Year Population Estimates, 2018⁶
- the BEIS Heat Networks Consumer Survey⁷
- the Heat Policy Statement EQIA⁸
- the KPMG research⁹
- evidence gathered by EST

33. It was found at this stage that heat networks are most-suited to population- and heat-dense areas, and that it is therefore more likely that those living in urban areas will be affected by the Bill.

34. Following the implementation of the Bill (particularly provisions in relation to Heat Networks Zones, Heat Network Consent, and Heat Network Zone Permits), it will become clearer where heat networks are likely to emerge and in what circumstances. In turn, there will be greater clarity over those who are more likely to be affected by the provisions of the Bill, and the extent to which they will be affected, at that time.

35. As such, Stage 2 found that the Heat Networks (Scotland) Bill has the potential to affect any existing domestic and non-domestic building owner (as well as those living in and using our buildings), regardless of the characteristics listed above.

⁴ [Scottish house condition survey: 2018 key findings](#), the Scottish Government, 21 January 2020

⁵ [Scottish household survey 2018: annual report](#), the Scottish Government, 10 September 2019

⁶ [Mid-year Population Estimates Scotland, Mid-Year 2018](#), National Records of Scotland, 25 April 2019.

⁷ [Heat Network Consumer Survey: Results Report](#), the Department for Business, Energy and Industrial Strategy, 7 December 2017.

⁸ [Heat Policy Statement: Equality Impact Assessment](#), the Scottish Government, 2 July 2015.

⁹ [Scottish Government Evidence Gathering Report: Evidence assessment for the implementation of heat networks regulation in Scotland](#), KPMG 13 December 2019

Stage 3

36. The Scottish Government proceeded to assess the impacts of the Bill, and to identify the opportunities to promote equality that it provided.

37. The results of this assessment are at **Annex A**.

Conclusion and Mitigating Actions

Have positive or negative impacts been identified for any of the equality groups?	The EQIA has identified a range of potentially positive and negative impacts on the introduction of the Heat Networks (Scotland) Bill under the following protected characteristics - age, disability, race, religion and belief. These are detailed at Stage 3 (see Annex A).
Is the policy directly or indirectly discriminatory under the Equality Act 2010?	There is no evidence that the policy is directly or indirectly discriminatory under the Equality Act 2010.
If the policy is indirectly discriminatory, how is it justified under the relevant legislation?	N/A
If not justified, what mitigating action will be undertaken?	N/A

38. The EQIA has helped to inform the development of all aspects of the Bill and will be taken into consideration during the preparation of regulations resulting from the Bill.

39. The specific input of equalities organisations through consultation and engagement has been valuable in raising the overall awareness and understanding of the key issues affecting a wide range of diverse groups and individuals.

40. The impact of the Bill on the protected characteristics has been considered as a result of the assessment. Changes are not proposed to the provisions of the Bill. Throughout the parliamentary passage of the Bill and beyond, the Scottish Government will continue to work with local authorities and other bodies to support the delivery and implementation of each topic and consideration of the impact on equalities.

41. However, through the EQIA, the Scottish Government has identified that those with the protected characteristics of age and disability may be disproportionately disadvantaged by the disruption that can be caused by the installation of heat networks. **During the development of the subsequent regulations, the Scottish Government will actively consider whether provision can be made to minimise or mitigate this.**

Stage 3: Assessing the impacts and identifying opportunities to promote equality

Do you think that the policy impacts on people because of their age?

Age	Positive	Negative	None	Reasons for your Decision
Eliminating unlawful discrimination, harassment and victimisation			X	The Heat Networks (Scotland) Bill has, after consultation, been developed in such a way that it will not create unlawful discrimination related to age.
Advancing equality of opportunity	X	X		There could potentially be positive and negative impacts on older people. The evidence suggests that older people spend more prolonged periods of time in their home and that heat networks can provide energy savings. However, disruption can be caused in the home or in the surrounding area when heat networks are being installed.
Promoting good relations among and between different age groups			X	The Heat Networks (Scotland) Bill is unlikely to impact on the promotion of good relations between different age groups.

Do you think that the policy impacts disabled people?

Disability	Positive	Negative	None	Reasons for your Decision
Eliminating unlawful discrimination, harassment and victimisation			X	The Heat Networks (Scotland) Bill has, after consultation, been developed in such a way that it will not create unlawful discrimination related to disability.
Advancing equality of opportunity	X	X		There could potentially be positive and negative impacts on people with disabilities. Disabled people may spend significant amounts of time at home and evidence shows that heat networks can provide energy savings. However, disruption can be caused in the home or in the surrounding area when heat networks are being installed.
Promoting good relations among and between disabled and non-disabled people			X	The Heat Networks (Scotland) Bill is unlikely to impact on the promotion of good relations between disabled and non-disabled people.

Do you think that the policy impacts on men and women in different ways?

Sex	Positive	Negative	None	Reasons for your Decision
Eliminating unlawful discrimination			X	The Heat Networks (Scotland) Bill has, after consultation, been developed in such a way that it will not create unlawful discrimination related to gender.
Advancing equality of opportunity	X			The evidence shows that households headed by women are more likely to be experiencing fuel poverty than those headed by men. For women (and men) living in fuel poverty, potential energy savings from having a heat network installed in the home would bring about a positive impact.
Promoting good relations between men and women			X	The Heat Networks (Scotland) Bill is unlikely to impact on the promotion of good relations between men and woman.

Do you think that the policy impacts on women because of pregnancy and maternity?

Pregnancy and Maternity	Positive	Negative	None	Reasons for your Decision
Eliminating unlawful discrimination			X	The Heat Networks (Scotland) Bill has, after consultation, been developed in such a way that it will not create unlawful discrimination related to pregnancy and maternity.
Advancing equality of opportunity			X	The Scottish Government is unaware of any relevant and existing evidence, at this time, on pregnancy and maternity in relation to the policy. The consultation did not suggest that any disproportionate effects will be had by pregnant women.
Promoting good relations			X	The Heat Networks (Scotland) Bill is unlikely to impact on the promotion of good relations between pregnant woman and other people.

Do you think your policy impacts on transsexual people?

Gender Reassignment	Positive	Negative	None	Reasons for your Decision
Eliminating unlawful discrimination			X	The Heat Networks (Scotland) Bill has, after consultation, been developed in such a way that it will not create unlawful discrimination related to gender reassignment.
Advancing equality of opportunity			X	The Scottish Government is unaware of any relevant and existing evidence, at this time, on the gender reassignment protected characteristic in relation to the policy. The consultation did not suggest that any disproportionate effects will be had by transgender people.
Promoting good relations			X	The Heat Networks (Scotland) Bill is unlikely to impact on the promotion of good relations between transgender people and others.

Do you think that the policy impacts on people because of their sexual orientation?

Sexual Orientation	Positive	Negative	None	Reasons for your Decision
Eliminating unlawful discrimination			X	The Heat Networks (Scotland) Bill has, after consultation, been developed in such a way that it will not create unlawful discrimination related to sexual orientation.
Advancing equality of opportunity			X	The Scottish Government is unaware of any relevant and existing evidence, at this time, on the sexual orientation protected characteristic in relation to the policy. The consultation did not suggest that any disproportionate effects will be had by people due to their sexual orientation.
Promoting good relations			X	The Heat Networks (Scotland) Bill is unlikely to impact on the promotion of good relations between people of different sexual orientation.

Do you think the policy impacts on people on the grounds of their race?

Race	Positive	Negative	None	Reasons for your Decision
Eliminating unlawful discrimination			X	The Heat Networks (Scotland) Bill has, after consultation, been developed in such a way that it will not create unlawful discrimination related to race.
Advancing equality of opportunity	X			There could be potentially a positive impact on people on the grounds of their race. Evidence suggests that BME people are largely concentrated in urban areas. Heat networks are most cost effective in areas with a large anchor load making largely concentrated urban areas the ideal location for the deployment of heat networks. The cost saving benefits are therefore likely to be seen by BME people living in Scotland.
Promoting good race relations			X	The Heat Networks (Scotland) Bill is unlikely to impact on the promotion of good race relations.

Do you think the policy impacts on people because of their religion or belief?

Religion or Belief	Positive	Negative	None	Reasons for your Decision
Eliminating unlawful discrimination			X	The Heat Networks (Scotland) Bill has, after consultation, been developed in such a way that it will not create unlawful discrimination related to religion or belief.
Advancing equality of opportunity	X			There could potentially be positive impacts on people from different religious backgrounds. The consultation found that religious communities may be interested in having their own heat network schemes using their place of worship as an anchor load. They could therefore benefit from potential energy savings which would bring about a positive impact.
Promoting good relations			X	The Heat Networks (Scotland) Bill is unlikely to impact on the promotion of good relations among people of religion and belief and others.

Do you think the policy impacts on people because of their marriage or civil partnership?

Marriage and Civil Partnership¹⁰	Positive	Negative	None	Reasons for your Decision
Eliminating unlawful discrimination				N/A as per reference 10 below.

¹⁰ In respect of this protected characteristic, a body subject to the Public Sector Equality Duty (which includes Scottish Government) only needs to comply with the first need of the duty (to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010) and only in relation to work. This is because the parts of the Act covering services and public functions, premises, education etc. do not apply to that protected characteristic. Equality impact assessment within the Scottish Government does not require assessment against the protected characteristic of Marriage and Civil Partnership unless the policy or practice relates to work, for example HR policies and practices.

Authorisation of EQIA

Please confirm that:

- ◆ This Equality Impact Assessment has informed the development of this policy:

Yes No

- ◆ Opportunities to promote equality in respect of age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation have been considered, i.e.:

- Eliminating unlawful discrimination, harassment, victimisation;
- Removing or minimising any barriers and/or disadvantages;
- Taking steps which assist with promoting equality and meeting people's different needs;
- Encouraging participation (e.g. in public life)
- Fostering good relations, tackling prejudice and promoting understanding.

Yes No

- ◆ If the Marriage and Civil Partnership protected characteristic applies to this policy, the Equality Impact Assessment has also assessed against the duty to eliminate unlawful discrimination, harassment and victimisation in respect of this protected characteristic:

Yes No Not applicable

Declaration

I am satisfied with the equality impact assessment that has been undertaken for the Heat Networks (Scotland) Bill and give my authorisation for the results of this assessment to be published on the Scottish Government's website.

Name:



Sue Kearns

Position:

Deputy Director Consumers and Low Carbon

Authorisation date:

14 February 2020



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