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Report on the Draft Climate Change Plan - the Draft Third Report on Policies and Proposals 2017-2032



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Local Government and Communities Committee

To consider and report on communities, housing, local government, planning and regeneration matters falling within the responsibility of the Cabinet Secretary for Communities, Social Security and Equalities.



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Summary of recommendations and conclusions

Recommendations

Scrutiny timetable

The Committee recommends that the Scottish Government should review the time available for parliamentary scrutiny and use the opportunity afforded by the forthcoming Climate Change Bill to either remove the fixed period or extend the current 60 day restriction.

The Committee sees merit in considering whether a date for the Plan's publication should be set in statute, to provide certainty for Committees and stakeholders, as well as maximise the time available for scrutiny.

Local Government

The Committee recognises the important role that local government plays in the delivery of many areas in relation to climate change abatement and the need to consult with local authorities on the policy development aspects of the Plan.

The Committee notes the challenges faced by local authorities in the current financial climate and requests further information on how the Scottish Government will work with and resource local authorities in their delivery of the Plan.

The Committee seeks further information on how the Scottish Government will work with local authorities to ensure that climate change leadership is developed and promoted within local government.

Energy use and the public sector

The Committee is concerned at the lack of detail on how the public sector will be adequately equipped to contribute to the ambitious target for the services sector. The Committee recommends that more specific information on how this target will be met should be included in the final version of the Plan.

Procurement

The Committee welcomes the Scottish Government's commitment to promoting energy efficiency best practice in relation to public procurement and would welcome further information on how it will work with and encourage local authorities to ensure that climate change considerations are built into their procedures and practices for procuring goods and services.

Communities

The Committee agrees that the Plan is light regarding information on the contribution that communities and the community empowerment agenda can play in climate change abatement. It was concerned by comments raised in relation to the involvement of

communities in the development of the Plan and believes that this is a missed opportunity. The Committee further believes that the role of the community sector should be reflected in the final version of the Plan.

The Committee welcomes the Climate Challenge Fund as a mechanism for funding community led programmes. However, the lack of information on how this fund will be financed going forward makes it difficult to assess how it will contribute to climate change abatement.

The Committee would also welcome further comment on what mechanisms or funding the Scottish Government will use to drive behaviour change in those communities where climate change is a lower priority.

Planning

The Committee agrees with witnesses that the lack of information on specific policies in relation to planning makes it difficult to undertake detailed scrutiny in this area. However, it is aware that this detail may be brought forward following the outcome of its current consultation on the planning process. The Committee requests that the Scottish Government brings forward more detailed policy and proposal information at the earliest opportunity.

Improving community involvement in planning decisions

The Committee agrees with the views of witnesses around the benefits of involving communities in the planning process from the outset and the need to join up local community planning, spatial planning processes and strategic planning decisions.

The Committee is disappointed with the lack of information in the Plan on community involvement in the planning process and believes that this is a missed opportunity. We believe that using this approach would allow for a more bottom up approach to planning and ensure the community plays a vital part in the services in their local area and how they affect climate change.

The Committee recommends that more information on community involvement in the planning process should be included in the final version of the Plan and that the Scottish Government should take these views into account as part of its ongoing planning review.

Active and sustainable travel

The Committee is disappointed that there is a lack of information in the Plan on how the planning system can contribute to a modal shift away from single vehicular use to more sustainable and active forms of travel. The Committee would welcome an update in the final version of the Plan and also how this will be taken forward in the current planning review.

The Committee also feels that more emphasis should be given to how the planning system can contribute to behaviour change and active and sustainable modes of travel in the transport section of the Plan and recommends that this section is updated to reflect this important area.

Use of brownfield sites

The Committee was again disappointed to see a lack of information on how the planning system could be used to protect green space land and direct development on to brownfield sites.

The Committee recommends that the final version of the Plan should set out how the Scottish Government will use the planning system to encourage the development of brownfield sites and protect green space.

Section 72 of the Climate Change (Scotland) Act 2009

The Committee notes that that a view will be taken on whether this requirement should be removed or altered following consultation.

The Committee requests that, following consultation and review, the Scottish Government provides the Committee with a full update on the decision taken, including detail on all considerations taken in reaching this view and the consequences of the outcome.

Resourcing

The Committee was concerned with the evidence regarding resourcing issues in planning and would welcome further information on how the Scottish Government will work with local authorities to ensure planners and key decision makers have the right skills to ensure that climate change impact is properly considered in decisions relating to planning.

Scottish Energy Efficiency Programme

The Committee notes that the Scottish Government's strategic documents on the residential sector are interlinked and are key to the Scottish Government achieving its emissions reductions targets set out in the draft Plan. Given the importance of these documents in relation to the draft Plan, the Committee is disappointed that these were not consulted on and finalised in time for it to consider as part of its scrutiny of the draft Plan.

The Committee is concerned that, given these key documents were not available during its scrutiny, it was constrained in its ability to undertake a comprehensive assessment of the appropriateness and robustness of the Scottish Government proposals and policies within the housing sector as part of its scrutiny.

The Committee believes that the Scottish Government must ensure that a strategic approach across all policies is adopted and recommends that the Scottish Government ensure that strategic policy documents are interlinked and a read-across exists between these future publications and the final Plan.

Priorities for SEEP

The Scottish Government may wish to consider the views expressed in the section of this report entitled "Priorities for SEEP" during the development of SEEP.

EPC rating accuracy

The Committee believes that there is a need for a more accurate and consistent EPC system and welcomes the Scottish Government's work in this area. The Committee requests an update on the current status of this work from the Scottish Government as it intends to have an ongoing interest in this area

Regulation of Existing Housing

The Committee agrees with the view expressed that the lack of transfer of regulation in the private residential sector from a proposal to a policy, between RPP2 and RPP3 is disappointing and shows slow progress. However it welcomes the Minister's commitment to consulting on the private rented sector in March 2017 and to provide a timeline for consulting on the owner-occupied sector. The Committee seeks an explanation as to why progress in this area is slow.

Policy Outcome 1

Home Energy Efficiency Programmes for Scotland (HEEPS)

The Committee notes that witnesses were all supportive of the area-based approach taken to HEEPS but was concerned that there is a lack of information on how the programme will be funded post-2021. Given the ambitious figures presented for the number of installations expected to take place going forward, the Committee would welcome further detail on this final version of the Plan.

Smart meters

The Committee recommends that further details of the implementation of the roll out of smart meters be included in the final Plan.

Building regulations

The Committee believes that energy efficiency standards for existing homes should be addressed as a priority.

The Committee also welcomes the proposal to review energy standards within building regulations with a view to achieving zero carbon homes across Scotland by 2050. The Committee encourages the Scottish Government to ensure that there is an appropriate lead in time for any such changes.

Policy Outcome 2 - credibility of the target

The Committee has concerns with Policy Outcome 2 given that its progress is concentrated between 2025 and 2032 and the proposal identified appears to be significantly reliant on decisions of the UK Government on the gas network in the delivery of carbon savings in the residential sector. The Committee believes that there is a risk that targets may not be met due to a lack of policy information in early years and a reliance on new technologies. The Committee believes that there should be further information on the Scottish Government's plans to decarbonising the residential sector in the final version of the Plan.

Consumer behaviour, energy advice and information

The Committee welcomes the Scottish Government's ambitious targets in the residential sector although notes that achieving this will require consumer behavioural change, energy advice and information and potentially regulation in order to achieve these targets.

Conclusions

We welcome the Scottish Government's commitment to developing its monitoring and evaluation framework towards meeting its commitments within the Plan, with a view to providing annual summaries from 2018. The Committee recommends that the Environment, Climate Change and Land Reform Committee continues to take a lead role in the scrutiny of the Scottish Government's annual progress in performance against policies and proposals in the Plan, given its over-arching responsibilities in relation to climate change.

The Local Government and Communities Committee however, intends to continue monitoring progress against the policy areas within its remit in relation to climate change on ongoing basis. The Committee therefore requests that the Scottish Government provides it with an annual update on performance on areas specific to its remit, as highlighted in this report, with the potential to schedule further updates as and when required.

Introduction

1. The Committee welcomes the Scottish Government's efforts in setting out its proposals and policies for meeting Scotland's world leading climate change targets for 2017 to 2032 and the publication of the draft Climate Change Plan RPP3.
2. The Committee believes that achieving the emission reduction targets set out in the Climate Change (Scotland) Act 2009, will require an ambitious approach and behavioural change across Scottish society and that local government will be a key player in the delivery of these targets.
3. We acknowledge the difficulties faced by the Scottish Government in setting out proposals and policies so far into the future and recognise the uncertainties involved in considering potential future scenarios across all sectors of Scottish society however the lack of detail in areas such as planning is not helpful.
4. We believe that the timetable for parliamentary scrutiny should be reviewed and that all related strategic documents should be published alongside the draft Climate Change Plan to allow for more effective scrutiny.
5. The Committee looks forward to the publication of the final Climate Change Plan RPP3, which will take into account the comprehensive parliamentary scrutiny undertaken by this Committee and the Environment, Climate Change and Land Reform Committee, Economy, Jobs and Fair Work Committee, and Rural Economy and Connectivity Committee.

Background

6. On 19 January 2017, the Scottish Government published its Draft Climate Change Plan (the Plan) ¹. The Plan provides an update on how the Scottish Government will progress climate change emissions reduction targets of at least a 42% reduction by 2020; and at least an 80% reduction by 2050. This is the third of such reports and it sets out a vision for meeting Scotland's annual emissions reduction targets to 2032.
7. The Local Government and Communities Committee was one of four Committees scrutinising the Draft Climate Change Plan 2017. The other Committees involved in scrutinising the Plan and their focus were as follows—
 - Environment, Climate Change and Land Reform Committee: overview, development of RPP3; climate change governance (including monitoring and evaluation); water; resource use; land use (including peatlands and land use by the public sector); and behaviour change.
 - Economy, Jobs and Fair Work Committee: electricity generation; reducing energy demand; renewable energy (renewable electricity and renewable heat); interconnection; grid issues; and fuel poverty.
 - Rural Economy and Connectivity Committee: rural affairs; agriculture; forestry; and transport.

8.

For more detailed information on the background and development of the Plan, along with information on the TIMES model used to underpin the Plan and plans for monitoring and evaluating the Plan, please refer to the report published by the Environment, Climate Change and Land Reform Committee available here:

<http://www.scottish.parliament.uk/parliamentarybusiness/CurrentCommittees/99752.aspx>

Scrutiny timetable

9. Under the provisions of the Climate Change (Scotland) Act 2009, Parliament has a maximum of 60 days to report on the document.
10. In its report on the Draft Second Climate Change Report on Proposals and Policies in 2013, the Local Government and Regeneration Committee reported that it was hampered in its scrutiny of the report due to the limited time Parliament has to report on the Plan. That Committee recommended that ² —

” ...the Government consider whether it would be possible to involve Parliament and its Committees in the work it undertakes in preparing the draft RPP report which is laid for the 60 day formal consultation now taking place. We note that preparing the draft has involved sharing early drafts with a wide range of bodies’ outwith Parliament, and considers that early involvement would benefit both Parliament and Government.
11. The Scottish Government did not take forward this recommendation and whilst it confirmed that the report would be published in January, it did not confirm a publication date until a week before its laying. This combined with the 60 day deadline for scrutinising the report meant that the Committee was again hampered in its scrutiny and the level of stakeholder engagement that can be undertaken in relation to the Plan, given that it cannot schedule time in its work programme and commence scrutiny until the document has been laid.
12. The timings also mean that stakeholders have very limited time to scrutinise what is quite a lengthy document prior to its engagement with the scrutiny process.
13. The Committee recommends that the Scottish Government should review the time available for parliamentary scrutiny and use the opportunity afforded by the forthcoming Climate Change Bill to either remove the fixed period or extend the current 60 day restriction.
14. The Committee sees merit in considering whether a date for the Plan’s publication should be set in statute, to provide certainty for Committees and stakeholders, as well as maximise the time available for scrutiny.
15. Given the tight timescales referred to above the Committee only had time for two evidence sessions with stakeholders on the Plan. The Committee chose to focus its scrutiny in relation to Local Government, Communities, planning and the residential sector and on 1 February 2017, the Committee heard from witnesses with an

interest in Local Government, communities and planning. On 8 February 2017, the Committee heard from witnesses with an interest in the residential sector. Details of those witnesses are attached at Annexe A.

16. The Committee then heard from the Minister for Local Government and Housing at its meeting on 22 February 2017. The Committee also ran a call for views which ran from 19 January until 10 February 2017 and received 42 responses which are attached at Annexe B. The Committee thanks all those who took time to provide it with written and oral evidence.

Fact-finding visits

17. The Committee held three fact-finding visits to inform its evidence taking.
18. On 30 January, Committee Members visited Glasgow to meet with the Wheatley Group to see a housing development which had benefitted from District Heating.
19. On 30 January, the Committee visited Kirkcaldy to meet with Fife Council and speak residents and who had benefitted from the installation of external wall insulation on their properties. The Committee also met with contractors undertaking the work to hear about how the process works in practice.
20. On 6 February, the Committee visited the Energy Agency in Ayr, who deliver the area based schemes in in South Ayrshire, East Ayrshire and Dumfries and Galloway, primarily through the use of external and internal wall insulation.
21. The Committee wishes to thank all those individuals and organisations who hosted the visits.

Bob Doris MSP visiting the Wheatley Group



Alexander Stewart MSP in Kirkcaldy



Graham Simpson MSP and Andy Wightman MSP in Ayr



Local Government and Communities

Local Government

22. Last session's Local Government and Regeneration Committee scrutinised RPP2 and made the following recommendation ² —
- ” We were however hampered in our consideration of RPP2 by the absence of information directly attributable to the work of local authorities. Consequently we also recommend that future Scottish Government reports to Parliament include a section specifically on local authorities. To this end it would be useful to include milestones by which progress can be measured.
23. The Scottish Government has not taken forward this recommendation in the 2017 Draft Climate Change Plan, however it has highlighted throughout the Plan where Local Government is a public sector partner and is key to delivering specific policies which have been identified as contributing towards a policy development milestone.
24. The Committee notes that as local government will be a delivery partner for many of the policies and proposals outlined throughout the Plan and as such, a number of local government's responsibilities in relation to electricity, transport and waste will be covered by the other committees in their scrutiny.
25. In relation to the role of local authorities in relation to tackling climate change, the Plan states ³ —
- ” Scottish local government is fully committed to combatting climate change. In 2007, Scottish local authorities demonstrated clear leadership by voluntarily creating and signing the Scottish Climate Change Declaration. This document set out local authorities' intent to work across all areas in order to drive the behaviour and technological changes necessary to reduce carbon emission levels to those required to meet national targets. Since then, emissions directly attributable to council actions and estates have fallen substantially, demonstrating both the commitment of Scottish local authorities and the power of public statements of intent.
26. North Ayrshire emphasised how well-placed local authorities were in driving climate change targets, policies and proposals ⁴ —
- ” local authorities are acutely aware of the challenges in aligning high level initiatives with the delivery of services and improvement to local communities and residents.
27. On the challenges faced by local government, the RSPB Scotland stated ⁵ —

- ” carbon-reducing activities, such as development of Scotland’s Energy Efficiency Programme (SEEP); increasing uptake of low carbon vehicles through public procurement; and decarbonising heat supply. Although these projects will have long-term benefits to residents, businesses and community planning partners as well as local authorities themselves, councils are facing increasingly squeezed budgets, so it seems unlikely that there would be much take-up for discretionary work that has short-term costs in time and resources. We would suggest that should be acknowledged in the Climate Change Plan, and that local authority take-up should be monitored and reviewed early in the Plan’s implementation, in case take-up is low and alternative approaches are needed.
28. COSLA highlighted the need to consult with local authorities on the policy direction and development of the climate change plan telling us ⁶ —
- ” We understand that the development phase of the Plan did not allow for much consultation and partnership, but we believe that every opportunity still can and needs to be taken to jointly move forward and fully utilise the resources that Scottish local government and Scottish society have to offer.
29. The Sustainable Scotland Network highlighted that there was a need to strengthen climate change leadership in the public sector ⁷ —
- ” Based on our experience of working on climate change within the public sector, SSN would suggest the need to invest in and prioritise the development of climate change leadership in the public sector....We would also welcome action by the Scottish Government directly to ensure that the Climate Change Plan is made an effective driver of public sector leadership; addressing the individual, social and material barriers that hamper leadership currently.
30. The Committee recognises the important role that local government plays in the delivery of many areas in relation to climate change abatement and the need to consult with local authorities on the policy development aspects of the Plan.
31. The Committee notes the challenges faced by local authorities in the current financial climate and requests further information on how the Scottish Government will work with and resource local authorities in their delivery of the Plan.
32. The Committee seeks further information on how the Scottish Government will work with local authorities to ensure that climate change leadership is developed and promoted within local government.

Energy use and the public sector

33. In the services sector (this comprises non-domestic buildings in the public and commercial sectors) the Plan outlines significant ambitions to cut emissions by 96% over the period 2017-2032. The Plan proposes that this will be achieved through

securing improvements in the energy efficiency of buildings and using low carbon heat to meet their heating needs.

34. The Sustainable Scotland Network set out their concerns about the achievability of the targets for improving the energy efficiency of public sector buildings ⁷ —

” SSN has concerns about how this 15-year plan relates to the current reality in the public sector. Of particular note is how the 96% reduction in the Services Section (of which the public sector is a part) will be achieved....While it is too early to make a thorough assessment, we have concerns relating to ability to scale up the pace of action on energy efficiency measures, the availability of appropriate technology, the barriers related to getting projects delivered, and the need to take a system-wide view on how to implement the changes envisaged.

35. Historic Environment Scotland also query the lack of detail about how the significant emission cuts are going to be achieved in this sector ⁸ —

” The reduction after 2025 is reliant on new technologies and/or the move away from gas space/water heating and this is discussed. What is more pressing is the very large (approximately 40%) reduction required between now and 2021 which we assume must rely largely on energy efficiency. How this is to be achieved in reality over the next 4 years is unclear especially since progress to date has been slow (only 7% since the 2009 Act).

36. COSLA highlighted that ⁶ —

” ... the proposed reduction in the services sector by 96%, requiring that by 2015 all non-domestic buildings (public and commercial) are near zerocarbon, is hugely challenging and will need much more detailed consideration and costing.

37. The Committee is concerned at the lack of detail on how the public sector will be adequately equipped to contribute to the ambitious target for the services sector. The Committee recommends that more specific information on how this target will be met should be included in the final version of the Plan.

Procurement

38. Food for Life Scotland highlighted the role that local government procurement could play in supporting low carbon food systems and recommend that ⁹ —

” Public procurement of local and sustainable food offers one of the most effective mechanisms for driving transformation in food production and supply – helping to create shorter, greener and fairer supply chains and supporting local jobs, businesses and communities by engaging them in the procurement process.

- 39.

When asked about sustainable procurement within local government, the Minister stated—

” Local suppliers are key. Many local authorities, including in Ayrshire, if I remember rightly, are careful about that and procure food from local sources. Although it is not for me to dictate, it would be wise for every local authority to look carefully at where it sources such products.

Source: Local Government and Communities Committee 22 February 2017, Kevin Stewart, contrib. 113¹⁰

40. He confirmed that this was an issue that was raised in relation to discussions about allotments, during the passage of the Community Empowerment (Scotland) Bill, he stated—

” The conversations that were had then were not only about allotments but about sourcing food from local sources in general. That is a really good thing.

I encourage local authorities to look at the procurement best practice that is out there in certain places, and I will certainly do everything possible to facilitate the exporting of information about that best practice.

Source: Local Government and Communities Committee 22 February 2017, Kevin Stewart, contrib. 113¹⁰

41. The Minister confirmed that the Scottish Government had produced a number of guidance and toolkits encouraging public bodies to procure sustainably. He confirmed ¹¹ —

” Public bodies are also required to prepare and publish a procurement strategy (the first of which was due by 31 December 2016) and must include statements of their policy on the sustainable procurement duty, and food and animal welfare.

42. On the promotion of best practice of energy efficiency measures in relation to procurement more widely in the public sector, the Minister confirmed ¹¹ —

” ... in March 2016, the Government launched the non-domestic energy efficiency framework, which is designed to support public and third sector organisations to procure things such as the retrofit work... The economies of scale and the standardised approach that are offered by that pan-public sector framework are attractive to the public and private sectors and offer better solutions and better value for money.

43. The Committee welcomes the Scottish Government's commitment to promoting energy efficiency best practice in relation to public procurement and would welcome further information on how it will work with and encourage local authorities to ensure that climate change considerations are built into their procedures and practices for procuring goods and services.

Communities

- 44.

Annex D of the draft Climate Change Plan sets out how communities were engaged in the development of the Plan. The document highlights that this engagement included—

- An interactive seminar on the TIMES model in September 2016
- A cross-sector stakeholder event in December 2016.

45. The important role played by local government in reaching out and influencing Scottish society was highlighted by COSLA ⁶ —

” Local authorities’ work touches everybody, either as individuals or as members of a community, spanning functions from transport, planning, social and estate/property services, housing, waste, community engagement, economic development/local business and skills development to education. Framing issues locally can be of real impact when communicating the changes required. Scottish local authorities are consequently in a position to be at the forefront of efforts to reduce carbon emissions and to provide leadership and vision around these efforts.

46. The Scottish Community Alliance noted that whilst the Scottish Government usually places quite an emphasis on the Community Empowerment agenda, this is not reflected in the Plan and referred to the limited community engagement in developing the Plan. It stated ¹² —

” To date, active engagement with communities on this agenda has been minimal. We see this as a seriously missed opportunity to capture the energy, enthusiasm and ingenuity inherent in all of the places we live.

47. Sustaining Dunbar suggested that the Plan could better reflect the contribution that the community sector could make to addressing climate change from the bottom up. Stating—

” The top-down and bottom-up approaches need to be joined together. The top-down role should put in place supportive policy and physical infrastructure to enable bottom-up action, but that does not come across as being properly understood in the plan. The community sector is desperate to contribute, and we would like to be enabled to do so.

Source: Local Government and Communities Committee 01 February 2017, Philip Revell, contrib. 86¹³

48. The Plan refers to the Climate Challenge Fund which is awarded to community locally-led projects to reduce local carbon emissions. It states that since its launch, it has awarded £75.7 million to 588 communities. It highlights that the projects funded by the fund provide further benefits, including social, health and creates jobs, training, financial savings for individuals and reductions in fuel poverty ¹⁴ .

49. Whilst this fund is to be welcomed, there is a lack of information in the Plan on how this Climate Challenge fund will contribute to the energy efficiency programme or any financial information on what will be committed to this fund going forward.

50.

The Scottish Community Alliance suggested that there were limitations on focussing the involvement of communities in climate change abatement on the Climate Challenge Fund ¹² —

” the Climate Challenge Fund (CCF) is just one relatively minor stream of community investment currently being committed by the Scottish Government. By only referencing CCF funding in relation to community action, the Plan gives the impression of sitting entirely within a distinct policy silo and as such restricting any potential impact in other areas.

51. Transition Black Isle welcomed the fund, however highlighted that it was limited to community groups already engaged in the climate change agenda. It stated ¹⁵ —

” this fund is very tightly focussed on demonstrable emission reductions. This is effective in helping those already committed to behaviour change, but less helpful in opening conversations with those for whom climate change is a lower priority. We therefore suggest the general thinking set out in section 5.1 ¹⁶ should be developed into a programme to help people identify and take actions to lower their own carbon footprints, and to help community groups to lower the barriers which make change difficult.

52. Sustaining Dunbar suggested that whilst appreciative of funding through the Climate Challenge Fund, communities would benefit from a more ‘joined-up’ approach to Government funding ¹⁷ —

” together with Scottish Community Alliance, we would welcome a more joined-up approach to Government funding streams to encourage and enable longer-term, more strategic, local climate action focused on long-term transformational change through building community resilience, instead of a narrow focus on short-term projects and quick carbon savings.’

53. On improving community engagement, the Minister stated—

” We held stakeholder events before Christmas on the draft plan and on SEEP 2. I will see who attended those and will consider what we can do to encourage more people to become involved. It is vital that we get as many folk as possible—all the folk out there, in fact—involved in the agenda so that we can move forward with the ambitious plan and get the behavioural change that we need.

Source: Local Government and Communities Committee 22 February 2017, Kevin Stewart, contrib. 122¹⁸

54. We also explored the role of Communities in influencing planning in their local area later in this report.

55. The Committee agrees that the Plan is light regarding information on the contribution that communities and the community empowerment agenda can play in climate change abatement. It was concerned by comments raised in relation to the involvement of communities in the development of the Plan and believes that

this is a missed opportunity. The Committee further believes that the role of the community sector should be reflected in the final version of the Plan.

56. The Committee further believes that the role of the community sector should be reflected in the final version of the Plan. The Committee welcomes the Climate Challenge Fund as a mechanism for funding community led programmes. However, the lack of information on how this fund will be financed going forward makes it difficult to assess how it will contribute to climate change abatement.
57. The Committee would also welcome further comment on what mechanisms or funding the Scottish Government will use to drive behaviour change in those communities where climate change is a lower priority.

Planning

58. The Plan includes just one page on the role of the planning system in meeting targets, the main aim it states is ¹⁹ —
- ” Ensuring the planning system supports decarbonisation is another essential element of the Scottish Government’s approach to meeting the statutory climate change targets. Because development allowed today will be around for decades or maybe hundreds of years the most important decision the planning system makes is where that development should be built.”
59. It does not provide the level of detail in relation to planning that is provided with other sections of the document. For example it does not include the level of detail in relation to policy development milestones, delivery routes and policy outcomes, as set out for all other sectors referred to in the Plan.
60. The RTPI felt that this was disappointing given that it had commented on the level of detail in relation to the role of planning in meeting climate change targets in the previous RPPs 1 and 2. ²⁰
61. RSPB Scotland agreed, highlighting concerns that the draft Climate Change Plan does not ⁵ —
- ” explore the great potential that the planning system has to manage energy supply and demand in a strategic way, and we consider this to be a significant missed opportunity.
62. The 2050 Climate Group had similar concerns in its written submission, stating ²¹ —
- ” The limited attention paid to the role of the planning system is also of concern to us. Planning decisions made today play a huge part in determining the trajectory of emissions in the future, particularly through its impacts on future modes and demand for transport. We regretfully note that this crucial role of planning was not sufficiently recognised within policies and proposals for the transport or other sectors.
63. In relation to the ongoing consultation on the planning system, the Minister confirmed—
- ” I am keen to show that planning can guide sustainable communities to support the development of low-carbon infrastructure. The document also confirms that the national planning framework should continue to bring together Scottish Government policies, including on climate change.

Source: Local Government and Communities Committee 22 February 2017, Kevin Stewart, contrib. 175²²

64. The Committee agrees with witnesses that the lack of information on specific policies in relation to planning makes it difficult to undertake detailed scrutiny in

this area. However, it is aware that this detail may be brought forward following the outcome of its current consultation on the planning process. The Committee requests that the Scottish Government brings forward more detailed policy and proposal information at the earliest opportunity.

Proposals and policies

65. Despite the lack of policy development milestones, delivery routes and policy outcomes in relation to planning, the Plan does provide a list policies as set out in the National Planning Framework for Scotland 3 ²³, Scottish Planning Policy ²⁴ and Creating Places ²⁵ (the three main Scottish Government planning policy documents) which aim to minimise greenhouse gas emissions from new development, which are identified as:

- a presumption in favour of development that contributes to sustainable development
- support for the transition to a low carbon economy that we build high quality places that are resource efficient
- that we build in town centres and on previously used land first
- there should be a mix of development in town centres so people can live, shop, work and play there
- travel opportunities should prioritise walking and cycling before public transport and cars the development of a wide range of electricity generation from renewable sources is supported, with a plan in place for where wind farms could go
- support for the development of heat networks in as many locations as possible
- that there is no need to make a planning application for a range of small scale renewable energy technologies like solar panels and heat pumps, so they can be installed quickly

Scottish Government consultation

66. The Scottish Government is currently consulting on a review of the planning system, following an independent review which reported on 31 May 2016 ²⁶. It published Places, People and Planning, the planning white paper, on 10 January 2017 ²⁷.

67. The white paper focuses on four key areas, which the Scottish Government summarised as follows—

- 1. Making plans for the future. We want Scotland's planning system to lead and inspire change by making clear plans for the future. To achieve this, we can simplify and strengthen development planning.

- 2. People make the system work. We want Scotland's planning system to empower people to have more influence on the future of their places. To achieve this, we can improve the way we involve people in the planning process.
 - 3. Building more homes and delivering infrastructure: We want Scotland's planning system to help deliver more high quality homes and create better places where people can live healthy lives and developers are inspired to invest. To achieve this, planning can actively enable and co-ordinate development.
 - 4. Stronger leadership and smarter resourcing: We want to reduce bureaucracy and improve resources so Scotland's planning system can focus on creating great places. To achieve this, we can remove processes that do not add value, and strengthen leadership, resources and skills.
68. The white paper emphasises that developments should "...set out a vision for places which are low carbon and resilient to the future impacts of climate change." It states that the National Planning Framework will be influenced by the Climate Change Plan and Climate Change Adaptation Programme and recognises that island communities are at particular risk from climate change impacts.
69. The white paper also proposes extending permitted development rights (i.e. categories of development which are automatically deemed to have planning permission) to development which helps to meet commitments to reducing emissions that cause climate change, e.g. different types of microgeneration equipment; installations supporting renewable heat networks; cycle networks, parking and storage; and facilities to support low carbon and electric vehicles.²⁷

Issues explored

70. The Committee explored with witnesses how the planning system could contribute to decarbonising Scotland and meeting the Scottish Government's climate change targets.

Improving community involvement in planning decisions

71. The Committee heard how a much more front loaded approach to planning by involving communities from the start and throughout the planning process in local areas was a more effective way in ensuring that communities are invested in local decisions which in turn can affect climate change and decarbonisation through the use of local development plans.
72. Sustaining Dunbar stated that the community empowerment and climate change agenda should be joined up, stating—

- ” We need to ensure that the process starts from the bottom up, with local place plans that connect people with a vision of what their community could look like, and of the possibilities of moving to a low-carbon future and what that might mean for local food supply, employment, energy, health and wellbeing and so on. Those plans can be collated at area and local authority levels and brought together at a strategic level so that people can deliberate on where the conflicts of interest lie and consider them in a creative way.

Source: Local Government and Communities Committee 01 February 2017, Philip Revell, contrib. 9²⁸

73. The RTPI also felt that there was a lack of joined up approach in planning, particularly in relation to delivery, stating—

- ” It is important that a new planning system focuses much more on delivery. At present, we have a slight problem in that planners plan and others deliver. We need to try to bridge that implementation gap and have a clear idea about how we can resource sustainable infrastructure and development.

Source: Local Government and Communities Committee 01 February 2017, Craig McLaren, contrib. 11²⁹

74. The RTPI highlighted that charrettes could be used at the outset of the planning process to bring together—

- ” ...communities, different parts of local government—such as transport, which Chris Wood-Gee mentioned—developers and investors, utility companies, which have a big role to play, and government agencies to try to agree things at the start of the process.

Source: Local Government and Communities Committee 01 February 2017, Craig McLaren, contrib. 17³⁰

75. It added that charrettes would need to be followed up with continuous dialogue to ensure that any ideas agreed at charrettes are delivered. ³¹

76. The Committee explored the issue of striking a balance between community democracy and decisions around what is required at a strategic or local authority level, particularly where a community is opposed to a particular development.

77. The RTPI highlighted how involving communities in the development of local place plans, which the Scottish Government is currently looking at as part of its consultation on the planning system, allow for a more bottom up approach to planning. Whilst some professional judgement would be required, it felt that this would allow communities—

- ” to come up with a vision for their area—but within the context of the national targets that have to be achieved and also those in their own local authority area or their own neighbourhood. That contextualises it for them, but it still means that they are looking at the constraints as well as the opportunities.

Source: Local Government and Communities Committee 01 February 2017, Craig McLaren, contrib. 63³²

78. The SSN agreed that it was difficult striking a balance between community engagement and professional planning—

- ” Imposing things on people does not work particularly well; there needs to be engagement right from the outset, with the case being made for why these things need to happen. Locally, we do not want new housing, power lines or whatever right next to us, but we need to recognise that such things are crucial for how Scotland works. We need that engagement right from the outset.

Source: Local Government and Communities Committee 01 February 2017, Chris Wood-Gee, contrib. 71³³

79. The Committee agrees with the views of witnesses around the benefits of involving communities in the planning process from the outset and the need to join up local community planning, spatial planning processes and strategic planning decisions.
80. The Committee is disappointed with the lack of information in the Plan on community involvement in the planning process and believes that this is a missed opportunity. We believe that using this approach would allow for a more bottom up approach to planning and ensure the community plays a vital part in the services in their local area and how they affect climate change.
81. The Committee recommends that more information on community involvement in the planning process should be included in the final version of the Plan and that the Scottish Government should take these views into account as part of its ongoing planning review.

Active and sustainable travel

82. Although the Rural Economy and Connectivity Committee were scrutinising the transport aspects of the Plan, we also heard that there was a lack of emphasis in the Plan as to how the planning system, through ensuring that the right infrastructure was in place from the start of the planning process, was a fundamental factor in the aim of discouraging the use of transport by car and achieve the necessary modal shift to more active and sustainable forms of transport.

83. The RTPI stated that the Plan contained no information on the role the planning system could have in restricting the growth of car use stating—

- ” I think that planning has a key role to play in doing that, but that is missing from the plan.

Source: Local Government and Communities Committee 01 February 2017, Craig McLaren, contrib. 44³⁴

84. It added—

- ” A key part of that, which we have touched on, is assumptions about travel growth. There is a key role for planning in designing settlements and creating active travel arrangements that minimise travel growth, and I think that that could be strengthened in the document.

Source: Local Government and Communities Committee 01 February 2017, Craig McLaren, contrib. 84³⁵

85. The Scottish Sustainable Network made a similar point—

” We need a planning system that recognises where people live and considers transport and movement around those areas. There should probably be more of a presumption in favour of cyclists and so on.

Source: Local Government and Communities Committee 01 February 2017, Chris Wood-Gee, contrib. 15³⁶

86. Adding—

” it is crucial that the planning system works with people like the south west of Scotland transport partnership in our area, and with rural transport partnerships, so that we can have a joined-up approach ...We need to ensure that different modes of transport are taken into account at the outset.

Source: Local Government and Communities Committee 01 February 2017, Chris Wood-Gee, contrib. 15³⁶

87. The RSPB agreed in its written submission, stating ⁵ —

” The role of planning in supporting modal shift in travel from private car to public and active travel is not covered in the draft Climate Change Plan. Indeed, there is very little on managing demand for travel or promoting sustainable modes, and we consider the reliance on improvements in vehicle technology to reduce emissions from transport to be over-optimistic.

88. In relation to planning policy and its role in relation to supporting sustainable transport networks, the Minister stated that current planning policy—

” sets out a strategy that reinforces the role of key settlements and towns in rural areas. It is clear that development plans should promote opportunities for travel by more sustainable modes.

Source: Local Government and Communities Committee 22 February 2017, Kevin Stewart, contrib. 186³⁷

89. He added that under the current system—

” “Planning permission should not be granted for significant travel-generating uses at locations which would increase reliance on the private car and where ... direct links to local facilities via walking and cycling networks are not available or cannot be made available”.

Source: Local Government and Communities Committee 22 February 2017, Kevin Stewart, contrib. 186³⁷

90. The Committee is disappointed that there is a lack of information in the Plan on how the planning system can contribute to a modal shift away from single vehicular use to more sustainable and active forms of travel. The Committee would welcome an update in the final version of the Plan and also how this will be taken forward in the current planning review.

91. The Committee also feels that more emphasis should be given to how the planning system can contribute to behaviour change and active and sustainable

modes of travel in the transport section of the Plan and recommends that this section is updated to reflect this important area.

Use of brownfield sites

92. As with other section of the Plan, there is a lack of information on how the planning system could be used to protect green space land and direct development on to brownfield sites. The Committee explored this issue with witnesses.
93. The SSN confirmed that protecting greenspace is a challenge and that it was shown that urban green space and woodland was known to have an effect on the quality of people's lives. It felt that more resource was required for the remediation of brown space land, stating—

” For developers, the easiest thing to do is to go on a nice alluvial soil into which the drains can be put. Everything is perfect, it is very quick and easy, and the profits are better. However, we have huge amounts of vacant land of one sort or another, including poor quality land, and it makes more sense to deal with that, although some legislative emphasis might be required to deliver it.

Source: Local Government and Communities Committee 01 February 2017, Chris Wood-Gee, contrib. 25³⁸

94. The RTPi agreed that resourcing was an issue for remediating brownfield space, stating that—

” most of the easiest remediation work on brownfield land has already taken place; we are getting to the harder sites now

Source: Local Government and Communities Committee 01 February 2017, Craig McLaren, contrib. 26³⁹

95. The RTPi confirmed that there were various ways in which green space could be protected. He highlighted a scheme undertaken by the City of Edinburgh Council where green space land is audited for its location accessibility and condition, to allow decisions on what land should be protected and where new green space can be delivered. It is generally expected that developers will include green space in their initial plans, although sometimes this will require negotiation. It also stated that it would be interesting to see whether funding directed towards city deals could be used to fund the remediation of brownfield land, which would increase the value of land and encourage more development. ⁴⁰
96. Sustaining Dunbar pointed out that local communities could play a key role in the development of brownfield sites stating—

- ” I hope that the aspirations of the Land Reform (Scotland) Act 2016 and the Community Empowerment (Scotland) Act 2015 will open up new possibilities for community groups to find out who owns derelict brownfield sites and give them opportunities to gain access to do what they want to do. That might help in some way to relieve pressure on green space. More generally, we need to access the local knowledge of local people.

Source: Local Government and Communities Committee 01 February 2017, Philip Revell, contrib. 27⁴¹

97. The Committee was again disappointed to see a lack of information on how the planning system could be used to protect green space land and direct development on to brownfield sites.
98. The Committee recommends that the final version of the Plan should set out how the Scottish Government will use the planning system to encourage the development of brownfield sites and protect green space.

Section 72 of the Climate Change (Scotland) Act 2009

99. The white paper on the planning review proposes repealing Section 72 of the Climate Change (Scotland) Act 2009, which inserted a new section into the Town and Country Planning (Scotland) Act 1997. This new section (3F), is reproduced below ²⁷ —

” 3F Greenhouse gas emissions policies

A planning authority, in any local development plan prepared by them, must include policies requiring all developments in the local development plan area to be designed so as to ensure that all new buildings avoid a specified and rising proportion of the projected greenhouse gas emissions from their use, calculated on the basis of the approved design and plans for the specific development, through the installation and operation of low and zero-carbon generating technologies.

100. The white paper states that “An independent study recently found no evidence that there is any added value from this requirement – instead, building standards are driving down emissions”.
101. However previously, the Scottish Government's Sixth Annual Report on the Operation of Section 72 of the Climate Change (Scotland) Act 2009 – published on 22 March 2016, concluded that ⁴² —

- ” 10.4. As required by Section 73(2) of the Climate Change (Scotland) Act, we conclude that this assessment, does not clearly indicate that Section 3F is no longer required at this time, nor does it demonstrate that there are significant benefits for meeting our climate change targets. On that basis, the Scottish Government has concluded that the legislation should remain in force.

102.

The Committee explored why the white paper has suggested removing this requirement, given the findings of the 22 March 2016 review.

103. The RTPI told us—

” My understanding is that the research that was done showed that the real impact came from building standards rather than the planning side of things, so it was felt that such a requirement is not necessary and is perhaps a bit of a burden.

Source: Local Government and Communities Committee 01 February 2017, Craig McLaren, contrib. 40⁴³

104. It added—

” I still think that there is a need to ensure that development plans in particular show the role that planning can play in the location, siting, massing, density and design of housing. There is still a big role for planning in that respect, but I got the impression that the proposed change was more about the impact of internal measures, which would be a building control matter.

Source: Local Government and Communities Committee 01 February 2017, Craig McLaren, contrib. 40⁴³

105. The Minister confirmed that the Scottish Government is seeking views on whether there is merit in removing this requirement as part of its consultation on the Scottish planning system as there had been concerns that this this section of the legislation—

” has the potential to work against the delivery of community network-based heating schemes, because the legislation promotes individual building-based technologies.

Source: Local Government and Communities Committee 22 February 2017, Kevin Stewart, contrib. 181⁴⁴

106. The Minister provided further evidence explaining that the focus of the requirement was on on-site energy generation which is inconsistent with the broader emphasis on district heating. He then told the Committee ¹¹ —

” we remain open to views on whether or not there would be benefit in retaining or removing this provision, and would welcome any further evidence on the impact of Section 72 to date to inform this. The consultation closes on 4 April 2017 and we will consider responses and any associated evidence in due course, prior to any final decision on whether or not this should form part of future legislative change.

107. The Committee notes that that a view will be taken on whether this requirement should be removed or altered following consultation.

108. The Committee requests that, following consultation and review, the Scottish Government provides the Committee with a full update on the decision taken, including detail on all considerations taken in reaching this view and the consequences of the outcome.

Resourcing

109. The RTPI informed the Committee that there was an issue around resourcing in the planning system. It stated that it had research which showed that—

” between 2010 and 2015 there was a 20 per cent drop in planning staff in local authorities across Scotland. The average amount in a local authority’s budget that goes directly to the planning service is 0.63 per cent, and the money that is recovered to cover the processing of planning applications amounts to only 63 per cent of the total.

Source: Local Government and Communities Committee 01 February 2017, Craig McLaren, contrib. 11²⁹

110. On how the resourcing issue could be solved, the SSN stated—

” There probably is money out there, including the money that people like me have, who put eco-bling on our houses, or others who recognise the benefits of undertaking work.

We know where local government is financially. Without a doubt, the situation is challenging. The loss of resource, including the loss of staff, which Craig McLaren mentioned was happening in the planning system, is an on-going problem.

Source: Local Government and Communities Committee 01 February 2017, Chris Wood-Gee, contrib. 31⁴⁵

Carbon assessment training

111. The Committee also explored how professional planners and councillors could be best equipped with the skills base that is required for them to deal with the policies, plans and procedures around climate impact.

112. The SSN confirmed it was—

” looking at the carbon management assessment tool, which is a mechanism for members of our councils—senior officers—to assess where they are, in terms of climate, and to identify gaps in knowledge. That would allow us to get people on board and understand what we know and do not know.

Source: Local Government and Communities Committee 01 February 2017, Chris Wood-Gee, contrib. 51⁴⁶

113. It added—

” Unless MSPs and councillors understand what is happening, we will not get the level of leadership that we need to ensure that this issue, which is probably the most important thing that humanity faces, is right up there, where it needs to be. There needs to be education.

Source: Local Government and Communities Committee 01 February 2017, Chris Wood-Gee, contrib. 51⁴⁶

114. The RTPI confirmed that it was working with the Improvement Service and the Scottish Government, an audit of skills needs in relation to climate change across local authorities. In relation to planners and planning staff, it’s likely that a mixture of

leadership and technical skills would be required to fill gaps. Training for Councillors would focus not only on what responsibilities they have, but to highlight the opportunities and potentials of the planning system and it can help them not just in the planning department, but corporately.⁴⁷

115. The Committee was concerned with the evidence regarding resourcing issues in planning and would welcome further information on how the Scottish Government will work with local authorities to ensure planners and key decision makers have the right skills to ensure that climate change impact is properly considered in decisions relating to planning.

Residential Sector

Background

116. The residential sector is currently estimated to account for 15% of total Scottish emissions in 2017 (6.3 MtCO₂e from a total of 43.1 MtCO₂e), which is predicted to decrease to 5.7% of total emissions by 2032 (1.5 MtCO₂e from a total of 26.4 MtCO₂e). The Plan highlights that the majority of emissions from the residential sector are related to householders' energy use and how they heat their homes.
117. The Plan notes that in 2015 there were 2.56m dwellings and estimates that over 80% of the housing in use today will still be in use in 2050. Space heating and the provision of hot water account for over three-quarters of the energy used to heat homes. Around 79% of households use main (natural) gas as their heating fuel, 12% of households use electric heating, 7% use oil and around 2% use low carbon technologies.^{48 49}
118. The Plan also highlights that the Scottish Government expects that emissions for the residential sector will fall by 76% between 2017 and 2032 as a result of its policies and proposals.
119. It sets out the following milestones out to 2050 for the residential sector⁵⁰ —
 - Where technically feasible by 2020 60% of walls will be insulated and 70% of lofts will have at least 200mm of insulation.
 - By 2032, 80% of domestic buildings' heat is supplied using low carbon technologies, where technically feasible, and will be insulated to the maximum appropriate level.
 - By 2050, all buildings across Scotland will be near zero carbon – homes will be highly efficient and the heat supply will be largely decarbonised.
120. There are two main policy outcomes which are related to energy efficiency and low carbon homes. These policies are⁵¹ —
 - **Policy outcome 1: Improvements to the fabric of Scotland's domestic buildings results in a 6% reduction in their heat demand by 2032.**
 - **Policy outcome 2: By 2032 80% of domestic buildings' heat is supplied using low carbon heat technologies.**
121. For each policy outcome, the Plan lists a number of policies and proposals which will contribute to their delivery. For both outcomes the policy development milestone is the development of Scotland's Energy Efficiency Programme (SEEP). The policy outcomes, policies and proposals are summarised in the table below produced by the Parliament's Information Centre⁵².

Policy Outcome	Policy	Proposals
Policy outcome 1: Improvements to the fabric of Scotland's domestic buildings results in a 6% reduction in their heat demand by 2032	Energy Company Obligation – UK Government scheme which delivers energy efficiency measures across households in Great Britain. From 2017 the scheme will be worth £640 million per annum across Great Britain and is committed out to March 2022. (UK responsibility, limited powers over the design and delivery of ECO have been devolved)	Regulation: Review of energy standards within building regulations – to investigate topics that offer the potential for abatement from new homes and where work is undertaken on existing homes
	We have allocated £114 million in the 2017/18 draft budget to our Home Energy Efficiency Programmes for Scotland (HEEPS) to support delivery of over 14,000 energy efficiency measures by March 2018. (Scottish responsibility)	
	Provide £9 million funding to support SEEP Pilots in 2016/17 and make available further funding to support pilots in 2017/18 to test innovative delivery mechanisms for energy efficiency and low carbon heat. (Scottish responsibility)	
	Energy Efficiency Standard for Social Housing (EESH) (Scottish responsibility)	
	Energy Efficiency Standard for Social Housing (EESH) (Scottish responsibility)	
	All homes to be offered a smart meter by 2020 (UK responsibility)	
Policy Outcome 2: By 2032 80% of domestic buildings' heat is supplied using low carbon heat technologies	Renewable Heat Incentive – delivers renewable heat technologies until 2020/21, with uptake supported by advice and loan schemes such as the Home Energy Scotland Renewables Loan (UK and Scottish responsibility)	Develop and identify best approach to the long-term decarbonisation of the heat supply, to commence after 2025.
	District Heating Loan Fund and Heat Network Partnership Policy. (Scottish responsibility)	

Structure of the residential section

122. The remainder of this report will discuss the Scottish Energy Efficiency Programme which underpins both policy outcomes and will then focus on individual policies under each outcome.

Scottish Energy Efficiency Programme (SEEP)

123. As stated above, both outcomes share the 'policy development milestone' as the development of Scotland's Energy Efficiency Programme (SEEP).
124. The Scottish Government has committed to provide £9 million funding to support SEEP Pilots in 2016/17 and make available further funding to support pilots in 2017/18 to test innovative delivery mechanisms for energy efficiency and low carbon heat.⁵³
125. An initial consultation on the design of delivery programmes within SEEP was launched on 24 January 2017⁵⁴ alongside a consultation on the draft Scottish Energy Strategy⁵⁵. These consultations close on 30 May 2017.

126.

Also published on 24 January 2017 was a Consultation on Heat and Energy Efficiency Strategies and Regulation of District Heating which closes on 18 April 2017.⁵⁶

127. There is therefore a lack of specific information in the Plan on what will be included in the SEEP, however the Plan outlines that the Scottish Government has designated energy efficiency as a national infrastructure priority in June 2015. It states that⁵⁷ —

” Scotland's Energy Efficiency Programme (SEEP) is a long-term programme to improve the energy efficiency and reduce the environmental impact of Scotland's domestic and non-domestic buildings. It will build on our existing successful delivery programmes and include the development of a package of actions, across the following themes that will contribute to the delivery of the policy outcome:

- 1) Regulation and Standards
- 2) Financial Incentives
- 3) Advice and Information
- 4) Delivery Programmes
- 5) Evidence and Evaluation

128. SEEP will be underpinned by a number of policies already in existence and operating, which will be explored later in this report under each policy outcome. Much of the policies and strategies associated with delivering SEEP are currently out for consultation, including much of the regulation. A SEEP Routemap is due to be published in 2018 which will set out the steps which will be taken by the Scottish Government to deliver its commitments on energy efficiency and low carbon heat.
129. Specific to Policy Outcome 1, the Plan highlights that it will bring forward a consultation on minimum energy standards in the private rented sector in early 2017.
130. Specifically in relation to Policy Outcome 2, the Plan states that it will consult on the regulation of district heating as part of its consultation on the draft energy strategy in early 2017.⁵⁸
131. Many commented on the difficulties in scrutinising the Plan where much of it is predicated on a programme which is currently out for consultation.
132. For example, the Existing Homes Alliance highlighted that it was a positive thing that the Scottish Government has designated retrofit energy efficiency as a national priority however it added—

- ” We should recognise that there is an on-going policy development process, which unfortunately is difficult to see within the climate change plan ... In parallel, there is a consultation within the energy strategy on Scotland’s energy efficiency programme, which contains more detail about the role of regulation, incentives and how the programme can be developed. Unfortunately, none of that information is in the climate change plan; what we have is the same loosely worded commitment to explore the role of policies. There has been some change, but it needs to be reflected within the plan itself.

Source: Local Government and Communities Committee 08 February 2017, Fabrice Leveque, contrib. 22⁵⁹

133. The Minister admitted that the Scottish Government did not have a preferred option in relation to delivering SEEP and told us—

- ” The approach will likely vary across elements of the programme. We are, therefore, now asking stakeholders what the best way is to deliver the vision and the objectives. While we develop SEEP, our existing programmes will continue to deliver measures on the ground to help folks make their homes warmer and cheaper to heat.

Source: Local Government and Communities Committee 22 February 2017, Kevin Stewart, contrib. 102⁶⁰

134. The Committee notes that the Scottish Government’s strategic documents on the residential sector are interlinked and are key to the Scottish Government achieving its emissions reductions targets set out in the draft Plan. Given the importance of these documents in relation to the draft Plan, the Committee is disappointed that these were not consulted on and finalised in time for it to consider as part of its scrutiny of the draft Plan.
135. The Committee is concerned that, given these key documents were not available during its scrutiny, it was constrained in its ability to undertake a comprehensive assessment of the appropriateness and robustness of the Scottish Government proposals and policies within the housing sector as part of its scrutiny.
136. The Committee believes that the Scottish Government must ensure that a strategic approach across all policies is adopted and recommends that the Scottish Government ensure that strategic policy documents are interlinked and a read-across exists between these future publications and the final Plan.

Priorities for SEEP

137. The EHA aspired for the following priorities for the SEEP, a headline target for policy outcome 1 based on EPCs or equivalent; regulation, including dates for when private rented sector regulation is expected to start delivering and when regulation in the owner occupied sector will be consulted on; increased funding to deliver on fuel poverty; incentives for the owner-occupied sector; and an expansion of the area base schemes. ⁶¹

- 138.

The SFHA wanted to see a priority of delivery on hard-to-treat properties, highlighting—

” Solid wall insulation and mixed-tenure tenements are a big problem, particularly in off-gas areas, where people have higher heating costs and often have longer heating seasons.

Source: Local Government and Communities Committee 08 February 2017, David Stewart, contrib. 93⁶²

139. The Energy Agency also called for an expansion of the area based schemes, linking delivery programmes with health, social and economic benefits the schemes could deliver. The EHA agreed, adding that the programmes could be delivered through local partnerships of local authorities, social and health care providers and housing and regeneration. ⁶³

140. The Minister confirmed that the SEEP pilots that would be taken forward in in 2016/17 and 2017/18 would include, “projects that take an area-based approach to renewable heat technologies and off-gas-grid areas.” ⁶⁴

141. In relation to regulation, the Energy Agency and the Existing Homes Alliance both called for there to be requirement for all houses to have an EPC rating of C or above by 2025 through the external and internal wall insulation area based schemes provided through HEEPS, given the benefits this would have for alleviating fuel poverty. ⁶⁵

142. The EHA highlighted that in particular—

” in the near term, we should try to improve the worst houses—the F and G-rated homes—which are terribly insulated, have single-pane windows, leaking roofs and heat escaping out to the wider world.

Source: Local Government and Communities Committee 08 February 2017, Fabrice Leveque, contrib. 49⁶⁶

143. In relation to the EPC rating target suggested by many of the witnesses the Minister was not convinced that this was credible, given the diversity of housing stock in Scotland, stating—

” We have to be realistic about generalising about that rating target. We will look at what comes back from the consultation, but we must be aware that there are many buildings with anomalies, so to say that we should aim for uniform EPC band C is probably unrealistic.

Source: Local Government and Communities Committee 22 February 2017, Kevin Stewart, contrib. 139⁶⁷

144. The Scottish Government may wish to consider the views expressed in the section of this report entitled “Priorities for SEEP” during the development of SEEP.

EPC rating accuracy

145.

The EHA and Energy Agency also raised issues regarding the consistency in approach and accuracy of EPC ratings, given that many of the measures in the assessment are based on assumptions and defaults. The Energy Agency provided an example whereby the EPC rating of properties had gone down following area based scheme measures, but this is because they had been carried out differently by different assessors and that this could reflect on the policing of the EPCs. It illustrated its point by stating—

” the modelled EPC for a small two-storey, gas centrally heated end-terrace house—probably in council tax band B—assumes that there are 2.3 people in the property, but there are two adults and three children there. The modelled savings as a result of external wall insulation are £141, but the household actually achieved savings of £732, because it does not quite fit the model of 2.3 people in the household.

Source: Local Government and Communities Committee 08 February 2017, Liz Marquis, contrib. 51⁶⁸

146. The EHA and Energy Agency recognised, however, that this was something that the UK and Scottish Governments were looking to address and that it should not hold up the development of SEEP. ⁶⁹

147. The Minister agreed that there were anomalies with the current EPC rating system. The Scottish Government confirmed that it had been collating issues raised about EPCs and the standard assessment procedure over a number of years, adding—

” We also engage with the UK Government to ensure that those issues are picked up. Among the issues that we are looking at in the development of SEEP is the need to ensure that we have an assessment procedure that is fit for purpose. We are taking into account any issues that there may be with our assessment procedure and building that into the programme. The matter will also be raised in the consultations on regulation that we will develop.

Source: Local Government and Communities Committee 22 February 2017, Stephen Garland, contrib. 153⁷⁰

148. The Scottish Government confirmed that the current system worked on a UK basis and that it still had to take a view on whether there should be a Scottish version. ⁷¹

149. The Committee believes that there is a need for a more accurate and consistent EPC system and welcomes the Scottish Government’s work in this area. The Committee requests an update on the current status of this work from the Scottish Government as it intends to have an ongoing interest in this area

Regulation of Existing Housing

150. Witnesses argued that improvements in the energy efficiency of existing housing should be a priority considering that around 80% of the current housing stock will be in use by 2050. Work to develop the regulation of private housing has been ongoing for a number of years. RRP 2 included the regulation of energy efficiency in existing

private housing as a proposal, following its inclusion in RRP1 as an enabling and supporting measure.

151. The Existing Homes Alliance expressed disappointment about slow progress in this area, stating—

” A big failure of RPP2 was that it included a proposal to explore the regulation of privately owned housing stock—that is, to make regulations for rented homes and owner occupiers—to drive energy efficiency improvement. In the four intervening years, we have had a detailed preconsultation process, and the Scottish Government has done a lot of research into how those regulations could be introduced, but that has not been done. RPP3 now has the same proposal to explore the role of regulation in privately owned housing stock. There has been no progress since RPP2, hence the same proposal being repeated. Unfortunately, it is in the proposal rather than the policy category, which means that there is no fixed date or firm commitment from the Government that it will happen over the next four years.

Source: Local Government and Communities Committee 08 February 2017, Fabrice Leveque, contrib. 14⁷²

152. The Minister confirmed that the consultation for regulation in the private rented sector would be published next month [*March 2017*]. He also confirmed that a timescale for consulting on regulation on the owner-occupied sector would be published alongside the consultation on regulation in the private rented sector. ⁷³

153. The Committee agrees with the view expressed that the lack of transfer of regulation in the private residential sector from a proposal to a policy, between RPP2 and RPP3 is disappointing and shows slow progress. However it welcomes the Minister’s commitment to consulting on the private rented sector in March 2017 and to provide a timeline for consulting on the owner-occupied sector. The Committee seeks an explanation as to why progress in this area is slow.

Policy outcome 1: Improvements to the fabric of Scotland’s domestic buildings results in a 6% reduction in their heat demand by 2032.

154. For policy outcome 1, fabric improvements relate to insulation measures. The 6% reduction in heat demand refers to a 6% reduction compared to the business as usual projection for 2032. Scotland’s Energy Compendium 2016 shows that 54% of total energy consumption relates to non-electrical heat demand, and that Scotland’s total energy consumption for heat amounted to 81,300 GWh in 2013, but there is no breakdown for domestic heat demand.
155. As a general comment, some witnesses suggested that the policy outcome could be more ambitious. The Existing Homes Alliance stated—

” Policy outcome 1 in the plan talks about a vague emissions reduction by 2032, which is not exactly a headline target that we would want to shout about from the rooftops. The setting of a clear target based on EPCs or an equivalent is a big priority. That would move us forward in that it would help to secure commitments to regulation and funding from the Scottish Government. We have had commitments in the past, but key political decisions need to be made, and a target would help to pull those commitments through. ⁷⁴

156. The SFHA felt it was an achievable target, given the high levels of fuel poverty in Scotland and the potential of home energy efficiency to deliver reduced carbon emissions, however it felt the target should be higher and preferred that there was more emphasis on this approach rather than the use of new technologies or other approaches to delivering a reduction. ⁷⁵

Individual policies

Energy Company Obligation (ECO)

157. This is a UK policy which requires ⁷⁶ —

” ...obligated energy supply companies to deliver energy efficiency measures to homes - mainly insulation based measures and boiler replacements. It is funded via a levy on energy bills and from April 2017 will be worth £640 million per annum across Great Britain and is a market-based mechanism allowing for delivery where it is most cost effective. Historically, 11.5% of measures have been delivered in Scotland, exceeding our population share.

158. The Plan acknowledges that “limited powers over the design and delivery of ECO have been devolved to Scottish Ministers”. ⁷⁶
159. It states that “UK Government changes have reduced its value by over 50% since it was introduced.” During the delivery of RPP2, ECO was accompanied by the Green Deal, however the “UK Government ceased funding for the Green Deal Finance Company in July 2015, effectively bringing end to the Green Deal which significantly underperformed against all expected predictions.” ⁷⁷

Home Energy Efficiency Programmes for Scotland (HEEPS)

160. The Scottish Government states that it has allocated £114 million in the draft budget for 2017/18 to support delivery of over 14,000 energy efficiency measures by March 2018 through HEEPS. It states that the funding will continue to help bring together a range of funding streams (including area-based schemes, Warm Homes Scotland and HEEPS loans) and help to lever maximum investment under the ECO in Scotland (referred to above). ⁵⁷
161. This is a continuation of measures taken forward since the previous reports on policies and procedures. Many of the efficiency measures are delivered through area-based schemes are designed and delivered by Local Authorities (sometimes

in partnership with delivery agencies) and targeted predominantly at areas at risk of fuel poverty. The schemes install a range of energy efficiency measures, predominantly solid wall insulation, and are targeted toward areas vulnerable to fuel poverty.⁷⁶

162. Housing stakeholders were generally supportive of the HEEPS programme. The Scottish Federation of Housing Associations (SFHA) praised the Scottish Government funded, area based approach to delivering HEEPS, along with the regulation of energy efficiency standards in social housing. It stated that the measures had driven investment, improved the quality of life and place and made heating more affordable. It also highlighted that the funding provided by the Scottish Government through HEEPS and the area based approach had—

” helped Scotland to attract more energy company obligation money, although that is more of a challenge since the rules on ECOs were changed and there is less funding available.

Source: Local Government and Communities Committee 08 February 2017, David Stewart, contrib. 16⁷⁸

163. It highlighted, however, it was less clear from the Plan the extent to which Scotland will have control over the ECO scheme and whether it will have to follow UK schemes following its devolution of the management of the ECO.⁷⁹

164. The Energy Agency delivers the area-based schemes through HEEPS in South Ayrshire, East Ayrshire and Dumfries and Galloway, primarily through improving external and internal wall insulation. Highlighting the benefits of the schemes, it stated—

” the area-based schemes and the Scottish Government money have made an enormous impact, because we can target all types of housing tenure. We can do properties that have privately rented homes, private homes and social housing all in the same block or in the same geographical area, which makes a huge difference to the cost.

Source: Local Government and Communities Committee 08 February 2017, Liz Marquis, contrib. 18⁸⁰

165. It highlighted that in addition to reducing carbon emissions from the home and alleviating fuel poverty, these measures were also beneficial for improving the longevity and value of homes and therefore the local economy.⁸¹

166. The Energy Agency also demonstrated how well Scotland was doing in relation to improving home energy efficiency by highlighting that their equivalent in the National Energy Agency had been looking to learn from the additional funding and work that was happening in Scotland in relation to energy efficiency measures.⁷⁹

167. The Existing Homes Alliance agreed that Scotland was taking the lead in determining a longer term approach to energy efficiency schemes than the rest of the UK, and that energy efficiency companies, supply chain contractors and manufacturers of insulation and building materials were looking to learn from Scotland.⁸²

168. It suggested that the Scottish approach had worked better than the UK Government’s approach as it was led by local authorities, rather than the big energy

companies which run the schemes in the rest of the UK and are less trusted. It felt that that uptake could be improved and how this would be beneficial to companies looking to carry out this type of—

” upscaling of the energy efficiency programme and greater activity in the area—that should pull through more demand from consumers. Then, as the market grows, the already very good companies that we have in Scotland, which are delivering good-quality installations, can expand.

Source: Local Government and Communities Committee 08 February 2017, Fabrice Leveque, contrib. 81⁸³

169. The Energy Agency agreed with the EHA that there should be more emphasis on the area based schemes in the Plan and the benefits this could have for the economy and workforce highlighting ⁸⁴ —

” The climate change plan needs more clarity to give confidence for the long term volume of work for the industry (policy outcomes are vague and suggest little expansion to at least 2021). The huge advantage of the current area based schemes funded through Local Authorities is the distribution of work across Scotland. This ensures energy efficiency improvements, fuel poverty alleviation, health improvement and employment opportunities are distributed evenly.

170. The rate of proposed home installation measures (as highlighted in Table 8.4 of the Plan) was also questioned by witnesses, given the lack of information in the Plan on how installation measures will be funded post 2021. It stated—

” Given that we know that Scottish Government funding for energy efficiency is fixed to 2021, and that no new regulation will be coming in, it is unclear to us how exactly the rate of insulation will double from one year to the next in the next few years, so there is a credibility gap in the near term.

Looking to 2032 once again, if you add up the sum of all the measures that will probably be funded with the policies that we have, you get approximately 200,000 homes, whereas the 2032 target implies that upwards of 1 million homes will be improved. We therefore have a huge policy gap in getting from 200,000 homes to the number in excess of 1 million that we need to improve.

Source: Local Government and Communities Committee 08 February 2017, Fabrice Leveque, contrib. 28⁸⁵

171. In relation to this, the Minister confirmed that the increased measures would be part of the SEEP—

” Currently, across the schemes, in the region of 80,000 to 90,000 measures are delivered per annum, and about half of those are wall and loft insulation. It is therefore true that the efforts in loft and wall insulation will need to double under the plan. A huge amount of the interventions that have taken place have been in the public sector and not so many have been in the private rented or owner-occupied sectors, so that is where we will have to move on.

Source: Local Government and Communities Committee 22 February 2017, Kevin Stewart, contrib. 150⁸⁶

172. The Committee notes that witnesses were all supportive of the area-based approach taken to HEEPS but was concerned that there is a lack of information on how the programme will be funded post-2021. Given the ambitious figures presented for the number of installations expected to take place going forward, the Committee would welcome further detail on this final version of the Plan.

Energy Efficiency Standard for Social Housing (EESH)

173. Introduced in 2014, social landlords must ensure their properties meet the first milestone for minimum energy efficiency standards by 2020. Standards are based on Energy Performance Certificate (EPC) Energy Efficiency Rating and vary by property type. EESH will be reviewed in 2017 and the review will consider progress towards both the 2020 milestone and further milestone(s) towards 2050.
174. The SFHA highlighted the benefits that regulation has brought to the social housing industry—

” For social housing, the regulation of energy efficiency standards has helped to drive investment and that has had benefits for quality of life and quality of place, as well as making heating more affordable for people. However, that regulation covers only about a quarter of homes in Scotland so, if we are looking at reducing not only fuel poverty, but carbon emissions, we need to regulate energy efficiency for all tenures, not just social housing.

Source: Local Government and Communities Committee 08 February 2017, David Stewart, contrib. 16⁷⁸

Smart meters

175. As outlined in the Plan, the UK Government is committed to ensuring that every home and business in the country is offered a smart meter by 2020, and to delivering this as cost effectively as possible. Smart meters provide the opportunity for a greater understanding of final energy consumption; an accurate metering and billing system which eradicates estimated bills; the potential for positive behavioural change and a reduction in energy costs; as well as creating opportunities for innovation. The smart meter rollout is a supplier-led obligation.⁷⁷
176. In its written submission, Smart Energy GB highlights that smart metering is forecast to save 10m tonnes of carbon from reduced electricity consumption and 20m tonnes from reduced gas consumption. It welcomed the recognition that the smart meter rollout will contribute to the policy aim of reducing heat demand in Scottish domestic properties by 6% by 2032 and said⁸⁷ —
- ” Stronger recognition in the Plan of the ‘enabling functions’ of smart meters, as well as the case for close collaboration between the Scottish Government, Smart Energy GB and partners, would be welcome.
177. The Scottish Government confirmed that discussions with energy companies are taking place on the roll out of smart meters.⁸⁸

178. The Committee recommends that further details of the implementation of the roll out of smart meters be included in the final Plan.

Building regulations

179. The one policy proposal associated with Policy Outcome 1 relates to a review of energy standards within building regulations, and to investigate topics that offer the potential for abatement from new homes and where work is undertaken on existing homes. Table 8-4 appears to suggest that by 2018 this will result in 58,000 insulation measures each year until 2022.⁸⁹
180. Witnesses noted the recent changes to building standards (most recently in 2015) which had increased the energy efficiency of new homes. Most of the witnesses agreed that it was worth exploring the issue of regulation in the new build sector, however most agreed that the focus should primarily be on existing stock, given that most new builds were generally more energy efficient.
181. Homes for Scotland were sceptical about the additional benefits that could be achieved from a further review of energy standards within building regulations. Their written submission argued that⁹⁰ —
- ” ...further improvement to energy standards for the new build sector will incur significant costs for minimal gain in terms of performance and carbon reduction.
182. They were also concerned about the lead in time for new standards, adding—
- ” It is probably worth pointing out that, in many respects, there has been a three-year cycle of step changes in energy standards, which does not provide enough time for industry supply chains to come up with the solutions that will help us to meet the standards.
- Source: Local Government and Communities Committee 08 February 2017, Michael Barton-Maynard, contrib. 59⁹¹
183. Homes for Scotland said that if further building regulations were to be introduced, it would ask—
- ” that new energy standards look at mainstream technologies but also create a regulatory environment that gives confidence to investors, the industry and the supply chains and that delivers nice timeframes in which people can react.
- Source: Local Government and Communities Committee 08 February 2017, Michael Barton-Maynard, contrib. 97⁹²
184. The SFHA stated that ideally building standards could look towards zero-carbon homes in order that developers, housing associations and councils, as well as builders and the supply chain, can plan for and work towards that.⁹³
185. Energy Saving Trust said⁹⁴ —

- ” We would like to see the Scottish Government continue on the pathway laid out in the Sullivan report. In this context it is important to remember that every new home that is built in Scotland adds to Scotland’s overall CO2 emissions, and new homes will be built every year between now and 2050 – so the cumulative impact of their emissions will not be negligible. We therefore support proposals to review standards in 2017

186. The Committee believes that energy efficiency standards for existing homes should be addressed as a priority.
187. The Committee also welcomes the proposal to review energy standards within building regulations with a view to achieving zero carbon homes across Scotland by 2050. The Committee encourages the Scottish Government to ensure that there is an appropriate lead in time for any such changes.

Policy outcome 2: By 2032 80% of domestic buildings’ heat is supplied using low carbon heat technologies

188. Currently, around 2% of domestic building’ heat is supplied using low carbon heat technologies. Most of the progress towards the target is projected to happen in the 7 year period 2025-2032.
189. The main policies listed as helping to meet this policy outcome are the Renewable Heat Incentive (a UK wide scheme created by the UK Government supported by Scottish Government advice programmes and loan finance), the District Heating Loan Fund (DHLF) and Heat Network Partnership Policy (HNPP). The DHLF helps address the financial and technical barriers to district heating projects by offering low interest loans to local authorities and registered social landlords etc. The HNPP is a collaboration of agencies focused on the promotion and support of district heating schemes in Scotland.⁹⁵
190. Decisions on the future decarbonisation of the gas network will be taken by the UK Government and that this is unlikely to happen until after 2020.⁹⁶
191. The policy proposal in relation to this outcome is to develop and identify the best approach to the long-term decarbonisation of the heat supply, to commence after 2025. The Plan states⁹⁷ —

- ” We intend to include a proposal on how we may realise this potential, in a future Climate Change Plan, taking into account decisions that the UK Government will take on the future of the gas network and the outcomes of the consultation on the draft Energy Strategy

192. In relation to developing Policy Outcome 2, the Minister stated⁸⁸ —

- ” Working with partners, we will consider what the most appropriate solution is. It will include district heating, electric heat pumps, biomass and repurposing of the gas network to supply biogas or hydrogen. We will put forward much more detailed proposals on how we will realise significant heat decarbonisation in a subsequent climate change plan

Renewable Heat Incentive

193. Renewable Heat Incentive (RHI) delivers renewable heat technologies until 2020/21, with uptake supported by advice and loan schemes such as the Home Energy Scotland Renewables Loan scheme, which help households to identify renewable heat technologies and provide the capital they require to access the regular payments available from the RHI once the renewable heat technology has been installed.
194. The RHI is a UK-wide scheme created by the UK Government (with the agreement of the Scottish Government). The domestic RHI was launched in April 2014 and provides financial support to the owner of the renewable heating system for seven years. The non-domestic RHI provides finance to the owner of the renewable heat technology for 20 years, including where this is supplied to householders through district heating schemes. The scheme covers England, Wales and Scotland and is targeted at - but not limited to - off-gas heat use. There is no commitment to funding the RHI beyond 2020/21 and during the development of SEEP the Scottish Government will consider what funding mechanisms are needed into the 2020s and 2030s to enable continued take-up of these technologies.
195. Uptake is supported by Scottish Government programmes providing advice, such as Home Energy Scotland Specialist Advisors providing in-house visits, and loan finance including the Home Energy Scotland Renewables Loan (HESRL) scheme.
98

District Heating Loan Fund

196. The District Heating Loan Fund helps address the financial and technical barriers to district heating projects by offering low interest loans. The scheme is open to local authorities, registered social landlords, small and medium sized enterprises and energy services companies with fewer than 250 employees. During the development of SEEP, the Scottish Government will consider what sort of funding mechanisms are needed to continue to support the expansion of district heating networks.
197. As noted above these programmes will be reviewed as part of the SEEP development work which initially focusses on delivering existing programmes more effectively, trialing new innovative approaches and designing new policies to support delivery.⁹⁸

Heat Network Partnership

- 198.

The Heat Network Partnership is a collaboration of agencies focused on the promotion and support of district heating schemes in Scotland. Through its support to local authorities and practitioners, it is building capacity and project development capability to support heat planning and programme delivery work that will be developed by local authorities, the Scottish Government and its partners, as part of the wider SEEP programme in future.⁹⁸

Credibility of the target

199. The EHA had concerns regarding the credibility of the target of 80% of domestic buildings' heat will be supplied using low carbon heat technologies by 2032 given that its delivery was heavily reliant on UK Government decisions, stating—

” The plan acknowledges that it will probably be work on homes and buildings on the gas grid that will deliver that carbon saving, but it essentially says that the Scottish Government will do nothing until the next RPP, when it will begin to think about a solution for that. It also says that the Scottish Government is waiting for the UK Government to give it clarity. As we have seen with the regulations that I have referred to, it might be four to eight years before a proposal in an RPP becomes a tangible policy. The fact that this intangible renewable heat policy delivers a huge abatement from 2025 but no work is starting on that is a big problem.

Source: Local Government and Communities Committee 08 February 2017, Fabrice Leveque, contrib. 39⁹⁹

200. It added—

” Finally on the heat side, the trajectory in the climate change plan shows rapid progress to 2020. Once again, there is no change in policy to deliver that. Existing policies suddenly start to deliver twice as much in the housing sector as they currently do, which is puzzling. There is then flatlining from 2020 to 2025. For an industry that installs heat pumps and wants to do heat networks, the fact that the Government expects no progress and no policy for five years and then an incredibly rapid roll-out in seven years is just not credible.

Source: Local Government and Communities Committee 08 February 2017, Fabrice Leveque, contrib. 39⁹⁹

201. The Energy Savings Trust argued that, “it is concerning that considerable uncertainty still surrounds the delivery of significant carbon savings from the household sector”. It argued⁹⁴ —

” the implication is that it is proposed that there will be a 7 year window for the majority of households in Scotland to replace their heating systems. Given that the lifetime of a gas boiler is around 12 years this raises some concerns about whether there might be a need to replace some systems before the end of their life. There are would be both economic implications if this were to be the case together with potential implications in terms of consumer acceptability

- 202.

Homes for Scotland highlighted that there had been technical issues for developers which had incorporated new technologies and that technology needs to catch up with the standards stating—

” a few of our members have reported that the 2015 standards led many home builders to incorporate photovoltaics, and the experience that they are having is that they cannot get those connected back up to the network. The PV systems remain on the building, producing energy during the day, when an occupier might not be at home, but that energy cannot go anywhere. We know from some engagement that we have had with the DNOs that one reason for that is that the existing electricity network around the development is not capable of absorbing that electricity back into the network.

Source: Local Government and Communities Committee 08 February 2017, Michael Barton-Maynard, contrib. 69¹⁰⁰

203. The EHA questioned the focus of effort on energy efficiency in the earlier years then on low carbon homes in the later years—

” questionable in terms of the technology that will do it and what has been moved to give it space. In my view, energy efficiency has been slowed down in favour of an indeterminate policy for the gas grid.

Source: Local Government and Communities Committee 08 February 2017, Fabrice Leveque, contrib. 108¹⁰¹

204. Other witnesses suggested that there was scope for further progress towards low carbon homes in the immediate future. For example, the SFHA said—

” We should increase deployment of renewable technology now and not wait until 2025. However, as others have said, that should be targeted at off-gas areas where we know that we are providing a cheaper and more energy-efficient form of heating. In short, there should be a big emphasis on home energy efficiency before renewable technologies are fitted and, when we first deploy them, we should prioritise off-gas-grid buildings.

Source: Local Government and Communities Committee 08 February 2017, David Stewart, contrib. 125¹⁰²

205. The Existing Homes Alliance Stated—

” the focus on off-gas-grid homes and heat networks in urban centres has quite a large potential. We might be able to get up to 30 per cent renewable heat. That is definitely credible, but it should be made clear in the climate change plan that that is what the Government intends to do.

Source: Local Government and Communities Committee 08 February 2017, Fabrice Leveque, contrib. 108¹⁰¹

206. It highlighted that there should be a buildings standards proposal in the Plan for developers to install heat pumps or drive heat networks in new home developments. It stated—

- ” The Scottish Government has a consultation on regulation to support the growth of heat networks, so it is a shame not to see any ambition on what that stream of policy work will deliver in the climate change plan.

Source: Local Government and Communities Committee 08 February 2017, Fabrice Leveque, contrib. 39⁹⁹

207. The Energy Agency confirmed that previously people had a negative perception of heat networks, but now the technology had moved on and had become much more acceptable. ¹⁰³

208. On Policy Outcome 2 generally, the Minister stated—

- ” Working with partners, we will consider what the most appropriate solution is. It will include district heating, electric heat pumps, biomass and repurposing of the gas network to supply biogas or hydrogen. We will put forward much more detailed proposals on how we will realise significant heat decarbonisation in a subsequent climate change plan.

Source: Local Government and Communities Committee 22 February 2017, Kevin Stewart, contrib. 130¹⁰⁴

209. The Minister agreed that much of the future direction was reliant on action taken in the UK, stating—

- ” There are things that we are not doing in the UK at the moment that are being done elsewhere, and there is a level of testing that is only just starting here. Hydrogen technology, for example, is not moving fast enough. The UK Government controls the gas networks. The H21 project in Leeds has not moved far at all. Other places are considering putting biogas and hydrogen into their gas networks, but we are behind on that. We do not have the power to deal with it ourselves and are reliant on others to develop it. We will continue to encourage it but hydrogen technology and biogas use are not likely to happen in the first phase of the plan. That is why we have laid out the plan in the way that we have.

Source: Local Government and Communities Committee 22 February 2017, Kevin Stewart, contrib. 168¹⁰⁵

210. The Committee has concerns with Policy Outcome 2 given that its progress is concentrated between 2025 and 2032 and the proposal identified appears to be significantly reliant on decisions of the UK Government on the gas network in the delivery of carbon savings in the residential sector. The Committee believes that there is a risk that targets may not be met due to a lack of policy information in early years and a reliance on new technologies. The Committee believes that there should be further information on the Scottish Government's plans to decarbonising the residential sector in the final version of the Plan.

Fuel poverty

- 211.

Whilst not the focus of this Committee's remit, given that the Economy, Jobs and Fair Work Committee would be covering this, the Committee could not ignore the level of evidence it received on how making homes more energy efficient could greatly contribute to alleviating fuel poverty.

212. SFHA's written submission pointed out that low carbon heating generally costs more than natural gas. They were concerned that a move to low carbon heating before there has been a major improvement in the housing stock's energy efficiency would risk households falling into fuel poverty.¹⁰⁶
213. The Plan indicates that improved energy efficiency will help tackle fuel poverty and Scottish Government energy efficiency grants will continue to target low-income and fuel-poor households, whose occupants have the greatest potential to benefit.
214. The EHA felt that heat networks had the potential to reduce poverty, stating—

” We need to remember that installing heat networks often reduces heating costs; in fact, lots of social housing providers have installed heat networks because they provide a fuel poverty benefit. Off the gas grid, we should install heat pumps in very well-insulated homes but, echoing what has been said, we first need to ensure that homes are efficient. Installing a heat pump lowers heating costs because they are much more efficient and there is less of a risk with that.

Source: Local Government and Communities Committee 08 February 2017, Fabrice Leveque, contrib.
126¹⁰⁷

215. The Minister agreed that new technology is generally more expensive to start with, but costs go down.¹⁰⁸ He added that—

” We are focusing on energy efficiency in the early years of the plan because people may be uncomfortable with the technologies, which we can deal with later. Dealing with energy efficiency also means that properties will be ready to be converted to low-carbon heat, so as well as helping to reduce bills now, it will help to mitigate future energy price rises.

Source: Local Government and Communities Committee 22 February 2017, Kevin Stewart, contrib.
170¹⁰⁹

216. The Minister confirmed that the Scottish Government would consult on a new poverty strategy and fuel poverty target later this year, which will inform the development and delivery of SEEP.¹¹

Consumer behaviour, energy advice and information

217. The Committee explored how to influence consumer behaviour in relation to making their homes more energy efficient and adopting new technologies. Witnesses suggested that the Plan relied too heavily on new technologies and that there was a lack of information on changing consumer behaviour. In addition, we heard that there was not sufficient information on how consumers would be encouraged to take up new technologies.

218. The SFHA highlighted the importance of housing associations providing householders with face to face support regarding energy efficiency measures and plain information that is not technical. Mention was made of the array of funding streams that support energy efficiency. It argued for a longer term planning and consistency of funding streams.¹¹⁰

219. The Energy Agency spoke positively of the local authority area based schemes and how they could help both owners and people living in social rented housing. Highlighting, that this—

” ensures that delivery is across Scotland, and most local authorities are very knowledgeable about their geographical area.

Source: Local Government and Communities Committee 08 February 2017, Liz Marquis, contrib. 128¹¹¹

220. The Energy Agency also highlighted the importance of home-visiting services which is key for vulnerable households. It also recommended highlighting to customers the economic and health benefits the HEEPS service could provide.¹¹²

221. The EHA outlined a three-pronged approach to driving behaviours—

” First, we can provide information, which is what we do with EPCs. If someone rents or sells a house, it must have an energy performance certificate, and the Energy Saving Trust does a lot of good work to educate people about that and advertise its benefits. Secondly, it is about providing incentives to encourage people to do the things that we would like them to do. Thirdly, it is about regulation—the stick. I think that we are doing the first two, but we are lagging behind on the regulation part.

Source: Local Government and Communities Committee 08 February 2017, Fabrice Leveque, contrib. 62¹¹³

222. It added—

” the SEEP continues all the elements that we have discussed, including information, which area-based schemes are helping to disseminate, and regulation. All the components are in the SEEP, but it needs to be funded, and development of the programme needs to happen more swiftly as it has been very slow. The current consultation does not really give us anything new that we did not already have.

Source: Local Government and Communities Committee 08 February 2017, Fabrice Leveque, contrib.
126¹⁰⁷

223. In their 2016 progress report, the Committee on Climate Change suggested a number of policy requirements for the Scottish Government’s plan to meet future annual targets. In relation to the residential sector they suggested stronger implementation was required on “work to overcome the perceived challenges in getting agreement and securing finances for communal work on multi-tenanted properties.” ¹¹⁴
224. Alongside that proposal to regulate social housing in RPP2, was a proposal for the regulation of private housing stock. The EHA highlighted that the pace of change in relation to retrofitting existing stock has been slow and it is still energy inefficient, particularly in cold weather when people turn up their heating. It felt that the lack of transfer of this proposal to a policy in the Plan this time shows a lack of progress.
¹¹⁵

225. The Committee welcomes the Scottish Government’s ambitious targets in the residential sector although notes that achieving this will require consumer behavioural change, energy advice and information and potentially regulation in order to achieve these targets.

Conclusions

226. We welcome the Scottish Government's commitment to developing its monitoring and evaluation framework towards meeting its commitments within the Plan, with a view to providing annual summaries from 2018. The Committee recommends that the Environment, Climate Change and Land Reform Committee continues to take a lead role in the scrutiny of the Scottish Government's annual progress in performance against policies and proposals in the Plan, given its over-arching responsibilities in relation to climate change.
227. The Local Government and Communities Committee however, intends to continue monitoring progress against the policy areas within its remit in relation to climate change on ongoing basis. The Committee therefore requests that the Scottish Government provides it with an annual update on performance on areas specific to its remit, as highlighted in this report, with the potential to schedule further updates as and when required.

Glossary

The Plan – The Draft Climate Change Plan

CCF – Climate challenge fund

COSLA – Council of Scottish Local Authorities

DHLF - District Heating Loan Fund

ECO - Energy Company Obligation

EESHS - Energy Efficiency Standard for Social Housing

EHA – Existing Homes Alliance

EPC – Energy Performance Certificate

HEEPS - Home Energy Efficiency Programmes for Scotland

HESRL scheme - Home Energy Scotland Renewables Loan

HNPP - Heat Network Partnership Policy

RHI – Renewable Heat Incentive

RPP3 – Report on Policies and Proposals 3

RTPI – Royal Town Planning Institute

SEEP – Scottish Energy Efficiency Programme

SFHA – Scottish Federation of Housing Associations

SSN – Scottish Sustainable Network

Annex A

Extracts from the Minutes of the Local Government and Communities

Committee and associated written and supplementary evidence

4th Meeting 2017 (Session 5), Wednesday 1 February 2017

1. The draft Climate Change Plan (RPP3): The Committee took evidence from—

Chris Wood-Gee, Steering Group Chair, Sustainable Scotland Network;

Philip Revell, Projects Co-ordinator, Sustaining Dunbar;

Craig McLaren, Director, RTPI Scotland.

4. Consideration of Evidence (in private): The Committee considered and noted the evidence heard at agenda item 1.

Written Evidence

[Sustainable Scotland Network](#)

[Sustaining Dunbar](#)

[RTPI Scotland](#)

5th Meeting 2017 (Session 5), Wednesday 8 February 2017

2. The draft Climate Change Plan (RPP3): The Committee took evidence from—

Michael Barton-Maynard, Policy Manager, Homes for Scotland;

Fabrice Leveque, Existing Homes Alliance;

David Stewart, Policy Lead, Scottish Federation of Housing Associations;

Liz Marquis, Director, Energy Agency.

4. Consideration of evidence (in private): The Committee considered and noted the evidence heard at agenda item 2.

Written Evidence

[Homes for Scotland](#)

[Existing Homes Alliance](#)

[Scottish Federation of Housing Associations](#)

[Energy Agency](#)

Supplementary Written Evidence

[Homes for Scotland](#)

6th Meeting 2017 (Session 5), Wednesday 22 February 2017**5. The draft Climate Change Plan (RPP3):** The Committee took evidence from—

Kevin Stewart, Minister for Local Government and Housing, Stephen Garland, Head, Sustainable Housing Unit, Better Homes Division, and Gareth Fenney, Policy Manager, Sustainable Housing Unit, Better Homes Division, Scottish Government.

6. Consideration of evidence (in private): The Committee considered and noted the evidence heard at agenda item 5.

Supplementary Written Evidence[Scottish Government](#)***7th Meeting 2017 (Session 5), Wednesday 1 March 2017***

1. The draft Climate Change Plan (RPP3) (in private): The Committee considered a draft report and agreed to consider a further draft at its next meeting.

8th Meeting 2017 (Session 5), Wednesday 8 March 2017

3. The Draft Climate Change Plan (RPP3) (in private): The Committee considered and agreed a draft report.

Annex B

List of Other Written Evidence

These submissions can be found on the following [webpage](#).

- Scottish Environment Protection Agency
- Scottish Traditional Building Forum
- Dr Keith Baker and Ron Mould
- Industrial Nature
- Paths For All
- Historic Environment Scotland
- Food For Life Scotland
- RSPB Scotland
- North Ayrshire Council
- West Dunbartonshire Council
- South Lanarkshire Council
- Aberdeenshire Council
- Scottish Community Alliance
- Sustaining Dunbar
- Energy UK
- Energy Saving Trust
- Brookfield Renewable UK Ltd
- Smart Energy GB
- Transition Black Isle
- Stop Climate Chaos Scotland
- Mineral Products Association
- Scottish Renewables
- Keep Scotland Beautiful
- Scottish Natural Heritage
- Modern Masonry Alliance

- Insulated Render and Cladding Association
- Aberdeen City Council
- Just Transition Partnership
- WWF Scotland
- Scottish Land & Estates
- Stirling Council
- Glasgow City Council
- 2050 Climate Group
- Royal Scottish Geographical Society
- COSLA
- Brian Shannan

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