

## **JHPDG - Energy Efficiency and Fuel Poverty (agenda item 7)**

### **Scottish Government Update**

#### **Overview**

Tackling fuel poverty and improving the energy efficiency of homes across Scotland has always been a priority for this Government. We have allocated over £650 million since 2009 to tackle fuel poverty and improve energy efficiency and our efforts are paying off. Since 2008, 1 million energy efficiency measures have been installed in almost 1 million Scottish households through different programmes, with the share of homes with the top three energy efficiency ratings increasing by 71% since 2010. However fuel poverty levels remains high, with the latest statistics showing that 35% of Scottish households were in fuel poverty in 2014.

Last year we designated energy efficiency a National Infrastructure Priority in recognition of its contribution to achieving our climate change targets. In the Programme for Government (PfG) we announced that we will make available half a billion pounds over the next four years to support work to improve the energy efficiency of buildings, meaning that by the end of 2021 we will have committed over £1 billion to tackle fuel poverty and improve energy efficiency.

The PfG also announced a further £10 million for domestic energy efficiency helping make Scotland's homes cheaper to heat and reducing the costs of energy bills for householders. Including this investment, this year we are making available £113 million to improve the energy efficiency of Scotland's homes

The PfG also announced a further £10 million to make our public sector buildings more energy efficient – bringing our support for business and public sector energy efficiency to almost £40m this year creating and safeguarding jobs as well as ensuring long-term savings to the public purse. This is in addition to the investment and recycling of over £60m since 2007 in energy efficiency, district heating and renewables in programmes supporting businesses, the public sector and householders.

#### **Scotland's Energy Efficiency Programme**

The Infrastructure Investment Plan reaffirmed the designation of energy efficiency and low carbon heating for all buildings as a national infrastructure priority. Sitting at its core, Scotland's Energy Efficiency Programme will deliver a step change over the next 20 years in the provision of energy efficiency improvements to existing buildings and new heat generation infrastructure with an initial estimated overall investment from public and private sources of around £10bn. This figure will be updated in the draft Climate Change Plan expected in early 2017.

SEEP will commence from 2018 with substantial annual public funding coupled with new powers for the Scottish Parliament over the regulated energy suppliers. It will be a coordinated programme aimed at making homes and places of work warmer; promoting more affordable energy for consumers; help tackle poverty; improve

competitiveness of the Scottish economy; create a substantial market and supply chain; and contribute to meeting our climate change targets.

The Programme for Government committed over half a billion pounds to SEEP over the next four years, setting out a clear commitment to develop this very significant energy efficiency and low carbon heating generation programme. At the same time it confirmed that we will consult on the regulation of energy efficiency of private rented sector housing alongside the consultation on the new Energy Strategy. The PfG further made a commitment to increase efficiency standards and heat regulations commensurate with the scale of the heat market and will that we will also consult on phased regulation of other existing buildings to bring them up to higher energy efficiency standards as well as to look at financial incentives.

SEEP will incorporate the existing Energy Efficiency Standard for Social Housing (EESH) set in 2014 which was developed in partnership with colleagues in the Social rented sector. Delivery of the standard by the 2020 milestone, set in 2014 will lead to investment of around £900m by 2020 to improve homes for many of our most vulnerable households over and above the Scottish Housing Quality Standard. EESH will be reviewed during 2017 to assess progress to date and the future direction of the standard within SEEP. Initial discussions have begun on taking this forward.

Work to develop SEEP is well underway and we are working with stakeholders to test different approaches to improving the energy efficiency of Scotland's buildings. We are supporting this work with £9.5 million of funding to 11 local authorities to carry out SEEP pilots in 2016-17 with further funding being made available next year.

SEEP scenario workshops are planned for November and will be an opportunity for stakeholders and partners to consider possible delivery options for the programme and inform its on-going development.

SEEP should once fully deployed deliver significant benefits such as supporting over 4000 jobs and measurable improvements in health from warmer homes in addition to helping address Fuel Poverty and reduce Greenhouse Gas emissions. The Programme will also consider related enabling issues such as appropriate advice and information, the development of skills and supply chain capacity across all of Scotland, and effective monitoring and evaluation of the programme. Further details about SEEP will then be set out in the draft Climate Change Plan and the draft Energy Strategy, which will be published early next year.

## **Climate Change**

Emissions from our homes are much lower today that they were in 1990, with our policies and efforts on energy efficiency being a key driver in direct emissions from the residential sector between 1990 and 2014 fallen by 26%. Thus has contributed to Scotland meeting its overall statutory 2020 target of a 42% reduction in greenhouse gas emissions, with emissions fallen 45.8% from the 1990 baseline.

To ensure we remain focussed on achieving our targets we are developing a new Climate Change Plan that will set out policies and proposals to meet our existing targets out to 2032. A draft of the Climate Change Plan will be laid in Parliament in January next year.

The PfG also committed to outlining proposals for a new Climate Change Bill, which will include an ambitious new target of reducing actual Scottish emissions by more than 50% by 2020. We will be consulting on this new Bill, which will be based on advice from the independent Committee on Climate Change, early in 2017.

## **Fuel Poverty**

A new longer-term approach to tackling fuel poverty, to be delivered as part of SEEP, will be developed, taking on board the recently (26<sup>th</sup> October) published reports and recommendations of the Fuel Poverty Strategic Working Group and the Rural Fuel Poverty Task Force. This reflects the position, as announced by Scottish Ministers in June, that the statutory target to eradicate fuel poverty by November 2016 will not be met with latest statistics showing that 35% of households (845,000) were in fuel poverty in 2014.

These reports collectively made over 100 recommendations which included setting a revised fuel poverty target; reviewing the fuel poverty definition; and 'rural proofing' government's approach to tackling fuel poverty. The Scottish Government will consider how best to take these forward and will discuss this further with the Scottish Fuel Poverty Forum when it meets on the 15 December.

We have already, however, taken steps to ensure that rural households benefit from our current energy efficiency programmes with our HEEPS: Area Based Schemes distributing more funding per head of population to remote areas and the levels of grants in our islands also being higher than mainland areas. In addition our national fuel poverty programme – Warmer Homes Scotland – is delivered on a regional basis to ensure all parts of the country get the same level of service.

We are also committed to introducing a Warm Homes Bill in this Parliamentary term as the main legislative vehicle for delivering SEEP and tackling fuel poverty.

**End**