

**To: Planning and Climate Change Policy Board**

**On: 19 March 2024**

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**Report by: Director of Environment, Housing & Infrastructure**

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**Heading: Consultation on Heat in Buildings Bill**

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## **1. Summary**

- 1.1 Reducing Carbon Emissions is one of the principle measures to address climate change and is a key priority for all Local Authorities. Renfrewshire Council recognises that climate change will have far reaching effects on Renfrewshire's economy, its people and its environment and is determined to lead by example in tackling the causes of climate change.
- 1.2 Renfrewshire Council declared a climate emergency in June 2019 and approved the Plan for Net Zero in August 2022, which committed to working towards net zero by 2030 for both the Renfrewshire area as a whole and Renfrewshire Council as an organisation. This challenging target covers all aspects of energy use within the Renfrewshire wide area. Homeowners can help achieve these targets by ensuring their home is energy efficient. In doing so, there are many long-term benefits, such as carbon savings, reducing energy bills and by supporting the local economy.
- 1.3 This paper provides an update on the Heat in Buildings Bill consultation which was launched on 28 November 2023 and will be open until 8 March 2024. [Delivering net zero for Scotland's buildings - Heat in Buildings Bill: consultation - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/consultations/heat-in-buildings-bill/consultation-2023-24/pages/1-1-introduction.aspx)
- 1.4 The consultation proposes new laws that would set a minimum energy efficiency standard for owner occupied and private rented homes, as well as the heating systems that all buildings would be permitted to use in time. The paper includes an outline of the proposals and the implications for local authority LHEES.

The proposed Bill:

- prohibits the use of polluting heating systems after 2045, and before then at point of property purchase or when a heat network connection is available in a Heat Network Zone; and,

- require a minimum energy efficiency standard by 2028 for Private Rental Sector and 2033 for owner occupiers.
- 1.5 The consultation refers to “polluting heating systems”, this refers to direct emissions heating systems, such as gas and oil boilers, that produce emissions when used to heat buildings or provide hot water. The term “clean heating systems” is used to describe systems that do not produce any emissions in buildings when used, such as heat pumps and heat networks.
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## **2. Recommendations**

It is recommended that the Board:

- 2.1 Notes the consultation proposals, and homologates the submitted response, as detailed within Appendix A, and
  - 2.2 Requests a further report is brought to a future meeting of this Policy Board, when the Bill has been finalised with an update on implications for the Service.
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## **3. Background**

- 3.1 Scotland has a legal target to reach ‘net zero’ greenhouse gas emissions. The Climate Change (Emissions Reduction Targets) (Scotland) Act 2019 requires us to reach net zero by 2045, as well as to achieve a 75% reduction in emissions by 2030 and a 90% reduction in emissions by 2040.
- 3.2 In addition to Scotland’s net zero targets, there are strategic national targets relating to lowering emissions from our buildings through the decarbonisation of heat; improving energy efficiency in domestic and non-domestic building stock.
- 3.3 It has been proposed to introduce a draft Bill containing the powers to create a new ‘Heat in Buildings Standard’. The draft Bill and Standard will:
  - Reconfirm that the use of polluting heating systems will be prohibited after 2045; and
  - As a pathway to 2045, require those purchasing a home or business premises to end their use of polluting heating systems within a fixed period following completion of the sale.
  - introduce a new law that will require homeowners to make sure that their homes meet a reasonable minimum energy efficiency standard by 2033.
  - private landlords will be required to meet this minimum energy efficiency standard by 2028.

3.4 The consultation has described five points in time at which people may be asked to meet the Heat in Buildings Standard:

- **One** - at the end of a grace period which follows the completion of a property purchase;
- **Two** - following notice from a local authority to a building owner in a Heat Network Zone that they are required to end their use of polluting heating;
- **Three** - at the end of 2028, private landlords will need to have met the minimum energy efficiency standard;
- **Four** - at the end of 2033, owner occupiers will need to have met the minimum energy efficiency standard; and
- **Five** - at the end of 2045, all building owners will need to have ended their use of polluting heating.

3.5 The Bill aims to Set a minimum energy efficiency standard within properties to ensure homes achieve as good a level of energy efficiency as possible. It is key that home owners can improve the energy efficiency of their homes in a way that is simple and affordable. It is proposed that a minimum energy efficiency standard can be met by installing a straightforward list of measures. The list of measures would be developed to prioritise those that could have most impact for homes with the lowest amount of cost and disruption. Any home owner who had installed these measures – or as many of them as are feasible for the type of home they live in – would be considered to have reached a good level of energy efficiency and meet the new standard. The proposed list includes:

- 270 mm loft insulation;
- cavity wall insulation (CWI);
- draught-proofing;
- heating controls;
- 80mm hot water cylinder insulation;
- Suspended floor insulation

3.6 The Scottish Government is proposing to introduce a new law which will require those purchasing a property to comply with the prohibition on polluting heating within a specified amount of time following completion of the sale. Under this proposed law, the purchaser of a property will be given time – known as a ‘grace period’ – to have the work carried out.

3.7 The Heat in Buildings Standard proposes to provide Local Authorities with powers to require buildings within a Heat Network Zone to end their use of polluting heating systems (by a certain date, and with a minimum notice period). The benefits of these proposals are twofold:

- Firstly, a heat network developer would know which buildings would be required to transition from polluting heating, and by when – allowing the developer to confidently design and construct the ‘spine’ of a network accordingly. This is important, as the spine of a network can be costly, time-consuming and disruptive to install and so should ideally be done at once. When it is installed, it becomes relatively easy and affordable to extend the network to connect other areas in future.

- Secondly, building owners required to look for alternative heating systems are far more likely to join the heat network. This will provide greater assurances to investors about the revenue that a new heat network is likely to receive, which will help convince them in turn to make that investment decision and to reduce the cost of finance. This can lead to lower costs of heat to homes and businesses as end users.
- 3.8 It is proposed that if homeowners, landlords and businesses are being asked to invest in this transition, then there is a real case for the public sector to show leadership by taking early and sustained action to decarbonise its estate. This will also help to further develop the supply chain for manufacturers and installers of new heating systems and energy efficiency products.
- 3.9 It is proposed that all public buildings would have to be heated using clean heating systems from 2038, with significant investment required to do so. Potential duties placed upon Local Authorities include:
- Placing a new duty on public sector organisations which would prevent them from replacing a polluting heating system with another (unless impractical); and/or
  - Creating a new duty for each public body to develop and implement a plan to decarbonise their buildings; and/or
  - Placing a new statutory reporting duty on public sector organisations to demonstrate progress towards their 2038 objective (with the potential for the 2038 then to be non- statutory); and/or
  - Placing no further statutory requirements on public sector organisations (instead relying on their ability to plan alongside our delivery and funding programmes to meet the 2038 objective).
- 3.10 A further report will be brought to a future meeting of this Policy Board, when the regulations have been finalised, with an update on implications for the Service.

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## Implications of the Report

1. **Financial** – significant impact, the proposals set out in the Bill would result in all public buildings being given energy efficiency targets with a requirement of significant investment in new, non-polluting heating systems throughout the estate.
2. **HR & Organisational Development** – None.
3. **Community/Council Planning** – None.
4. **Legal** – None.
5. **Property/Assets** – significant impact, the proposals set out in the Bill would result in all public buildings being required to replace there polluting heating system with a non-polluting equivalent by 2038.

6. **Information Technology** – None.
  7. **Equality & Human Rights** –
    - (a) The Recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement of individuals' human rights have been identified arising from the recommendations contained in the report. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the Council's website.
  8. **Health & Safety** – None.
  9. **Procurement** – None.
  10. **Risk** – None.
  11. **Privacy Impact** – None.
  12. **COSLA Policy Position** – N/A.
  13. **Climate Risk** – Significant, the proposals set out in this Bill would be a key driver to decarbonising Scotland's buildings by ensuring that all polluting heating systems are replaced by non-polluting heating systems by 2038.
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### List of Background Papers

- Consultation on proposals for a Heat in Buildings Bill
  - A new Monitoring and Evaluation Framework for Heat in Buildings
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**Author:** Craig Doogan, Energy Team Leader, Energy Management Unit  
**Email:** [craig.doogan@renfrewshire.gov.uk](mailto:craig.doogan@renfrewshire.gov.uk)

## Renfrewshire Council response to the 'Heat in Buildings Bill' Consultation

Full consultation can be viewed at: [Delivering net zero for Scotland's buildings - Heat in Buildings Bill: consultation - gov.scot \(www.gov.scot\)](https://www.gov.scot/Topics/consultations/2022/01/22-01-2022-heat-in-buildings-bill)

Questions on Chapter 2 - The Heat in Buildings Standard

**Q1.** To what extent do you support our proposal to prohibit the use of polluting heating systems in all buildings after 2045?

Strongly support, the Heat in Buildings Bill aligns with Renfrewshire Council Net Zero target. Renfrewshire Council would be cautious of the cost to the consumer to install green technologies.

**Q2.** To what extent do you agree that we should introduce a minimum energy efficiency standard to be met by private sector landlords by the end of 2028 (even if they are already using clean heating)?

Somewhat support, it is essential that buildings are made more energy efficient prior to the installation of a green heating system, such as a heat pump. If not, then the heat being generated would be wasted as the thermal performance of the building has not been improved, or, if the heating has inadequate controls. It would be a concern that private sector landlords could increase their charges to the tenant to cover any required works.

**Q3.** To what extent do you agree that we should introduce a minimum energy efficiency standard to be met in owner occupied homes (which still have a polluting heating system) by the end of 2033?

Strongly support, It is essential that support is available for those households who cannot afford to install additional energy efficiency measures. There is currently funding available through ECO Flex 4. This could result in a greater uptake if households were made aware of a compulsory requirement moving forwards.

**Q4.** Do you agree with our proposal to set a minimum energy efficiency standard that can be met by either installing a straightforward list of measures, or showing a good level of energy efficiency based on a reformed EPC fabric efficiency metric?

Somewhat support, the list of measures is good for homeowners who are not energy efficiency minded as it gives them a list to work from. Listing suspended underfloor insulation can be viewed as unreasonable as the cost and disruption far outweighs any environmental benefit. There is a risk of punishing those who already cannot afford to heat their homes by imposing levels that can only be achieved with significant investment in homes that are likely to be the least energy efficient.

**Q5.** What is your view on the initial proposed list of measures to meet the minimum energy efficiency standard?

Somewhat support, the list of measures is good for homeowners who are not energy efficiency minded as it gives them a list to work from.

**Q6.** Do you think that properties for which most or all of the measures on the initial proposed list are not relevant should be required to meet an equivalent minimum energy efficiency standard?

Yes – they should be required to meet the standard and additional measures should be included on the list (such as solid wall insulation, solid floor insulation and flat roof insulation), but they should only be required to install some of these where feasible and cost effective. A pragmatic approach is required to ensure that hard to treat properties are targeted where it is financially viable to install such measures. By making these additional measures mandatory, it may prove difficult to sell these properties in the future. A clear definition as to what is cost effective is required to remove any dubiety.

**Q7.** Do you think that an alternative approach to setting the minimum energy efficiency standard is required?

No, more than one method risks diluting the message.

**Q8.** Do you agree that the use of bioenergy should continue to be permitted in certain circumstances?

Yes, it should be permitted for those buildings already using it **and** for those buildings who have no other clean heating system available.

Questions on Chapter 3 - Property Purchases

**Q9.** To what extent do you support the requirement to end the use of polluting heating following a property purchase?

Somewhat support, house purchasers would likely have to increase their mortgages to cover the cost of any upgrade. It could also prevent sellers from getting the expected property value.

**Q10.** We are proposing to give those purchasing a property a 'grace period' to end their use of polluting heating. Do you agree with this proposal?

Yes – the grace period should be three years.

**Q11.** To what extent do you support our proposal to apply a cost- cap where people are required to end their use of polluting heating following a property purchase?

Somewhat support, a cost cap would be difficult to manage. Setting a cap based on a properties floor area does not fully reflect a fair system. Many older properties, for example ex council houses may have large floor areas, however, they may not be as affluent as modern new build homes with smaller floor areas.

**Q12.** Which of the following methods of applying a cost-cap do you support?

- a. A flat cost-cap.
- b. A size-based cost-cap.
- c. **A purchase price-based cost-cap.**
- d. None.
- e. Another, please suggest below.

**Q13.** To what extent do you support the proposal that the Scottish Ministers should be given powers to extend the circumstances in future (beyond a property purchase) in which people could be required to end their use of polluting heating?

This could be, for example, preventing the installation of new fossil fuel boilers when replacing the heating in your home or business premises?

Neither support nor oppose, changing guidance could lead to a watering down effect of existing guidance and could have a negative impact on future legislation. the routemap has to be concise and long-term to avoid doubt/confusion

Questions on Chapter 4 - Connecting to Heat Networks

**Q14.** To what extent do you support our proposal to provide local authorities (and Scottish Ministers) with powers to require buildings within a Heat Network Zone to end their use of polluting heating systems by a given date?

Somewhat support, Scottish Local Authorities are in the process of delivering their LHEES with the next phase looking at potential district heating schemes. In order to get buy-in and to size any future schemes, there is a need for a mandatory connection to ensure the system is designed and costed correctly. There must be the caveat that for any cost to the consumer there must be a means-tested review for any assistance that may be required to enable the transfer.

**Q15.** To what extent do you support our proposal to provide powers to local authorities (or Scottish Ministers) that require developers to connect new buildings within Heat Network Zones to a heat network?

Strongly support, existing Heat Networks should be fully utilised when a new build development is being proposed.

**Q16.** To what extent do you support our proposal to require occupiers of non-domestic properties to provide information about unused heat on their premises?

Strongly support, many building users will be unaware of the benefits to utilising unused heat and would not have the knowledge to utilise the heat within a heating network.



**Q17.** To what extent do you support our proposal to potentially require buildings with unused heat to provide this to a local heat network?

Somewhat support, however, further work would have to be undertaken to determine who would install the infrastructure to accommodate this, and to who's cost?

Questions on Chapter 5 - Monitoring and Enforcement

**Q18.** We will need to have a way to monitor if people are meeting the Heat in Buildings Standard, and discussed two options for this. Which do you support?

- a. Submitting EPCs alone.
- b. Sampling a percentage of buildings.
- c. A combination of the two.**
- d. None, there should be no monitoring.
- e. Another method, please suggest below or explain your selected answer.

Further investigation would be required to determine who would administer any future schemes.

**Q19.** We will need to have a way to enforce the Heat in Buildings Standard. We discussed possible options to help achieve compliance. What are your views on these ideas?

- a. I support relying on market and financial product mechanisms such as mortgages or home/ building insurance.
- b. I support extra Council Tax and Non-domestic Rates charges, in future, for those who don't comply.
- c. I support the introduction of civil penalties, in future, if compliance is not achieved.
- d. I support a mixture of the above options.**
- e. I do not support the suggested enforcement tools, but have another suggestion (please provide below).
- f. I do not support any form of enforcement.

**Q20.** To what extent do you support our proposals to modify the Standard or exempt certain people from the need to meet the Heat in Buildings Standard?

Neither support nor oppose

**Q21.** Which people, businesses, or types of buildings, if any, should be eligible for a modified standard or exemptions?

There may be people who have a modified heating set-up to serve a specific disability.

**Q22.** To what extent do you support our proposals to give certain people extra time to meet the Heat in Buildings Standard?

Somewhat support, first time buyers, or household in fuel poverty may struggle to find the additional capital to bring their property up to the standard.

**Q23.** Which people, businesses or types of buildings, if any, should be eligible for extra time?

First time buyers, or households in fuel poverty.

Questions on Chapter 6 - Public Sector Buildings

**Q24.** To what extent do you support our proposal to require all buildings owned by a Scottish public authority to be using clean heating systems by 2038?

Somewhat support, it is important that all buildings in Scotland have the same energy standard throughout. With Scottish Local Authorities owning such a large property portfolio there will be significant financial demands put on authorities at a time when local authorities have severe financial pressures. Renfrewshire Councils ongoing Strategic Property Review plans to try and reduce/rationalise our property portfolio, with particular focus being to:

- Reduce its carbon footprint (including energy consumption)
- Have a financially sustainable property portfolio.

**Q25.** We are considering the following further duties on public sector organisations to support planning for the transition by 2038:

**a.** Placing a new duty on public sector organisations which would, from 2025, prevent them from replacing a polluting heating system with another (unless impractical);

**b. Creating a new duty for each public body to develop and implement a plan to decarbonise their buildings;**

**c.** Placing a new statutory reporting duty on public sector organisations to demonstrate progress towards their 2038 objective (with the potential for the 2038 then to be non- statutory); and/or

**d.** Placing no further statutory requirements on public sector organisations (instead relying on their ability to plan alongside our delivery and funding programmes to meet the 2038 objective).

Most local authorities have set targets to work towards their local authority area becoming net zero. Roadmaps are being developed looking to highlight how our buildings can transition to net zero and what is required to achieve the target.



## Questions on Chapter 7 - Amendments to Existing Legislation

**Q26.** Do you agree with our proposals to include powers in the proposed Heat in Buildings Bill to change the current requirement in legislation for a narrowly-defined renewable heat target?

Yes, this will bring more clarity and a better understanding.

**Q27.** Do you agree that the Heat Networks (Scotland) Act 2021 should be amended in light of the passage of the Energy Act 2023?

Yes, it should be aligned to reflect the Energy Act 2023.

**Q28.** Are there any further amendments to the Heat Networks (Scotland) Act 2021 that the Scottish Government should consider?

Local Authorities could benefit from a better definition of who will administrate/enforce/market the new Heating In Buildings Standard.