



What you need to know: Heat in Buildings Strategy

Background

The Scottish Government's [Heat in Buildings Strategy](#) (the Strategy), published on 7 October 2021, sets out a vision for the future of heating Scotland's buildings and a pathway towards decarbonisation as we transition to net-zero emissions by 2045, the statutory target set out in the [Climate Change \(Emissions Reduction Target\) \(Scotland\) Act 2019](#). The publication builds on the draft Heat in Buildings Strategy consultation earlier this year.

The Strategy includes a commitment from the Government to invest at least £1.8billion in heat and energy efficiency projects over the Parliamentary session to support the decarbonisation of Scotland's homes and buildings, and emphasises the importance of a just transition to help protect those at risk of fuel poverty and those least able to pay for this transition.

Targets for Scotland's homes

The Strategy outlines a pathway to net-zero emission homes and buildings by 2045. Central to this vision is the £1.8billion investment, to support the decarbonisation of one million homes by 2030 and remove poor energy efficiency as a driver of fuel poverty. The Strategy highlights the importance of the fabric first approach to this transition in reducing energy demand and rendering homes warmer. However, the Strategy also highlights the importance of focusing on heating system change.

Energy Efficiency and EPC Targets - The Strategy includes an overarching ambition for all homes to achieve at least EPC band C by 2033, where feasible and cost-effective, to ensure that future energy costs are effective and lift people out of fuel poverty.

In terms of specific tenures, the Strategy outlines that regulations will be brought forward to require that all private rented sector properties achieve an equivalent to EPC C by 2028. The Government will also consult on the introduction of regulations to require owner occupied private homes to meet a

minimum level of energy efficiency equivalent to EPC C by 2033. In terms of social housing, the Strategy notes that 89 percent of social rented homes have met the 2020 milestone and are continuing to work towards the second EESSH2 milestone (all social housing to meet EPC B or be as energy efficient as practically possible by 2032). The Government plans on reviewing the EESSH2 standard to help strengthen this in due course.

Installation of Zero Emissions Heat Systems - To meet the net-zero emissions target by 2045, all homes and buildings must significantly reduce their energy use. This will require the vast majority switching to zero emissions heating systems, so that by 2030, over one million homes are converted to zero emissions heat. This includes ensuring that zero emissions heat installations scale up to provide a total of at least 124,000 systems installed between 2021-26, which must then peak to over 200,000 new systems per annum in the late 2020s.

By 2030, the vast majority of the 170,000 off-gas homes that use high emissions oil, LPG and solid fuels, alongside at least one million homes that use mains gas, will have to convert to zero emissions heating. The Government plans to phase out the need to install new or replacement fossil fuel boilers in off gas areas from 2025 and in on gas areas from 2030. The Strategy also sets out that all new buildings will be required to use zero direct emissions heating, as well as feature high levels of fabric energy efficiency. This will apply from 2024 onwards to all building warrant applications for new homes.

All-Tenure Zero Emissions Heat Standard - The Strategy also sets out a commitment to consult on an all-tenure zero emissions heat standard during 2022, which would seek to bring forward legislation during the Parliamentary term to require the installation of zero, or very near zero, emissions heating systems throughout existing buildings (both domestic and non-domestic).



Funding for net-zero

Social Housing Net Zero Heat Fund - The Strategy acknowledges the progress made by the social housing sector and outlines the Government's intention to continue the [Social Housing Net Zero Heat Fund](#) until 2026, with a commitment to investing additional funding of at least £200 million to help support the decarbonisation of social housing over the course of this parliamentary term.

The commitment to extending the Fund until 2026 and increased investment is intended to help support social landlords to undertake projects to deploy zero emissions heat, enhance energy efficiency and reduce fuel poverty.

Additionally, the Strategy outlines the Scottish Government's pledge to invest £3.44 billion to deliver energy efficient social and affordable homes during this parliamentary term, as well as continuing to support affordable housing providers who wish to install zero emissions heating systems.

Green Heat Finance Task Force - The Strategy estimates that the total cost of Scotland's homes and buildings transitioning to zero emissions by 2045 will be in excess of £33 billion, and that the

majority of this will have to be met by private investment. The establishment of a new Green Heat Finance Task Force will be used to identify innovative financing solutions for both at-scale and individual level investment.

It is anticipated that the Taskforce will help shape the future of financing Scotland's heat transition in creating a new partnership approach to make recommendations on a range of options that the Scottish Government and the private sector - working in collaboration - should bring forward to help support scaled up growth in private capital needed and where possible, innovative pilot solutions to attract investment.

The Strategy highlights that the Scottish Government will kickstart this transition with at least £1.8 billion of funding over the parliamentary term, and expects that the Taskforce will make its recommendations ahead of the introduction of regulations, to ensure that a clear and identified range of financial support mechanisms is made available to support buildings owners to meet their regulatory obligations.

The CIH view

Transforming Scotland's homes to zero emissions will be key to fulfilling our climate change commitments. We welcome the ambition set out in the Scottish Government's Heat in Buildings Strategy, particularly the emphasis placed on ensuring a just transition, as well as the importance of connecting the decarbonisation of heat to statutory fuel poverty targets.

The Strategy clarifies the targets that all homes and buildings will be expected to achieve, including one million homes converting to zero emissions heating by 2030 and all homes reaching at least EPC band C by 2033.

Whilst the creation of a new Green Heat Finance Taskforce has the potential to unlock private finance to support the decarbonisation of homes and buildings, there still remains a lack of detail surrounding what exact financial support will be made available to homeowners and landlords. Similarly, whilst we welcome an increased investment of £200 million to the Social Housing Net Zero Heat Fund, the Strategy highlights that the cost of transitioning to zero emissions by 2045 will be in excess of £33 billion.

If we are to ensure a truly just and fair transition to net-zero, the regulations must be matched by adequate financial support to enable households to achieve these targets, especially to protect those on the lowest incomes to avoid pushing people into poverty. We look forward to seeing further detail on these plans including the Fuel Poverty Strategy expected to be published before the end of 2021 and Just Transition Plan due in spring 2022.