

# The Highland Council

Agenda Item	10.
Report No	CCC/11/24

**Committee:** Climate Change

**Date:** 23 May 2024

**Report Title:** Heat In Buildings Bill: Next Steps

**Report By:** Assistant Chief Executive, People

## 1. Purpose/Executive Summary

1.1 At the Climate Change Committee on 20 March 2024 Elected Members were asked to homologate the officer response to the Scottish Government's consultation on the Heat in Buildings Bill. Members expressed their wish to engage on the matter at a political level.

## 2. Recommendations

2.1 Members are asked to:

- i. **Note** the possible routes for engagement set out in the report;
- ii. **Agree** the proposed approach for delivering a workshop; and
- iii. **Agree** the timeframe for conducting the proposed workshop.

## 3. Implications

3.1 **Resource** – Officers from Climate Change and Energy, Housing and Building Maintenance, Planning, Design and Construction, Housing Development, Property Management, Estates Management, Revenues and Customer Services, Corporate Finance, Economic Development and Regeneration were invited to contribute towards the original response to Consultation on behalf of the Council. The scale of change being proposed in the Consultation means it is likely that there will be further resource implications in the future.

3.2 **Legal** - There are no legal implications directly arising from this report.

3.3 **Community (Equality, Poverty, Rural and Island)** - There are no direct implications arising from this report. However, the legislation, one enacted, is very likely to have wide ranging implications. These are highlighted in the consultation response.

3.4 **Climate Change / Carbon Clever** - The response and recommendations help shape the commitment to a Just Transition and future policy development.

3.5 **Risk** - There is no risk directly arising from this report.

3.6 **Health and Safety (risks arising from changes to plant, equipment, process, or people)** - There are no Health and Safety implications arising directly from this report.

3.7 **Gaelic** - There are no Gaelic implications arising from this report.

#### 4. **Opportunities for Engagement**

4.1 Although the Bill has not yet been published, proactive steps can be taken to influence its development and ensure alignment with the Council's objectives. Possible actions include to:

- **Submit Written Evidence:** Members are encouraged to submit comprehensive written evidence once the Bill is published. This provides an opportunity to articulate the Council's stance and recommendations formally.
- **Engage with Committee Chair and Members:** Direct engagement with the Chair and members of the committee is essential. This can be done through correspondence and seeking meetings to discuss specific concerns, suggestions, or areas of support regarding the Bill.
- **Potential for Oral Evidence:** While not guaranteed, there may be an opportunity for the Council to provide oral evidence during committee sessions. This allows for direct interaction with decision-makers and the opportunity to clarify or expand upon key points.
- **Engage with Sponsoring Minister:** Connecting with the sponsoring Minister offers another avenue for influence. The Council could write to the Minister and seek a meeting to discuss the Council's perspective and potential areas of collaboration or improvement within the Bill.
- **Identify Supportive MSPs for Amendments:** To further bolster the Council's position, identifying a supportive MSP willing to table amendments at stages 2 and 3 of the Bill is suggested. This proactive approach can help ensure that the Council's interests are represented during the legislative process.

#### 5. **Proposed Members Workshop**

5.1 Recognising the complexity and significance of the Heat in Buildings Bill, the Climate Change and Energy Team will facilitate a Members workshop. This will aim to provide a detailed understanding of the Bill's implications, the Council's initial response, and potential strategies for further engagement. From this it is hoped that informed agreement is reached regarding the next steps in the consultation process.

#### 6. **Conclusion**

6.1 Effective engagement with the Heat in Buildings Bill consultation offers Members the opportunity to engage in shaping future legislation in alignment with the Council's objectives. By seizing opportunities for political engagement, submitting evidence, and fostering collaboration with key stakeholders, the Council can actively contribute to the development of policies that promote clean heating and energy efficiency. The offer of a workshop further demonstrates the Council's commitment to informed decision-making and proactive involvement in the legislative process.

6.2 It is proposed that should Members agree the proposed workshop structure, a suitable date will be arranged in either June or August at the Committee's request.

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Date: 9 May 2024

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Background Papers:

[Proposals for a Heat in Buildings Bill Consultation](#)

[Heat in Buildings Strategy - achieving net zero emissions in Scotland's buildings](#)

Appendices:

Appendix 1 - Submitted responses to the Scottish Government Heat in Buildings Bill Consultation

## Appendix 1

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

- Strongly support
- Somewhat support
- Neither support nor oppose
- Somewhat oppose
- Strongly oppose
- Don't know

While there is overall support for the proposal to ban polluting heating systems after 2045, several key concerns need addressing. There is a consensus on the necessity of recognising rural properties' challenges, including the lack of practical alternatives and potential economic impacts. Additionally, questions about investment prioritisation, exceptions, and evaluation criteria for compliance have been raised.

A recurring theme is the financial burden associated with the conversion to cleaner energy, encompassing both capital and operational costs. The need for a fundamental rebalancing of the cost dynamics between electric and fossil fuel systems is emphasized. Furthermore, practical matters, such as considerations for conservation areas, listed buildings, and structures with concrete floors, require detailed clarification.

Education and awareness are identified as critical factors, with a call for early initiatives to inform households and businesses about clean heating options, including operability, costs, and performance. Addressing installation, operational, and maintenance costs early on is seen as essential to drive the necessary scale of the shift.

In specific regional contexts, such as the Highlands, the proposal's impact on supply chains, fuel poverty rates, and households in rural and remote locations is highlighted. The concern is raised about the potential challenges posed by the proposal in terms of costs, available skills, and the achievable timescales for implementation.

In summary, while there is support for the prohibition in principle, stakeholders emphasise the importance of addressing practical challenges, economic considerations, and regional disparities to ensure a successful transition away from polluting heating systems.

**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)?**

- Strongly support
- Somewhat support
- Neither support nor oppose
- Somewhat oppose
- Strongly oppose
- Don't know

While there is a general inclination toward supporting the introduction of a minimum energy efficiency standard for private sector landlords by the end of 2028, concerns and varied perspectives have been raised. Advocates for the proposal emphasise the need for enhanced standards, particularly for commercial landlords, and suggest potential approaches for implementation. However, strong opposition is voiced against singling out landlords, with calls for a comprehensive application of legislation to all units, including owner-occupied properties. Concerns are raised regarding potential challenges for accidental landlords, the burden on rental costs, and the impact on property shortages in regions like the Highlands.

There is a unanimous call for further discussion with stakeholders to address enforcement mechanisms, evaluate support for landlords, and consider potential exemptions to avoid unintended consequences. Clarifications on market value impact, accommodation challenges during upgrades, and the financial implications for landlords and tenants are deemed crucial before implementing such legislation.

**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
- Somewhat support
- Neither support nor oppose
- Somewhat oppose
- Strongly oppose
- Don't know

The responses to the question on introducing a minimum energy efficiency standard for owner-occupied homes with polluting heating systems by the end of 2033 reflect a mix of opinions. While there is overall support for the proposal, concerns and considerations have been voiced. Some respondents strongly support the idea, emphasizing the need for a minimum standard even with a transition to clean heating systems. They argue that it is essential for minimising energy consumption and improving overall efficiency. However, there are concerns about potential loopholes and the need for a fabric-first approach, especially for properties with unique challenges such as solid walls.

On the opposing side, there are reservations about enforcement mechanisms, affordability for homeowners, and the potential impact on property sales and mobility. One respondent suggests that increasing taxes on polluters might be a more cost-effective approach.

There is a unanimous call for further discussion with stakeholders to address enforcement measures and evaluate support for homeowners. The importance of considering net-zero issues alongside broader housing and homelessness initiatives is emphasized to avoid unintended consequences. Overall, the responses indicate a willingness to support the proposal with the condition that careful consideration is given to potential challenges and solutions, with a focus on minimising adverse effects on homeowners.

**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?**

- Strongly support
- Somewhat support
- Neither support nor oppose
- Somewhat oppose
- Strongly oppose
- Don't know

The Highland Council recognises the importance of setting a minimum energy efficiency standard to address the unique challenges posed by our large rural geography. The majority of responses express a somewhat supportive stance, highlighting the need for a robust assessment of the proposed straightforward list of measures. Concerns are raised about the potential limitations of the list, particularly in acknowledging a significant proportion of properties, such as solid, timber-framed, and system-built structures prevalent in the Highlands.

There is a common thread of scepticism about the effectiveness of the existing Energy Performance Certificates (EPCs) in accurately capturing the energy efficiency of properties. Respondents emphasise the importance of avoiding default or rote application of standard options and call for clarity on what constitutes the standard list. Questions arise about the completeness of the list, the requirement for all or some measures to meet the standard, and the potential increase in costs associated with obtaining EPCs.

The challenges faced by the Highlands, including a large number of properties off the gas grid, above-average fuel poverty, and constraints from grid limitations, underscore the necessity for careful consideration of the practicalities and suitability of proposed measures. Affordability and the availability of contractors, especially in areas of varying population density, are identified as crucial factors in the successful implementation of energy efficiency standards.

In summary, while there is a somewhat supportive stance, the Highland Council emphasises the need for a comprehensive, flexible, and region-specific approach that considers the diverse property types in the Highlands and addresses the practical challenges associated with implementation, affordability, and regulatory considerations.

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

- Strongly support
- Somewhat support
- Neither support nor oppose
- Somewhat oppose
- Strongly oppose
- Don't know

The Highland Council acknowledges the initial proposed list of measures to meet the minimum energy efficiency standard. The majority of responses express a somewhat supportive stance, recognising the need for comprehensive measures that align with the challenges posed by a large rural geography, a significant number of off-gas grid properties, above-average fuel poverty, and grid constraints. There is a particular emphasis on the importance of a whole-house retrofit approach, aligning with industry standards like PAS 2035, to address insulation alongside heating system changes.

Concerns are raised about potential challenges in the supply chain, particularly with the emergence of start-up companies providing standardised solutions without considering the suitability of measures for diverse property types. The Council

highlights the importance of an experienced and qualified supply chain to ensure the effectiveness of the proposed measures.

Additionally, the Council draws attention to potential issues related to cost reductions, material availability, and contractor availability. There is a cautionary note about owners anticipating price reductions. A strategic approach, something LHEES is ideally placed to deliver could help to alleviate pressures on the supply of materials and contractors, similar to past experiences with solar panels and their accelerated deployment through the introduction of supporting measures. The Council suggests it may be prudent to have enforcing bodies with discretionary powers to extend deadlines based on local circumstances, considering potential delays in works due to supply chain issues.

In summary, while the Highland Council somewhat supports the proposed list of measures, there is a strong emphasis on the need for a holistic and region-specific approach, considering the unique challenges faced in the Highlands and ensuring an experienced and qualified supply chain for effective implementation.

**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?**

- A. No – these properties should be considered compliant once they have installed all the measures that are appropriate for their building type, even if this is few or no measures
- B. 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), and they should be required to install all of these where feasible
- C. 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
- D. 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 they should be allowed additional time to do so.

The Highland Council emphasizes a nuanced approach to requiring properties to meet an equivalent minimum energy efficiency standard, considering the specific challenges posed by the region's large rural geography. The responses from services across the Council exhibit a preference for acknowledging the necessity for outlining a minimum level to be achieved while recognizing the challenges



associated with costs, workforce availability, and the potential need for non-standard solutions.

Concerns are raised about the potential higher costs of non-standard solutions, requiring a mature and qualified supply chain. The Council underscores the importance of factoring in associated compliance issues, such as planning and conservation measures, and the need for additional time to address negotiations and raise funds. Affordability and cost-effectiveness are identified as crucial factors, especially concerning long-term vacant properties that may require compliance encouragement. In terms of sustainability however the Council recognizes the potential in re-development of both empty domestic and non-domestic buildings may offer a long-term alternative option to new build in directly tackling the affordable housing issues in rural locations.

The Council expresses support for a realistic and pragmatic approach that considers the feasibility, cost, and deliverability of energy efficiency measures. This aligns with the unique circumstances of the Highland region and emphasizes the need for careful consideration to ensure buy-in and the overall success of the proposed minimum energy efficiency standard.

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

Yes

No

Don't know

The Highland Council's response indicates a mixed perspective on whether an alternative approach to setting the minimum energy efficiency standard is required. While there is a preference around supporting the approach, there is a call for consideration of factors in known challenges and aligns with necessary support.

The sentiment is shared that the benefits must be properly understood by building owners and occupiers, and there is a preference for simplicity and practical manageability.

In summary, the Council believes that the current approach may be sufficient, it must address specific challenges and incorporate necessary support. The overall sentiment underscores the importance of practicality, affordability, and effective communication to ensure successful implementation and compliance with the minimum energy efficiency standard.

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

- No, it should be prohibited in all cases
- Yes, it should be permitted for those buildings already using it
- Yes, it should be permitted for those buildings who have no other clean heating system available
- Yes, it should be permitted for those buildings already using it and for those buildings who have no other clean heating system available
- Yes, it should be used in wider circumstances (please describe these)

The Council recognises the complexities of the transition to cleaner heating systems in the context of our large rural geography and current grid constraints. The response reflects a consensus that the use of bioenergy should continue to be permitted in certain circumstances.

The prevailing view is that bioenergy should be allowed for buildings already utilising it and for those with no other clean heating system available. There's a collective understanding that individuals and organisations that have invested in bioenergy technologies should not be penalised, especially considering the already substantial ask in the transition. The carbon impact of converting these properties is deemed minor, and limited resources are suggested to be better targeted towards other transition measures.

A nuanced perspective suggests permitting the continued use of bioenergy in wider circumstances, especially for buildings that have existing bioenergy heating systems installed, considering the considerable costs involved in their implementation. This stance emphasises a pragmatic approach, considering the disproportionate cost of conversion compared to the carbon savings available. Additionally, secondary, or supplementary bioenergy systems in domestic premises is deemed sensible, serving as a backup in the event of power failures, particularly in rural areas prone to storms.

In summary, the Highland Council aligns with the view that the use of bioenergy should persist in specific situations, recognising the need to avoid penalising those who have already invested in this technology and considering the practicalities of transition, cost implications, and the unique challenges posed by the rural context.

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

- Strongly support
- Somewhat support
- Neither support nor oppose
- Somewhat oppose

Strongly oppose

Don't know

The Highland Council takes a predominantly somewhat supportive stance.

While there is acknowledgment of potential challenges such as financial constraints and the impact on housing supply and demand, the prevailing sentiment is that ending the use of polluting heating at the time of property purchase is a reasonable measure. The view taken emphasises this would be the least disruptive time to implement such changes, with financial considerations being actively considered during property transactions.

Concerns are raised about potential grid constraints and the need for allowances in certain areas. Additionally, there is support for ensuring that potential purchasers understand the implications of historic underinvestment in energy efficiency measures and the shift away from properties being used solely as investments.

While recognising that there may be losers in this transition, the Council supports the notion that property purchase prices are likely to reflect the costs of installing clean heating, similar to costs associated with necessary renovations or upgrades. The emphasis is on a reasonable timeframe for upgrades, affordable options, and considerations of comfort levels, especially in comparison to existing heating systems.

**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 two years

Yes – the grace period should be three years

Yes- the grace period should be four years

Yes – the grace period should be five years

No, please provide reasons for your view

The Highland Council are supportive on the requirement to end the use of polluting heating following a property purchase, it is felt that a window of three years to complete the works provides an approach which fully considers the financial, grid, and comfort considerations in the unique context of the Highlands.

**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?**

- Strongly support
- Somewhat support
- Neither support nor oppose
- Somewhat oppose
- Strongly oppose
- Don't know

While the Council's stance is somewhat supportive. It is important to emphasise the need for clarity and certainty in successful engagement, concerns are raised about the challenges in ensuring a fair and effective cost cap. While the Council acknowledges the need to rectify long-standing issues the Council would highlight the importance of setting a maximum limit to prevent property flipping and to ensure accountability for improvements.

The complexities of implementing a cost cap needs to strike a balance between making clean heating systems accessible and affordable for all building owners while ensuring that regulation does not limit the supply of contractors with the requisite skills and the availability of materials and systems.

In summary, the Council would somewhat support stance on the proposal to apply a cost cap. There is recognition of the need for further guidance to ensure fairness and effectiveness, considering the complexities and implications for various stakeholders in the context of the unique challenges faced by the Highlands.

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

- A flat cost-cap
- A size-based cost-cap
- A purchase price-based cost-cap
- None
- Another

As an authority on energy and climate management, the Highland Council navigates the challenges posed by our large rural geography, numerous off-gas grid properties, above-average fuel poverty, and grid constraints. The responses to the question on

applying a cost-cap where people are required to end their use of polluting heating following a property purchase indicate a mixed perspective.

The Highland Council generally supports the proposal to apply a cost cap where people are required to end their use of polluting heating following a property purchase. The importance of clarity and certainty in successful engagement is recognised, and a cost cap is seen as a valuable measure in navigating the transition to cleaner heating systems.

However, it's essential to approach the implementation of the cost cap with careful consideration of various factors. There is a need to ensure that the cost cap is fair, effective, and considers the unique challenges of the Highland region, which includes a large rural geography, numerous off-gas grid properties, above-average fuel poverty, and grid constraints.

Challenges are acknowledged, such as the complexity of ensuring a fair and effective cost cap and the potential risks associated with its application. It is important to strike a balance to prevent unintended consequences, including limiting the supply of contractors with the requisite skills and the availability of materials and systems.

Further guidance is deemed necessary to refine and ensure the fairness of the cost cap for everyone involved. This supportive stance is underscored by the recognition that a carefully implemented cost cap can play a crucial role in facilitating a smooth and equitable transition to cleaner heating systems in the Highland region.

**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?**

- Strongly support
- Somewhat support
- Neither support nor oppose
- Somewhat oppose
- Strongly oppose
- Don't know

While the main respondents within the Council express straightforward support for the proposal, there is recognition that careful consideration and a clear

understanding of the potential impacts on building owners and occupiers should be fully explored.

Concerns are raised about the potential disproportionate disadvantages for outliers, especially those facing financial constraints, and the suggestion of deferment rather than total exemption is proposed in certain cases.

The importance of assessing cumulative impacts on the housing supply, particularly for renters, is emphasised. Respondents stress the need for a clear timescale and considerations for accessibility to affordable and effective heating systems. There is also a call for robust financial support to property owners, especially in cases where the cost difference between replacing existing heating systems and transitioning to cleaner alternatives is dramatic.

In summary, the Highland Council, generally supports the proposal but underscores the importance of nuanced considerations, financial support, and a comprehensive understanding of potential impacts to ensure a smooth and equitable transition, considering the unique challenges faced in the Highland region.

**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?**

- Strongly support
- Somewhat support
- Neither support nor oppose
- Somewhat oppose
- Strongly oppose
- Don't know

In the main the Council would express a supportive stance. The Council would with emphasise the necessity of such powers for the progression of Local Heat and Energy Efficiency Strategies (LHEES) across Scotland. The sentiment is that building owners and occupiers often resist change, and providing authorities with these powers is crucial for instigating the needed transformation and fostering confidence in investment and development.

The Council would highlight the importance of linking such powers with existing legislation and policies, maximising development opportunities, and reducing opt-outs within LHEES. However, there is some uncertainty about the financial implications and emphasise the need for funding if these mandates are to be implemented effectively.

The Council acknowledges the potential challenges and costs associated with implementation in areas with existing infrastructure. The suggestion is made to consider implementation based on the whole life of systems rather than a fixed date.

The Highland Council, as an authority navigating complex energy and climate challenges, generally supports the proposal to empower local authorities, recognising the importance of such powers for driving transformative changes in the context of Heat Network Zones, with considerations for effective implementation and financial support.

**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
- Somewhat support
- Neither support nor oppose
- Somewhat oppose
- Strongly oppose
- Don't know

The Highland Council, would endorse the proposal to grant local authorities or Scottish Ministers the power to mandate the connection of new buildings to heat networks. This support is deeply rooted in the Council's acknowledgment of the challenges arising from its extensive rural geography, numerous off-gas grid properties, heightened fuel poverty, and grid constraints.

In asserting this position, the Council emphasises the pivotal role of mandatory connections as an unmissable opportunity. With a keen awareness of developers' cost-driven decisions, there is a concern that without robust support for mandatory connections, the adoption of optimal net-zero solutions might be compromised, potentially detrimental to the broader heating network.

Furthermore, the Council advocates for an integrated planning approach by suggesting a linkage between the mandatory connection requirement and planning legislation. This reflects a commitment to fostering a comprehensive and cohesive strategy for development and sustainability.

The Council would raise pertinent regulatory concerns about the governance of Local Heat Networks (LHN). Fears of potential misuse, limitations on consumer choice, and competition issues draw parallels with challenges faced in the electricity supplier market, underscoring the need for careful regulatory considerations.

The Council particularly supports the strategic opportunities presented by requiring new developments to connect to heat networks within areas of higher demand concentration. This is viewed as a strategic avenue for evaluating heat network viability on a site-specific basis and facilitating future network expansion.

In summary, the Highland Council's endorsement of mandatory connections underscores their pivotal role in advancing broader sustainability objectives. However, concerns related to regulation, consumer choice, and market dynamics underscore the importance of meticulous planning and strategic considerations in implementing this proposal.

**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
- Somewhat support
- Neither support nor oppose
- Somewhat oppose
- Strongly oppose
- Don't know

The Highland Council, would offer a nuanced stance on the proposal as there is a requirement for some clear definition around unused heat. Acknowledging the importance of clear and consistent definitions, methodologies, and formats across Scotland, the Council leans towards support. However, it foresees challenges in implementation, raising questions about the policing and checks of this requirement.

There's an anticipation of potential resistance from companies perceiving this as a risk to production or an additional administrative burden. This could lead to confusion and ambiguity; the Council highlights a lack of clarity about the concept of "unused heat." It seeks clarification on whether it pertains to excess capacity, waste heat generated, or other criteria. This uncertainty emphasizes the need for a more detailed explanation of the proposal.

The Council would raise a practical question about how occupiers would determine what constitutes unused heat and how such monitoring would occur. It also queries whether a financial incentive would be introduced and emphasises the importance of considering the grid balancing aspect in the proposal.

Supporting the proposal in principle, the Council is cognisant of the potential challenges in ensuring the accuracy of the data provided. It suggests that support and specialist advice may be necessary to facilitate accurate reporting.



The Highland Council recognises the potential benefits of reporting unused heat in non-domestic properties but underscores the importance of clear definitions, addresses concerns about enforcement, and emphasises the need for expert guidance to ensure the accuracy of reported data.

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

- Strongly support
- Somewhat support
- Neither support nor oppose
- Somewhat oppose
- Strongly oppose
- Don't know

The Highland Council leans towards supporting the proposal, emphasising the need for financial considerations, detailed information, and a thorough viability assessment to ensure the successful integration of buildings with unused heat into local heat networks. This approach reflects the Council's commitment to practical and well-informed strategies in navigating the complexities of its unique geographical and energy landscape.

**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?**

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

The Highland Council, recognising the unique challenges posed by its expansive rural geography, numerous off-gas grid properties, elevated fuel poverty rates, and grid constraints, weighs in on the methods proposed for monitoring compliance with the Heat in Buildings Standard. The responses indicate a preference for a combination of the two suggested options, emphasising the need for increased

transparency on Energy Performance Certificates (EPCs) while acknowledging that a reliance solely on EPCs may not be comprehensive. Some respondent's express concerns about the effectiveness of sampling and advocate for evidence-based methods similar to the Building Warrant process. The Council stresses the importance of a fair and enforceable monitoring system to ensure compliance and public confidence, considering the potential challenges and costs for building owners in a 10-year renewal cycle.

**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?**

I support relying on market and financial product mechanisms such as mortgages or home/ building insurance.

I support extra Council Tax and Non-domestic Rates charges, in future, for those who don't comply.

I support the introduction of civil penalties, in future, if compliance is not achieved.

I support a mixture of the above options.

I do not support the suggested enforcement tools, but have another suggestion (please provide below).

I do not support any form of enforcement.

The Highland Council, sees pathways in both the reliance on market and financial product mechanisms, emphasizing the linkage to mortgages and insurance and the idea of imposing extra Council Tax and Non-domestic Rates charges for non-compliance. There are reservations about potential unintended consequences, such as excluding certain building owners from financial products.

The Council suggests that a mixture of enforcement actions, considering the justifiability and affordability of the measures, may be a prudent approach. The importance of safeguarding access to financial products during grace periods and ensuring quick and accessible processes for obtaining exempt certificates is highlighted, particularly in areas with dispersed buildings. The Council emphasizes the need for a step change led by the market, with availability of affordable and effective systems as a key factor in achieving compliance.

**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?**

Strongly support

- Somewhat support
- Neither support nor oppose
- Somewhat oppose
- Strongly oppose
- Don't know

Acknowledging the unique circumstances in rural areas, the Council expresses a need for modifications and exemptions, particularly for outliers whose situations may not have been foreseen during the standard's formulation. There is strong support for exemptions as essential safeguards, especially in rural and island locations where compliance may be challenging. The Council emphasises the importance of considering financial and health grounds for exemptions/extensions to protect those facing credit challenges or potential impacts on mental/physical health.

Moreover, the Council underscores the necessity of a robust, evidence-based model to determine exemptions, including factors such as constraints on the electricity grid. The overarching goal is to avoid unintended consequences such as homelessness and financial hardship, ensuring that both initial capital and long-term running costs are affordable for affected individuals.

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

The Highland Council recognises the need for a modified standard or exemptions to address the challenges posed by a large rural geography, off-gas grid properties, above-average fuel poverty, and grid constraints. Eligibility for such modifications or exemptions should consider the following:

1. Solid Fuel Users: Individuals or businesses relying on solid fuel, especially in areas facing constraints, should be eligible for modifications or exemptions.
2. Rural Areas: Recognizing the unique challenges in rural locations, where compliance may be more difficult due to various factors, these areas should be considered for exemptions or modified standards.
3. Conservation and Listed Buildings: Properties within conservation areas or listed buildings, which may have restrictions on modifications, should be eligible for exemptions or modifications tailored to preserve their heritage.
4. Factors Beyond Control: Individuals or businesses facing factors beyond their control, such as grid constraints or lack of affordable heating options, should be eligible for exemptions or modifications.

5. People Living in Fuel Poverty: Those living in fuel poverty without the means to fund or afford upgrades should be considered for exemptions or modified standards, with a focus on protecting vulnerable populations.

6. Health Conditions: Consideration should be given to exemptions or modifications for individuals with health conditions that fall through the funding gap, ensuring their well-being is safeguarded.

7. Non-traditional Construction: Heritage and listed buildings with non-traditional construction methods may face unique challenges and should be eligible for exemptions or modified standards.

The Council emphasises the importance of ensuring accessibility, quick decision-making, and safeguards during grace periods to protect those facing financial or health challenges in the process of gaining exempt certificates.

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

Strongly support

Somewhat support

Neither support nor oppose

Somewhat oppose

Strongly oppose

Don't know

The Council's stance on providing extra time aligns with considerations for various property types and circumstances. Notably, the Council emphasizes the importance of clearly defined criteria for eligibility and exemptions, ensuring that the process is not easily exploited and remains focused on exceptional cases. This nuanced approach reflects an understanding of unforeseen circumstances that may arise during the transition to cleaner heating systems.

Furthermore, the Council emphasizes the importance of safeguarding accessibility during grace periods, ensuring that individuals, building owners, and tenants facing challenges, particularly in rural and island locations, are protected. This approach aligns with the Council's commitment to achieving compliance with the Heat in Buildings Standard while considering the diverse and unique challenges present in their geographical and socio-economic context.

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

In response to the question about eligibility for extra time to meet the Heat in Buildings Standard, the Council outlines several considerations:

1. **Legislative Checks:** Any legislative changes are deemed necessary to align with the Tenement Scotland Act, ensuring compliance while respecting communal decision-making principles for maintaining and improving communal properties.
2. **Property Types and Decision Control:** Extra time eligibility is considered, particularly for property types such as blocks of flats, where decisions are beyond the control of individual tenants. This recognizes the complexities of communal living arrangements.
3. **Types of Buildings and Exceptions:** The Council acknowledges that unforeseen circumstances may arise, leading to outliers that were not initially considered during the standard formulation. Therefore, a mechanism or allowance for exemptions, specifically by exception, is suggested.
4. **Consideration of Economic Challenges:** Recognizing the economic challenges faced by individuals, building owners, and tenants, the Council stresses the importance of exemptions as safeguards, particularly for those in rural and island locations where compliance might be unachievable. Financial and health grounds are highlighted as factors for consideration in granting exemptions or extensions.
5. **Grid Constraints:** Acknowledging challenges beyond individual control, such as grid constraints, the Council emphasizes the need to account for these factors when determining eligibility for extra time. Importantly, this consideration is independent of cost-related issues.
6. **Financial Restrictions and Planned Projects:** The Council supports extra time eligibility for those facing financial restrictions or individuals with planned projects in the near future. This approach seeks to balance the transition to clean heating systems with the financial capacity and project timelines of individuals and businesses.

In essence, the Highland Council's position reflects a comprehensive understanding of the diverse challenges within its jurisdiction and underscores the importance of a nuanced, inclusive, and equitable approach to the Heat in Buildings Standard.

**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?**

- Strongly support
- Somewhat support
- Neither support nor oppose
- Somewhat oppose

Strongly oppose

Don't know

The Council's Net Zero Strategy aligns with this requirement. However, there are a number of challenges which must be acknowledged if National targets are to remain realistic and achievable.

**Balancing goals with financial realities:** While the Council supports the emphasis placed on targets with a clear and defined timelines promoted within the proposed bill; however, the Council highlights significant financial challenges faced by public sector organisations, suggesting that achieving this transformation would require significant funding.

**Consideration of comprehensive policies:** Support would be contingent on considerations beyond isolated requirements. The Council stresses the need to factor in other policies to ensure energy efficiency measures are not neglected in pursuit of clean heating systems. Limited budgets are a critical factor.

**Challenges in implementation:** There are concerns about the practicality and financial feasibility of the proposal. The Council would outline challenges, including the need for new or upgraded electricity supply, operational cost implications, and potential shortage of contractors/supply chain. The sheer number of properties requiring conversion is deemed overwhelming.

**Integration with other commitments:** Alignment with other Scottish Government policies and commitments is vital. The financial impacts of compliance with heat in building standards need to be factored into decision-making processes, particularly in the context of public sector property disposal.

**Consideration of building use:** The suggestion that the requirement for all public sector buildings to be fully compliant by 2038 might be too broad. Building use, particularly those used for care and health settings, is proposed as a determining factor.

**Challenges with planning constraints:** The Council seeks more guidance, especially regarding planning constraints, indicating the need for a nuanced approach that considers diverse circumstances.

**Integration into replacement cycles:** There is common consensus the transition to clean heating systems should align with the cycle of replacement, focusing on cost-effectiveness and market availability. It is recognised that these considerations should form part of the strategic process. Linking them to the LHEES delivery programme would ensure focus is maintained.

**Opposition based on practical constraints:** The Council's Net Zero Strategy would lead to the Council opposing in principle the adoption of practical constraints such as the lifespan of existing systems, financial limitations, required fabric upgrades, and insufficient skills within the area for service and maintenance of clean heating

systems. The Council would adopt an acceptance of retention of bioheating for the whole life duration however the transition from use of Oil and Natural Gas even as back up fuel sources should be considered as part of the Council's strategic approach to heat in buildings.

In summary, the Highland Council is supportive of the transition to clean heating systems but underscores the importance of addressing financial challenges, integrating policies, and considering the practicalities of implementation within the unique context of its region.

**Q25 We are considering the following further duties on public sector organisations to support planning for the transition by 2038. Please tell us which option(s) you would support.**

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

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

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).

The Council's responses to the proposed further duties on public sector organizations to support planning for the transition by 2038 can be consolidated as follows:

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

The Council emphasises the need for a detailed definition and alignment with Local Heat and Energy Efficiency Strategies (LHEES).

Raises concerns about the impracticality of the 2025 timeline, urging a more realistic timeframe that allows sufficient planning.

There are concerns around placing a new statutory reporting duty on public sector organizations to demonstrate progress towards their 2038 objective (with the potential for the 2038 then to be non-statutory). The Council acknowledges that 2025 is considered too soon and impractical, calling for a more detailed definition of the proposal.

Allowing public sector organisations to rely on their ability to plan to meet the 2038 objective alongside existing delivery and funding programmes would allow for the

identification of regional problems and is likely to emphasise the need for additional resources and funding in order to establish the extent of remedial actions required.

The Council advocates for mandating proper consideration of Net Zero (NZ) and clean heating requirements in refurbishment projects, proposing standard guidance/templates, and mandatory considerations for a realistic evaluation metric.

In summary, the Highland Council generally supports the idea of creating a new duty for public bodies to develop decarbonisation plans, emphasising the importance of clear definitions and alignment with existing strategies. The Council also recognises the impracticality of an accelerated timeline and advocates for a comprehensive approach, including reporting duties and careful consideration of project metrics and evaluations. The importance of additional resources and funding to address identified problems is underscored to ensure a successful transition.

**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

No

Don't know

The Council is generally in agreement with the proposed changes. However, there is a specific concern about the potential oversimplification of solutions, particularly a worry that the emphasis on a narrowly defined renewable heat target might lead to an overreliance on certain technologies, such as widespread deployment of PV systems. This concern is accompanied by a broader worry about the possibility of carbon offshoring, raising questions about the embodied carbon during construction and the actual carbon emissions saved during the operational lifetime of such systems.

Additionally, there is a request for more specificity and information about how the changes will be defined. The Council emphasises the need for clarity and details to make informed decisions regarding the proposed alterations to the renewable heat target. Despite these considerations, the overall tone from the Council is in favour of the proposed modifications.

In summary, the Highland Council supports the idea of adjusting the current renewable heat target but calls for a careful and detailed definition of the changes to ensure effective and well-informed implementation.

**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

No

Don't know

The Highland Council supports the proposed amendments as a strategic step toward regulatory alignment, proportional regulation, and potential sector enhancements, affirming its commitment to ensuring the continued growth and effectiveness of heat networks within its jurisdiction.

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

While both Acts anticipate technical amendments, the Heat Networks (Scotland) Act 2021 should explore the possibility of additional enhancements that go beyond technicalities. This could involve proactive adjustments to facilitate the evolving needs of the heat network sector in Scotland.

Any amendments should aim to align consumer protections, harmonise regulatory standards and consider progressive enhancements to ensure the Heat Networks (Scotland) Act 2021 remains robust, effective, and adaptable within the evolving landscape of heat network legislation.