



prosper

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Delivering net zero for Scotland's buildings – Heat In Buildings Bill

Consultation Response

ABOUT US

Prosper is a unique membership organisation, with a proud history of bringing people together from government, business and civil society to effect change. Our purpose is to create a prosperous Scotland which benefits all its people and places.

With members from across Scottish society - from charities to local authorities and micro businesses to multi-nationals - Prosper always considers the big picture and longer term when it comes to Scotland's future.

Our shared ambition is to support economic growth and prosperity for all of Scotland, but our thinking extends beyond economic success to deliver better social and environmental outcomes. Prosper makes a positive impact on the big challenges facing the country by bringing our members and partners from across the economy together.

Prosper's mission is to convene debate and fresh thinking around the major issues for Scotland's economy. We do this working in consultation with our diverse and extensive membership and governed by committees and working groups of expert members in these areas of focus.

CHANGING THE WAY WE HEAT OUR HOMES AND BUILDINGS: A CONSULTATION ON PROPOSALS FOR A HEAT IN BUILDINGS BILL

1. We firmly support Scottish Government's ambitions for net zero, and as the home of purposeful organisations in Scotland, our members contribute significantly towards the decarbonisation activities that are required on our shared journey towards net zero. Through our values of collaboration, innovation and purpose are committed to a fair, green and growing economy for all of Scotland.
2. Prosper is clear that bold actions are needed for Scotland to transition to net zero in a just manner by 2045. As the consultation states, heating buildings represents around 30% of Scotland's total energy consumption and therefore plays a significant part in the transition to net zero. We welcome consultation on proposals.
3. Through the leadership of our Chief Executive as Co-Chair, we are supporting the work of the Green Heat Finance Taskforce. We hosted a Roundtable engagement event during the development process in 2022.
4. Our report with Vattenfall Heat UK *Harnessing Value for Scotland's Communities from Heat Networks* explored the opportunities, barriers and enablers to achieving an integrated heat network in the Glasgow area at a roundtable with over 30 stakeholder organisations¹.
5. The Prosper Clean Growth Leadership Group, guided by our *Manifesto for Clean Growth*² brings together partners from across the public, third, and private sectors to lead the way to net zero.
6. We have heard concerns from the property industry on the challenges that proposals set out in the consultation will have for those in the non-domestic sector. We have also heard about the bespoke approach that is needed for those seeking to decarbonise heritage/traditional and/or listed buildings across the country.

¹ [Harnessing Value for Scotland's Communities from Heat Networks](#)

² [Manifesto for Clean Growth](#)

a. General Comments

- A need for a community scale whole-systems approach to consider holistically the interaction and use of buildings – particularly in rural areas.
- Research is needed to explore which incentive would encourage cooperative behaviour and decision making within shared energy network environments.
- Rewards/incentives should be given to those who successfully decarbonise in a holistic manner. Enforcement or monitoring simply on the basis of heat does not capture the full complexity of interactions between mixed-use (commercial and residential) buildings and spaces and those who live and work there.
- Solar energy should have greater consideration as part of the energy mix in mixed-use spaces given that working hours commonly coincide with daylight.
- Some people and businesses can face challenges in sourcing suppliers of ‘green energy’, particularly if there is a single owner covering a mixed-use set up with one electricity/gas network.
- The importance of public engagement should not be underestimated.
- The very real challenges faced by those with grid capacity issues justify the proposed inclusion of exemptions and extra time to comply in these instances.
- Suggestion that the approach taken to non-domestic buildings is the wrong approach and seems to reflect a policy aimed at homes that has been adapted for the non-domestic sector. This approach does not adequately reflect the additional complexities of the sector and the whole-systems-thinking approach that will be needed to bring about the bold changes required.
- Given the complexities, this approach takes time, and if not developed with the non-domestic sector at the forefront of policy risks both progress and failure across the non-domestic sector with regard to decarbonisation of heating.

b. Non-Domestic Sector

- Whilst the opportunities for the sector are significant, the scale of the challenge across the full spectrum of domestic and non-domestic sectors is immense.
- The sector is clear on the essential – not optional - need to decarbonise but highlights that the plans outlined are challenging.
- A concern for new property developments where there is not a heat network in place that the proposals might lead to a potential duplication of cost and an additional burden of uncertainty. Where, for example, funding is available for heat separate to e.g., solar, a wider approach is needed that lowers the risk to commercial businesses.
- Additional concern on how the finances and costs associated with heat networks will function, including a potential disadvantage due to higher energy use.
- The domestic differentiation of owner/occupier and tenant is not a clear distinction that is carried through into the commercial/non-domestic sector. The often highly complex nature of relationships and agreements that exist within the commercial sector in reality are not acknowledged within the proposals.
- The need for these complexities to be represented across the proposals has not been taken into consideration in the development of the consultation, despite the positive engagement with the sector over the last year.
- A lack of clarity on how the sales/purchase process would apply within the commercial sector where these processes are generally more complex than in the domestic setting.
- The context set out in the consultation for managing the costs of complying is very domestic-centric and overlooks a wide range of non-domestic and

commercial settings where support will also be required to meet any standards including large organisations, manufacturing facilities and others.

- Concerns around the feasibility of the cost-cap options as they might apply in the non-domestic sector where the size, construction, and use of buildings and spaces is complex, especially in combination with the variety of complex ownership models.
- Lack of reference to cooling was also raised – particularly in relation to instances where insulating some commercial buildings might result in a greater need and, therefore, higher energy use for cooling.
- It will be challenging to determine how to apply the proposed additional exemptions or extra time with regards to protecting the local or national economy.
- Consideration of incentives for those tenants who have their energy bills wrapped into rent payments, where the initial motivations to pursue energy efficiency or heat decarbonisation measures may not be a priority.

c. Heritage/Traditional and Listed Buildings and Properties

- A range of challenges faced by those who own and use heritage/traditional and listed buildings. Encourage Scottish Government to collaborate with Historic Environment Scotland and other organisations leading the way in demonstrating opportunities and learning in the application of innovative solutions to heritage buildings and their wider communities.
- Further and additional investment and research is required to better and more fully understand what works for buildings and properties of this nature.
- A suggestion that in some instances the most impactful approach is on a case-by-case, building-by-building basis that takes into account the heat profile of a given space, and to apply greater whole-systems-thinking to the broader place in which buildings are located.
- Concerns that the transfer of some heritage/traditional buildings from public ownership into community ownership raises fears questions about the future integrity of buildings given challenges relating to retrofit skills gap, cost of bringing back into economic use, and retention of cultural heritage.
- In some instances, the time, scale and cost of the conventional ‘bringing to standard’ may never be recouped in energy efficiency savings and may indeed damage both the heritage and integrity of the building. For example, impacts on sandstone buildings, restrictions on uPVC windows for listed buildings.
- Those with heritage/tradition and listed properties face challenges in retrofitting due to a shortage of heritage skills across sectors like heritage construction and stone masonry.
- Challenges exist in comparing heritage buildings to new builds via a system (EPC) that offers no affordance to embodied carbon and longevity of structure e.g., Victorian stone buildings designed and built via construction methods with a much lower carbon intensity than modern new construction.
 - Comparisons based on ability to retain heat (EPC) ignore other contributions of heritage buildings to place and culture of townscapes.
 - Very challenging with regard to residential heritage/traditional buildings.
 - Can be difficult to find investments for projects that aim to tackle the challenges faced by heritage/traditional buildings and properties.