

Delivering Net Zero for Scotland's Buildings Changing the way we heat our homes and buildings

A Consultation on proposals for a Heat in Buildings Bill

Equalities Impact Assessment Record

Lead Minister

Minister for Zero Carbon Buildings, Active Travel, and Tenants' Rights

Lead official

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Directorate/ Division/ Team

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Heat in Buildings Policy and Regulations
Heat Strategy, Community Energy & Consumer Policy Unit

Is this new policy or revision to an existing policy

New Policy

1. Screening

1.1 The Equality Act 2010 requires public authorities to: eliminate discrimination, harassment and victimisation; advance equality of opportunity; and to foster good relations between persons who share a relevant protected characteristic and those who do not. This is known as the Public Sector Equality Duty (PSED). Therefore we have assessed the impact of our proposals for a Heat in Buildings Bill against the three needs of the duty: ensuring that the proposals do not discriminate unlawfully; considering how the proposals might better advance equality of opportunity; and considering whether the proposals will foster good relations between different groups.

2. Policy Aim

2.1 This is an Equalities Impact Assessment on the Scottish Government's Proposals for a Heat in Buildings Bill Consultation ('The Consultation').

2.2 The coming together of the climate emergency and the cost-of-living crisis makes the need for urgent action to reduce emissions and energy demand from buildings across Scotland more important than ever.

2.3 Scotland has legally binding targets to achieve net zero greenhouse gas emissions by 2045, with interim targets requiring a 75% reduction by 2030, and 90% by 2040. The Climate Change Plan Updateⁱ clarified that emissions from heating our homes and non-domestic buildings combined will have to achieve a fall of 70% by 2030 compared to 2020. Our proposals aim to make a contribution to this. We will also need to significantly reduce emissions from "non-domestic" buildings like schools, hospitals, offices and shops.

2.4 Making our homes and buildings more energy efficient will help to reduce our individual demand for energy and result in homes that are warmer and easier to heat. Poor energy efficiency is also one of the drivers of fuel poverty¹. However, we know that better insulation and other energy efficiency measures – where those improvements are possible – will not be enough on their own. Meeting our net zero target by 2045 will need all homes and buildings in Scotland to reduce their greenhouse gas emissions to zero where possible.

3. Summary of desired outcomes of the Consultation and subsequent Heat in Buildings Bill

3.1 Our plans for decarbonising Scotland's buildings were set out in our 2021 Heat in Buildings Strategy. This made clear the ways in which regulations requiring us all to reduce our energy demand and change our heating systems will be essential to reducing emissions from Scotland's buildings and delivering our public Net Zero goal by 2045.

3.2 The Strategy also made clear that no one should be left behind in the heat transition and had, as part of its vision an aspiration that poor energy efficiency is removed as a driver of fuel poverty. It also committed to our proposals and actions

¹ [Fuel Poverty \(Targets, Definition and Strategy\) \(Scotland\) Act 2019 \(legislation.gov.uk\)](https://www.legislation.gov.uk)

as a whole contribute to the removal of fuel poverty. We believe that the changes and improvements delivered by the proposed way forward laid out in this consultation will make our homes and buildings cleaner, healthier, greener, and easier to heat.

3.3 We have introduced standards for new buildings (domestic and non-domestic) which will prohibit the use of polluting heating systems from 1 April 2024²; we now need to focus upon Scotland's existing homes and buildings. At the moment, 21% of our emissions come from our domestic and non-domestic buildings, with around 5,000 clean heating systems installed per year in Scottish homes. However, to reach our net zero target, this number must increase.

3.4 For non-domestic properties with 230,000 non-domestic buildings and 17 TWh energy consumed, this indicates significantly higher energy use of non-domestic buildings when compared to domestic buildings.

3.5 As well as changes to the heating systems in individual properties, we are also progressing work to deploy "heat networks" across Scotland, which could play an important part in reducing or removing emissions associated with heating buildings on that network. We believe that they will play an important part in the heat story across Scotland.

3.6 The Consultation sets out proposals on the ways in which regulations made using the powers in a "Heat in Buildings" Bill might look and operate.

² [The Building \(Scotland\) Amendment Regulations 2023 \(legislation.gov.uk\)](https://www.legislation.gov.uk)

4. Proposed Measures for inclusion the Heat in Buildings Bill

Proposal 1 - Setting a Heat in Buildings Standard for all buildings

4.1 We are proposing to include powers into the Heat in Buildings Bill to establish a 'Heat in Buildings (HiB) Standard'. This will affect **all buildings** in Scotland and will comprise three separate, but linked, parts:

- a prohibition on the use of polluting Heating systems after the end of 2045 for all buildings
- In owner occupied homes – require such homes to meet a minimum energy efficiency standard by the end of 2033; and
- In private rented homes – require landlords to meet a minimum energy efficiency standard by the end of 2028

Proposal 2 – Scope of the Heat in Buildings Standard (extra time to take action)

4.2 The HiB Standard set out in Proposal 1 will mean that all homes meet the energy efficiency and clean Heating requirements by 2045. However, we know that, in some cases, extra time might be needed to help people undertake the necessary works, or to take into account individual circumstances.

4.3 This is why we are proposing to introduce the HiB Standard affecting only main heating systems in a property. We are also proposing to give extra time in the period to 2045 to those already using bioenergy to meet the clean heat requirement of the Standard. Where there is no clean heating solution available to some homes and businesses, we are also proposing to give extra time until cleaner alternative fuel options become available.

Proposal 3 – Phasing of the Heat in Buildings Standard (Property purchase)

4.4 To help us contribute to our interim targets to reduce emissions by 2030 we are proposing to require those purchasing a property to comply with the prohibition on polluting heating within a specified amount of time following completion of the sale (likely two years).

4.5 This 'trigger' will apply only after we have developed and consulted on further regulations which will help implement the proposals. This proposal places no new obligation on the seller.

Proposal 4 – Phasing of the Heat in Buildings Standard at other points in time

4.6 In the future it may make sense, or be possible, to require people to end their use of polluting heating, for example, when their current boiler comes towards the end of its life.

4.7 We are proposing to include in the Bill powers to allow Scottish Ministers to require property owners to end their use of such polluting heating in other

circumstances – but these powers would be the subject of further consultation as well as needing the future consent of the Scottish Parliament.

Proposal 5 – Connecting to and developing Heat Networks

4.8 We know that heat networks are one of the clean heating systems that will comply with the HiB Standard. We want to see growth in this sector and we know that there is significant interest from local authorities and private investors in owning and operating these networks.

4.9 To attract more investment in this sector we are proposing that we 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 certain date and with a minimum notice period).

4.10 Where a building is within a Heat Network Zone we are also proposing that building would not be affected by the property purchase trigger. This is to help preserve the business case for the network. Buildings within these zones will be required to meet the Standard when a heat network becomes available, either by connecting to that network or by installing another clean heating solution.

4.11 For new buildings within a Heat Network Zone, we are considering the creation of powers to allow local authorities and Scottish Ministers to require developers to connect to that network.

4.12 In the development of Heat Networks, the use of ‘excess’, ‘surplus’ and ‘waste’ heat are currently underused resources. If this can be fed into a heat network it may increase the number of viable heat networks across Scotland. That is why we are also proposing that occupiers of non-domestic properties to provide information about unused heat on their premises, and potentially require buildings with unused heat to provide this to a local heat network (where cost effective).

Proposal 6 - Dealing with individual circumstances

4.13 We know that property owners are all different, with different means and facing different circumstances. This means that their ability to change their home in order to meet the HiB Standard will vary greatly. We plan to take proper account of these individual circumstances through the use of exemptions and agreement of extra to give individual homeowners or landlords some extra time to meet the HiB Standard depending on their individual circumstances.

4.14 This is why we are proposing to establish formal powers to exempt those who cant, or perhaps should not have to meet the HiB Standards. We are also considering the use of modifications to the Standard to account for individual building circumstances or unique characteristics.

4.15 We also need to make sure there is a proper route for people to appeal where they feel the requirements are incorrect or unfair.

Proposal 7 – Public sector buildings

4.16 There are around 23,000 non-domestic buildings are owned by public bodies. We believe that the public sector should show leadership by moving to use clean heating systems by the end of 2038 and have set out proposals to achieve this.

Proposal 8 – Amendments to existing legislation

4.17 Finally, our Heat in Buildings Strategy set out a provisional target for renewable heat of at least 22% by 2030. However, this target doesn't capture the ways in which Scotland is performing on heat decarbonisation and emissions as a whole. We think the proposed Bill gives us an opportunity to change this.

4.18 The final proposal in the consultation therefore proposes the inclusion of powers to require a new or amended target which could be more understandable and provide a better illustration of our progress, as well as a better signal and greater confidence to clean heating and building retrofit installers and business.

5. Approach to EQIA Stages 1 and 2

5.1 For stages 1 and 2 of this EQIA we have expanded on the framing exercise and material gathered for the EQIA undertaken for the Heat in Buildings Strategy (published in late 2021).

5.2 In regards to the consultation we are now undertaking on proposals for a Heat in Buildings Bill, the responses we receive will be fed in to a further EQIA assessing the impacts of the proposals to be included in the Heat in Buildings Bill, which will accompany the Bill when introduced to Parliament.

Stage 1

5.3 The framing exercise for this EQIA utilises the resources gathered through previous EQIAs on this policy area, updating them with more recent resources where available. Following a thorough review of the methodology and results of the framing exercise undertaken for the Heat in Buildings Strategy, it was determined that the results remained valid for this policy.

5.4 In this case a framing exercise determined that an EQIA was required.

Stage 2

5.5 Throughout this review the Scottish Government gathered qualitative and quantitative data from:

- National Statistics: Scottish Household Survey, 2019
- National Statistics: Scottish Household Survey, 2020
- National Statistics: Population Estimates by Urban Rural Classification
- National Statistics: Poverty and Income Inequality in Scotland 2019-2022
- National Statistics: Annual Survey of Hours and Earnings 2020
- Legislation: The Fuel Poverty (Enhanced Heating) Scotland Regulations 2020 – Draft
- Evidence Reviews: Liddell & Morris, 2010; Marmot Review Team 2011
- Qualitative Study: Ipsos MORI, 2020
- Quantitative Study: Somerville et al., 2000
- Qualitative Study: Mould & Baker, 2017
- Evidence Review: Karjalainen, 2011
- Qualitative Study: Melone, 2019
- Charity: Tommy's Pregnancy Hub
- Survey: The Scottish LGBT Equality Report 2015
- UK Survey: National LGBT Survey 2019
- National Statistics: Scottish Surveys Core Questions 2019
- Evidence Review: Sexual Orientation in Scotland 2017 (using Scottish Surveys Core Questions 2015)
- National Statistics: Scottish Surveys Core Questions 2019
- National Statistics: 2011 Census
- Evidence Review: Is Scotland Fairer? 2018

5.6 The review also utilised a framing exercise conducted for the Heat in Buildings Strategy which included a broad public consultation on the aims of that strategy.

6. Stage 1: Results of framing exercise

6.1 The framing exercise raised a number of points:

- The proposals set out in the Consultation could impact on a high percentage of Scotland's population, especially older people, disabled people or those with a long term health condition where our evidence shows us that that these groups may spend more prolonged periods at home and have a higher likelihood of experiencing fuel poverty.
- Heat decarbonisation can bring benefits to households and businesses, but communications in relation to it must be accessible to ensure that all can understand the objectives. A wide variety of communication media should be used to engage groups of different ages and income, some of whom may not be familiar with the internet or have limited access.
- Those on lower incomes are at risk of being unable to afford home EE improvements or clean heating. Groups that may be at particular risk of this levels include disabled people and those from minority ethnic backgrounds.

7. Extent/Level of EQIA required

7.1 As in the case of the Heat in Buildings Strategy, the Scottish Government is of the view that an EQIA is required ahead of the Consultation on Proposals for a Heat in Buildings Bill .

8. Stage 2: Review

8.1 At Stage 2, the Scottish Government considered evidence about the potential impacts on people in regards to the following characteristics:

- Age
- Disability
- Sex
- Gender reassignment
- Sexual orientation
- Race
- Religion or belief
- Pregnancy and Maternity

9. Stage 3 Review

9.1 Summarised key findings of this EQIA are included below.

- Have positive or negative impacts been identified for any of the equality groups?
 - This EQIA identified a range of potentially positive and negative impacts of the Heat in Buildings Bill Proposals and actions that will be undertaken to mitigate the negative impacts.
- Is the policy directly or indirectly discriminatory under the Equality Act 2010?
 - There is no evidence that the policy is directly or indirectly discriminatory under the Equality Act 2010.
- If the policy is indirectly discriminatory, how is it justified under the relevant legislation?
 - N/A
- If not justified, what mitigating action will be undertaken?
 - N/A

9.2 These impacts are considered against the Scottish Government's Public Sector Equality Duty below, which requires authorities to have due regard to the following:

- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010 :
 - These proposals will have no impact.
- advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - There is a potential for impacts in regards to this aspect of the Public Sector Equality Duty, these impacts are discussed at length in the following section.
- foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
 - These proposals have no impact.

9.3 Key findings have been that some people may experience negative impacts as a result of one or more protected characteristic. This has the potential to have negative results on the advancement of equality of opportunity between those who share certain protected characteristics and those who do not (as set out in the Scottish Government's Public Sector Equality Duty). In particular these possible negative impacts centre around challenges with:

9.4 Age

- Cost (installation, upkeep and running costs of clean heating systems due to lower income levels); and

- Engagement (accessibility of advice and services, being informed, included and supported).

9.5 Disability

- Cost (installation, upkeep and running costs of clean heating systems due to lower income levels); and
- Engagement (accessibility of advice and services, being informed, included and supported).

9.6 Sex

- Cost (installation, upkeep and running costs of clean heating systems due to lower income levels).

9.7 Paternity and Maternity

- Cost (installation, upkeep and running costs of clean heating systems due to lower income levels).

9.8 Gender reassignment

- Cost (installation, upkeep and running costs of clean heating systems due to lower income levels).

9.9 Sexual orientation

- Cost (installation, upkeep and running costs of clean heating systems due to lower income levels).

9.10 Race

- Cost (installation, upkeep and running costs of clean heating systems due to lower income levels); and,
- Engagement (accessibility of advice and services, being informed, included and supported).

9.11 Religion or belief

- Cost (installation, upkeep and running costs of clean heating systems due to lower income levels); and,
- Engagement (accessibility of advice and services, being informed, included and supported).

9.12 Marriage and Civil Partnership

- None.

10. Recommendations and Conclusion

10.1 Mitigations - Financial Support

10.1.1 The Scottish Government has a number of support schemes available to consumers.

10.1.2 We have boosted the capacity available through our support and advice schemes this year. We committed to expanding the Home Energy Scotland advice service by 20%. Home Energy Scotland now has the capacity to advise over 130,000 households this year - an increase of around 13,500 on 2021-22.

10.1.3 Our new Winter Heating Payment replaced DWP's Cold Weather Payment and provides a stable, reliable annual £50 (£55 in winter 23/34) to low-income individuals with their heating expenses each winter.

10.1.4 This is an investment of around £20 million every year - in contrast, over the seven year period up to 2021/22, on average the UK Government paid out just £8.3 million through its Cold Weather Payment in Scotland, to 185,000 people.

10.1.5 The £1.4m Islands Cost Crisis Emergency Fund is supporting those in our island communities who traditionally see higher costs for food and fuel.

10.1.6 We have increased the support available to SMEs via Business Energy Scotland by investing an additional £300K in the advice service to boost capacity.

10.1.7 We have also increased the funding available in the SME Loan scheme where SMEs can now apply for a £20,000 cashback grant for energy efficiency measures up to 75% of the cost of the installation. We have also widened access to the Warmer Homes Scotland scheme by updating the eligibility criteria, allowing a further 100,000 households to become eligible.

10.1.8 We will also make available £1.8 billion by 2026 on grant and loan funding to support people and businesses to move to clean heating, with support targeted at those who need it most. This includes offering grants to home owners of up to £7,500 for installing a heat pump, with a further £7,500 available to go towards installing energy efficiency measures as well as a further £7,500 in the form of an interest free loan.

10.1.9 We are committed to working on the design and scope of our support and advice schemes - making sure that they reflect our regulations and help those who need it the most in the best way possible. We will continue to work closely with as many stakeholders as possible as we continue to do so in order to ensure these schemes are fit for purpose. We know how concerned people will be about these potential costs – especially in the light of the recent and current surge in our cost of living. That's why we are absolutely determined to get this right, and to make sure that we deliver a just transition.

10.1.10 There are higher levels of funding available for those in rural areas. Small businesses can receive an interest free loan of up to £100,000 to support with

energy efficiency and installation of renewable heating systems along with up to £30,000 in cashback for certain measures.

10.2 Mitigations - **Abeyances**

10.2.1 We know that everyone's individual circumstances are different, and that our homes and other buildings also vary considerably. We want to make sure that the implementation of future standards brings about positive change for people. We are aware that some may need to keep their homes at a higher temperature to be comfortable – e.g. homes where there are small children or older people, or others with specific needs. We will feed in findings on this into the design process for the bill and ensure that standards account for these issues.

10.2.2 Furthermore we have commissioned research that will help provide more detailed insight into who may need additional time to meet these standards.

10.3 Mitigations - **Advice**

10.3.1 HES provides, and will continue to provide, in-depth advice to householders on clean heating technologies, other domestic renewables, and more complex energy efficiency improvements. It also acts as a referral scheme for Scotland's flagship fuel poverty scheme, Warmer Homes Scotland, and as a gateway to domestic grants and loans programmes from Scottish Government for energy efficiency improvements to homes in Scotland.

10.3.2 Local Energy Scotland manages CARES – the Scottish Government's Community and Renewable Energy Scheme. CARES supports communities across Scotland to engage with, participate in and benefit from the energy transition to net zero emissions.

10.3.3 Mitigations - Green Heat Finance Task Force

10.3.4 Public funding, support and independent advice services will continue to play a big part in helping people make the changes needed by the proposals in this document – but it can't and won't meet all of the costs, and we will need private finance and investment to play a big part. That is why our Green Heat Finance Task Force is looking at new ways to help people and organisations make their properties warmer, greener and more efficient, and to overcome the upfront costs.

10.4 Mitigations - **LHEES**

10.4.1 Local Heat and Energy Efficiency Strategies are the principal mechanism for locally-led heat planning. They could support local planning, coordination and delivery of the heat transition across communities in Scotland

10.4.2 By the end of 2023, Scottish local authorities should have published their Local Heat and Energy Efficiency Strategy (LHEES). These strategies, amongst other measures will identify where the clearest and most obvious heat network opportunities are in a given local area supporting households and businesses to make this transition.

10.5 Mitigations - **Supply chain / skills**

10.5.1 Our Heat in Buildings Supply Chains Delivery Plan sets out the practical steps we are taking to support the growth of the green heat sector and we continue to make progress on the actions set out within the Plan. Last year there were an estimated 5,000 heat pump installations and there should be an average of around 140,000 per year to reach the targets.

10.5.2 We estimate that there are currently around 12,500 full-time equivalent jobs supported by the traditional heat and building improvement sectors in Scotland – with the possibility of more than 16,400 jobs being supported across the economy in 2030 if we can make the transition at the pace needed.

11. **Engagement**

11.1 From December 2023 to March 2024 we will consult on the Heat in Buildings Bill Proposals. This engagement process will be targeted to ensure that those at risk of impacts from the proposals have their voices fed into the design process. Following this there will be a further EQIA undertaken for the final bill which will incorporate the findings of this consultation alongside another wide-ranging literature review to ensure that the most up to date information informs the development of the final Bill.

12. **Public Sector Equality Duty (PSED)**

12.1 The Public Sector Equality Duty (PSED) – requires relevant organisations to:

- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

12.2 To ensure that we take an inclusive approach, we will identify and support people across the range of protected characteristics, ensuring that support is available as required. We will give due regard to the three requirements of the Public Sector Equality Duty (PSED) for all protected characteristics.

13. **Monitoring and Review**

13.1 The EQIA has been valuable in raising the overall awareness and understanding of the key issues affecting people with protected characteristics.

13.2 The impacts of the proposals being consulted upon on the protected characteristics have been considered as a result of the assessment.

13.3 During the consultation process, the Scottish Government will continue to work with a wide range of stakeholders, including organisations that work with or represent people with one or more of the protected characteristics to gain further

insight into the impacts of these proposed policies. This insight will be fed into development of the Heat in Buildings Bill.

14. Stage 5 - Authorisation of EQIA

Please confirm that:

- ◆ This Equality Impact Assessment has informed the development of this policy:

Yes No

- ◆ Opportunities to promote equality in respect of age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation have been considered, i.e.:

- Eliminating unlawful discrimination, harassment, victimisation;
- Removing or minimising any barriers and/or disadvantages;
- Taking steps which assist with promoting equality and meeting people's different needs;
- Encouraging participation (e.g. in public life)
- Fostering good relations, tackling prejudice and promoting understanding.

Yes No

- ◆ If the Marriage and Civil Partnership protected characteristic applies to this policy, the Equality Impact Assessment has also assessed against the duty to eliminate unlawful discrimination, harassment and victimisation in respect of this protected characteristic:

Yes No Not applicable

Declaration

I am satisfied with the equality impact assessment that has been undertaken for the Consultation on Proposals for a Heat in Buildings Bill and give my authorisation for the results of this assessment to be published on the Scottish Government's website.

Name: Sue Kearns
Position: Deputy Director, Heat in Buildings: Policy & Regulation Unit
Authorisation



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