

POLICY NOTE

The Financial Assistance for Environmental Purposes (Scotland) (No. 2) Order 2022

SSI 2022/278

The above instrument was made in exercise of the powers conferred by section 153(4) of the Environmental Protection Act 1990 and all other powers enabling them to do so. The instrument is subject to negative procedure.

The instrument will enable Scottish Ministers to offer financial assistance for the purposes of eliminating or reducing greenhouse gas emissions from the heating of buildings and improving the energy efficiency of buildings.

Policy Objectives

The Heat in Buildings Strategy, published in October 2021, committed the Scottish Government to a programme of investing at least £1.8 billion over the current parliament to reduce the greenhouse gas emissions from heating buildings and improving the energy efficiency of buildings. The Strategy sets targets of converting 1 million homes and the equivalent of 50,000 non-domestic properties to zero emissions heating by 2030.

Financial support is essential to assist early adopters of improved energy efficiency and zero emissions heat overcome the costs involved. The proposed instrument will enable the provision of financial support through our capital programmes such as the Scottish Green Public Sector Estate Scheme, the Social Housing Net Zero Heat Fund and Scotland's Heat Network Fund.

Consultation

A draft version of the Heat in Buildings Strategy was published as a consultation. Many respondents noted their broad support for the overall pathway set out within the draft Strategy. It was described as ambitious, comprehensive and as seeming to achieve a balance between reaching net zero, protecting consumers and reducing fuel poverty.

Specifically on the purpose of this instrument, respondents highlighted the significance of capital costs as a barrier to the uptake of zero emissions heating. A number of respondents referred to the importance of grant funding to cover capital costs and it was reported that up front grant payments have proved easy to understand and successful in the past.

The consultation analysis is attached.

Impact Assessments

Impact assessments were completed as part of the development of the Heat in Buildings Strategy. The financial support schemes enabled by this instrument are part of the Strategy's

programme to invest at least £1.8 billion in zero emissions heat and energy efficiency measures.

The following impact assessments were completed as part of the development of the Heat in Buildings Strategy:

- Equality impact assessment
- Islands impact assessment
- Fairer Scotland Duty
- Child rights and wellbeing impact assessment
- Business and Regulatory Impact Assessment (BRIA)

Financial Effects

A Business and Regulatory Impact Assessment (BRIA) was completed for the Heat in Buildings Strategy and the programme for £1.8 billion investment in heat decarbonisation and energy efficiency of buildings.

The financial support schemes enabled by this instrument will support domestic and non-domestic building owners overcome the upfront cost of taking early action in heat decarbonisation whilst the low carbon heat market in Scotland develops. Capital spending is likely to have a positive impact on business, with the Heat in Buildings Strategy committing to building local supply chains, maximising local job creation, and ensuring a just transition.

Scottish Government
Energy and Climate Change Directorate

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