



OFFICIAL REPORT
AITHISG OIFIGEIL

Local Government, Housing and Planning Committee

Tuesday 18 November 2025

Session 6



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CONTENTS

	Col.
DECISION ON TAKING BUSINESS IN PRIVATE	1
DRAFT CLIMATE CHANGE PLAN	2
SUBORDINATE LEGISLATION.....	47
Title Conditions (Scotland) Act 2003 (Rural Housing Bodies) Amendment Order 2025 (SS1 2025/298)	47
Building (Scotland) Amendment Regulations 2025 SSI 2025/312).....	47

LOCAL GOVERNMENT, HOUSING AND PLANNING COMMITTEE
29th Meeting 2025, Session 6

CONVENER

*Ariane Burgess (Highlands and Islands) (Green)

DEPUTY CONVENER

*Willie Coffey (Kilmarnock and Irvine Valley) (SNP)

COMMITTEE MEMBERS

Meghan Gallacher (Central Scotland) (Con)

*Mark Griffin (Central Scotland) (Lab)

*Fulton MacGregor (Coatbridge and Chryston) (SNP)

*Alexander Stewart (Mid Scotland and Fife) (Con)

Evelyn Tweed (Stirling) (SNP)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Dr Richard Atkins (Royal Incorporation of Architects in Scotland)

Dr Jocelyne Fleming (Chartered Institute of Building)

Io Hadjicosta (Stop Climate Chaos Scotland)

Cornelia Helmcke (Scottish Research Alliance for Energy, Homes and Livelihoods)

Alistair Hill (Consumer Scotland)

Neil Osborne (Highland Council)

David Raine (Homes for Scotland)

Derek Rankine (Built Environment Forum Scotland)

Professor Janette Webb (University of Edinburgh)

CLERK TO THE COMMITTEE

Jenny Mouncer

LOCATION

The David Livingstone Room (CR6)

Scottish Parliament

Local Government, Housing and Planning Committee

Tuesday 18 November 2025

[The Convener opened the meeting at 09:37]

Decision on Taking Business in Private

The Convener (Ariane Burgess): Good morning, and welcome to the 29th meeting in 2025 of the Local Government, Housing and Planning Committee. We are joined online by Fulton MacGregor this morning, and Evelyn Tweed and Meghan Gallacher have given their apologies.

Agenda item 1 is a decision on taking business in private. Does the committee agree to take item 4 in private?

Members indicated agreement.

Draft Climate Change Plan

09:37

The Convener: The next item on our agenda is a round-table discussion on the Scottish Government's draft climate change plan, with a focus on the buildings element of the plan as well as the role of local authorities.

We are joined by Dr Richard Atkins, a chartered architect representing the Royal Incorporation of Architects in Scotland; Dr Jocelyne Fleming, senior policy and public affairs officer, Chartered Institute of Building; Io Hadjicosta from WWF Scotland, who is representing Stop Climate Chaos Scotland; Cornelia Helmcke from the University of St Andrews, who is representing the Scottish Research Alliance for Energy, Homes and Livelihoods; Alistair Hill, head of energy transition, Consumer Scotland; Neil Osborne, service lead, climate and energy, the Highland Council; David Raine, policy manager, Homes for Scotland; and Derek Rankine, head of policy and strategy, Built Environment Forum Scotland. We are joined online by Professor Janette Webb, professorial fellow in social and political science, University of Edinburgh.

I warmly welcome everyone to the meeting. There is no need for you to operate your microphones, and I remind us all to ensure that our devices are on silent. We have agreed to hold the session in a round-table format to encourage a free-flowing conversation on the content of the draft plan. If you would like to come in on a question or at any point in the conversation, please indicate as much to me or the clerk.

We have about two hours for this discussion, and we have quite a lot to get through. As time goes on, I might need to ask you to make your contributions a bit more succinct—that tends to be what happens—and to come in only if you have something to add to the conversation instead of reiterating someone else's point. If you wish to respond to a particular point, but the conversation has moved on, you are, of course, welcome to bring up the point when you come back in, but you can also write to us with anything that you do not manage to say.

I do not think that there is anything else to highlight, except to say to colleagues that I would be grateful if you could indicate who you are directing your questions to in the first instance. That would be helpful, as it would let people know who was getting the question first.

I am going to start with a general question. I think that it would be good to hear from everybody on this, so I will just go round the room. Because you are the nearest to me, Richard, I am going to

ask you to speak first, then I will just go round everyone and finish with Janette Webb, who is online.

What are your views, in general, on the climate change plan? Will it drive progress in reducing emissions and build on the previous climate change plan?

Dr Richard Atkins (Royal Incorporation of Architects in Scotland): First of all, thank you very much for inviting RIAS to be at the meeting today. As you will know from previous evidence that has been given and positions that have been taken, RIAS is very supportive of the Government's attempts to address climate change. It is absolutely essential that we do so; after all, we declared a climate emergency in 2019, along with many other members of our profession and probably the industry as a whole.

The proposed plan has a lot of merit, and is heading in the right direction, but we are concerned whether it is going far enough and fast enough. I hope that we do not look back in 10 years' time and decide that it did not. Part of what we would be looking for from the Government, to a certain extent, is more of the statistical information that will give us some confidence with regard to the extent of the direction that we are going in.

Certainly, there are issues across the industry with regard to the width of skills and resources available, but as an incorporation, we support the direction that we are going in.

The Convener: Okay—that was great. Jocelyne, can you give us the perspective of the Chartered Institute of Building?

Dr Jocelyne Fleming (Chartered Institute of Building): Thank you very much for the opportunity to give evidence today.

I would say that we, too, see merit in the plan, and we certainly feel that it is well intentioned. The construction sector is a very willing and able partner in trying to help Scotland realise our joint climate change objectives.

That said, we have some very real concerns about the particular approach that has been outlined in the plan. I suggest that a much more holistic view could be taken, not only in the plan itself, but in how it fits into a wider policy landscape relating to construction, housing, and the built environment more broadly. We all agree, I think, on the need to decarbonise our built environment, but equally we want to ensure that that built environment—and Scotland's homes, in particular—is safe and well maintained, and that we avoid fuel poverty, increased damp and mould and so on. There are changes that could meaningfully be made to the plan to ensure that

no unintended consequences arise from what is a well-intentioned piece of legislation.

The Convener: I hope that, as we get into the conversation, we can get some more of that detail.

Io Hadjicosta (Stop Climate Chaos Scotland): Thank you for inviting Stop Climate Chaos Scotland to participate in this discussion.

I will start off with the overall ambition to decarbonise buildings by 2045, which is five years ahead of the United Kingdom-wide target for decarbonisation. On paper, that aim is bold and progressive, but in practice, it is structurally misaligned with the UK Climate Change Committee in its scale and the timing of the action required. Without urgent action to introduce robust mechanisms that have both incentives and regulatory levers, we believe that the climate change plan in its current form is being set up to fail, partly because it creates a cliff-edge scenario with perhaps modest progress in the first decade, followed by an unrealistic expectation of near-total decarbonisation in the final decade. What that highlights is the need to front load that investment, that action and that ambition in the first decade.

The Convener: Thank you. Cornelia, do you want to comment?

09:45

Cornelia Helmcke (Scottish Research Alliance for Energy, Homes and Livelihoods): Thank you for inviting me to the meeting.

I particularly welcome two aspects of the draft climate change plan, the first of which is the emphasis on linking fuel poverty reductions with emissions reduction targets. You cannot have one without the other.

Secondly, the technologically neutral approach to decarbonising the building sector is, I think, a positive. We cannot have one solution that fits all, and it needs to be context specific. I would note that there is a visibly huge emphasis on heat pump installation, widespread heat pump roll-out, heat networks and retrofitting, all of which make sense in densely populated areas with well-connected infrastructure. However, the sooner we go a bit more rural and a bit more north into the outer and more remote areas of the grid, the more we find high grid constraints, high fuel poverty levels, low capacities and skill levels to address those technological changes, old building structures that are also sometimes under heritage protection and other such issues.

The plan puts no particular emphasis on how those structurally more-remote locations and population groups can be active partners in the whole just transition. That is one of our main comments on the plan.

The Convener: Thanks very much for picking up the challenges that we face in rural and lower density areas.

Alistair Hill (Consumer Scotland): Thanks for inviting Consumer Scotland to contribute to this session.

Consumer Scotland is generally supportive of the plan's contents, and we welcome in particular the focus on supporting consumers to transition to cleaner home heating. From our perspective, one of the most important elements of the plan is that consumers are enabled to play a part in reducing Scotland's emissions. For the transition to be successful, it cannot be seen as something that is done to consumers—they have to be active participants.

As for what is missing in the plan, we would like to see a bit more about how we are going to talk to consumers about what is coming next. A number of years ago, I attended a session of the Clean Heat Edinburgh Forum and listened to the City of Edinburgh Council talk about its ambitious plans for heat networks. Having worked in the sector, or engaged with heat networks, for about 10 years, I was blown away by the ambition and the plans for the next 10 to 15 years that I saw in the presentation. It then occurred to me that the council had not actually spoken to a single consumer about it or thought about the people who were going to be on the heat network.

Therefore, I would like to see in the plan a bit more of a focus on how we are going to prepare consumers for what is coming next. If we start to engage consumers and talk to them right now, it will mean that, in 5 or 10 years' time, when we ask them how they are going to decarbonise their home or what choices they are going to make, they will be more informed about those decisions and choices as well as the implications and benefits of however they choose to heat their home.

The Convener: Thanks very much for that. I think that that was a really good point.

Neil, what can you tell us from the perspective of the Highland Council? After all, you have both the urban density and the remote rural population that Cornelia Helmcke talked about.

Neil Osborne (Highland Council): The Highland Council fully recognises not just the scale of the challenge ahead, but the opportunity to improve both the quality and the affordability of homes in the Highlands. The climate change plan starts to set out the pace at which that needs to be delivered, but we do not feel that it fully sets out the enabling conditions. Some fundamental barriers are consistently present, such as short-term annual funding cycles; the limited and underresourced supply chain, especially in rural

areas of Scotland; and the fact that the regulatory landscape of the plan allows too many exemptions, especially in rural properties, which will make it difficult for us to meet the standards as we go forward.

There is also the rural uplift. Areas of the Highlands—the likes of Wick and Thurso—are currently classed as urban settlements, but the reality of working in those areas is that they are as rural as some of our smaller communities around the west coast. The challenge is how we deliver in those areas.

The Convener: That was a great point.

David Raine (Homes for Scotland): Thank you for asking Homes for Scotland to speak today.

Our Homes for Scotland members understand, respect and support the Scottish Government's commitment to make Scotland net zero by 2045, and I am pleased to say that our home builder members are now actively delivering on the new-build heat standard, under which the carbon emissions of a new-built home will be reduced by 75 per cent compared with a 1990s home.

We would like the plan to go further in two key areas. First, we would like to see a full and sustained marketing campaign that educates and supports the public in understanding the costs and benefits of the move to net zero. Secondly, we believe that there is scope to establish a Scottish future homes hub, where the sector and the Government can collaborate and partner, look at innovation and consider the pathway that can be developed to make further improvements to new-build homes and to reach that target of net zero by 2045.

The Convener: Okay—thanks very much. Derek Rankine is next.

Derek Rankine (Built Environment Forum Scotland): Thank you for the opportunity to participate. With respect to the plan and the buildings sector annex in particular, we welcome the recognition that transformational change is needed to make significant progress in addressing climate change. It is also good that the plan highlights multiple strategies that relate to improving building conditions and how those might complement each other as part of a route map for the next 15 years.

However, to echo some of the other witnesses, one key point is that the buildings sector annex's main focus on decarbonising heat in buildings is too narrow. We spent much of this year consulting our members and stakeholders and producing a manifesto for the built environment, and the central theme is a call to go further and faster in responding to the climate emergency and

achieving net zero as part of a whole-systems approach across policy portfolios.

For our members, transformational change requires scaling up investment and action across a wide range of areas, including training and skills, tenement repair and maintenance, retrofit project delivery, heritage grant programmes, bringing vacant buildings back into use, data and research, and more. None of that is easy, of course, but our members in various built environment specialisms across the country report that we are going too slowly in areas such as retrofit, that progress is patchy, and that the transformational change that is identified in the plan needs a holistic whole-systems policy approach, if we are to deliver it.

The Convener: I will bring in Janette Webb.

Professor Janette Webb (University of Edinburgh): Thank you for the invitation to speak. I apologise for joining remotely, but I have a respiratory infection that I will spare you all from.

The Convener: Thank you.

Professor Webb: We really welcome the draft plan and the ambition in it, but I have to say that I and my colleagues are somewhat disappointed by the lack of specific actions for implementation in the buildings sector annex. We have had commitments to that kind of action going back 15 years now. For example, in 2015, there was a commitment to make energy efficiency in buildings an infrastructure priority through an earlier version of a heat in buildings strategy and so on. However, in the draft plan, we still see a commitment to a heat in buildings strategy by the end of 2026, with no reference to what has already been consulted on with regard to a heat in buildings bill. Therefore, although there is clearly ambition, which it is fantastic to see, I fear that we will not move forward at the pace that we need to and that is commensurate with our climate protection goals, if we do not put much more by way of action commitments into the final version of the plan.

We know the challenges of working across the buildings sector, because we have done lots of piloting of that work. Yes, it is challenging, but it needs to be done. We need to take the public with us far more, and I was concerned to see that, as yet, there is not a comprehensive public engagement strategy. For instance, there is no reference in the buildings sector annex to what was the national public energy agency for Scotland, which became heat and energy efficiency Scotland and has not had great visibility since then. It is not just about engaging people as consumers; it is about people as citizens—that very important word—who need to be responsible for a share of the action.

The Convener: That is brilliant. Thank you very much.

I will go a bit deeper now. Some of you have already mentioned the target for decarbonising heat systems by 2045 and started to touch on the policies in that regard, or lack of them. I will not go around everybody from this point, so please indicate if you want to come in.

I am interested in your thoughts on the policies and proposals in the plan, particularly on the long-awaited heat in buildings bill. The committee is wondering when that will come through. I want to understand what we will be missing if the bill does not come through—what we will be losing. A considerable part of the proposed legislation has already been removed, so will we really need the bill to drive forward the change that you are all talking about? When we went around the table initially, I heard about the need for a more holistic approach and for engagement both with the public in general and with consumers in particular. I would like to hear your thoughts on that deeper policy aspect.

David Raine: My recollection of the plan is that there is only one simple mention of the “Let’s do net zero” marketing campaign, which is one of the reasons why we believe that a full and sustained marketing campaign is needed. From our experience of the introduction of the new build heat standard and the improved fabric standards in new-build homes, we know that there is always a requirement to educate consumers about the new homes that they are moving into, by helping them to learn how to use new technology such as ventilation systems and how to maintain their properties into the future.

Broadly, the public are generally cautious about such changes. For example, air-source heat pumps are a very different way to heat our homes compared with what people are used to if they have gas boilers. That is one of the reasons why we emphasise the need to partner with the public to educate them. It is also why we suggest, with regard to a future direction for new-build homes, that the work to gain further reductions in carbon emissions is done through a Scottish future homes hub. That is to ensure that the policy is deliverable and is developed based on the innovation that home builders—whether they are registered social landlords, public limited companies or small and medium-sized enterprises—are already conducting across Scotland.

Io Hadjicosta: Professor Webb mentioned that although the heat in buildings bill was not directly named in the plan, proposed elements of it were included in the descriptions set out in it—for example, the connection of non-domestic properties to heat networks, and the minimum energy efficiency standards. Those elements are important, provided that they are backed up by regulations.

As we understand it, there are a few reasons for the delay in introducing the bill. Upgrading heating systems and improving insulation must be affordable and accessible for all, which is why the balance between carrots and sticks needs to be carefully considered. A key enabler, and one piece of the puzzle here, was reform of the electricity market across Great Britain. That was one of the Scottish Government's considerations, which accounts for why its proposals have been so tied to other factors such as the UK Government's warm homes plan.

Rebalancing the relationship between gas and electricity pricing is only one part of the puzzle, though; it is not the only solution. There are a lot of unexplored tools in that regard, including continuous financial support—on-going grant and loan schemes—that can be provided to both fuel-poor and able-to-pay households. We could also explore alternative financial mechanisms that could be deployed to unlock private investment, such as partnerships with the private sector.

The draft plan lacks any direct mention of carrots and sticks in the form of timelines and clear mechanisms. In this case, the carrots would be sustained grants, low-cost finance and working with the UK Government to reform electricity and gas prices; and the sticks would be the regulatory triggers that we were waiting for the heat in buildings bill to introduce in order to give the workforce, businesses and consumers certainty and a commitment that the transition will happen in a just and fair way.

The Convener: I want to dig a bit deeper into the point about continuous grant and loan support. It is my sense—somebody said this already this morning; I think that it was Cornelia—that there is quite a strong focus on air-source heat pumps. Do we need the Government to have the grant and loan support system but with a more technology-neutral approach? Io, I will come back to you briefly and then go to Jocelyne, who has indicated that she wants to come in, and then to Cornelia.

10:00

Io Hadjicosta: The focus on heat pumps is common or frequent in the sense that, as a technology, it delivers significant emissions reductions. Heat-pump technology is mature and proven, and it is seen in European countries. It is already delivering, especially when we look at the Highlands and Islands region. People often think that heat pumps do not operate in rural areas, when, in fact, if you look at the microgeneration certification scheme tracker, which shows where heat pumps have been installed all across Scotland, you will see that the Highlands and Islands is performing strongly—it is perhaps even

the strongest region—when it comes to the installation rate for heat pumps.

We know that heat-pump technology works and delivers and is a lot more efficient than gas boilers, but one of the tricky things is the up-front cost of changing a heating system from oil or gas to a heat pump. That requires some changes, but, when you eventually come to the end of the natural replacement cycle for a heat pump, it will be much cheaper. It is the kind of transition that we saw when we were transitioning from coal, only now we are changing from oil or gas to heat pumps. We definitely need the grant and loan schemes that are on offer at the moment, which are doing wonders.

Dr Fleming: I will come in on both those points, if that is all right. On the policy landscape, I echo Professor Webb's point about the lightness on delivery of the climate change plan. We were equally concerned about the heat in buildings bill and strategy when they were first published, in terms of their being quite focused on clean heat and generation-first approaches to retrofit and decarbonisation.

The challenge that I have with the plan and its being light on delivery is its lack of connectivity with other policy areas at the moment. For the built environment and those of us working in construction and housing, this is a crowded policy landscape. A lot of new regulations are coming across the plate, and there are a lot of moving pieces. My challenge is that, although a lot of what is being outlined in the climate change plan is positive and of merit, it fails to take into account what the impact of the proposals would be on other areas of policy—certainly, those on the built environment.

On being technology neutral, the system does not go far enough. It needs to be approach neutral to allow what makes sense for a particular property to go first, very much with a fabric-first approach and energy efficiency upgrades, in addition to considering heating systems. I understand that decarbonisation comes much more quickly if you go forward with a clean heating system, but that approach does not consider the impact on the wellbeing of tenants, on the quality of our built environment and on the safety of homes.

When working in a relatively resource-strapped environment, and when we know that we will need public and private finance, it is really important that we do this right first time, as opposed to going forward with heat systems. The CIOB did a piece of research on social housing retrofit and previous grant models for ground-source heat pumps. Some housing associations were putting heat pumps into energy-inefficient homes, and when, with great intentions, they used their budgets to

come back and improve the quality of the structure of the homes, the heat pumps were then too big for the reduced load. Not only does such an approach not help to improve the quality of the homes that we have—nor their affordability to heat, if we do not change the way that electricity pricing is governed—but it misuses, or certainly does not efficiently use, the limited resources that we have.

My other challenge to the way in which the climate change plan is laid out concerns skills. According to the Construction Industry Training Board, we need to have about 5,000 more people in the construction sector every year between 2024 and 2029. That is not just about having more heat pump installers. It is really important that we include green skills and upskill people who will be installing clean heat systems. However, if they install them into houses that are in disrepair, that is not much good for ensuring that the people of Scotland have good-quality homes.

So, while I was reading the plan, my take was this: traditional building skills are green building skills. We need a built environment that is future proofed; if it is in a poor state of repair, which, as we know, quite a lot of the pre-1919 homes in Scotland are, we will be failing to deliver on the intention behind this policy, which is to give everybody good-quality homes that are also decarbonised and energy efficient.

The challenge that I have when it comes to the technology-neutral approach and the concentration on clean heating rather than the quality and energy efficiency of homes is that these things seem to have dripped into the approach to skills funding, too, and it means that such funding does not consider the wider skills and apprenticeship landscape in construction. We need to think very carefully about the fact that Scotland has a housing emergency and a shortage of housing supply. We know that we need to improve our building stock for many reasons, but we are not really considering where this piece fits into the wider puzzle and where it might actually hinder the Scottish Government's objectives in other policy portfolios.

I co-authored, with Professor Duncan MacLennan, a report for the David Hume Institute, while wearing a slightly different hat and in a slightly different capacity from the organisation that is on the nameplate in front of me. One of our policy asks in that report, which was about the housing system in Scotland, was for non-housing departments to create impact statements on the outcome of their policy proposals on other parts of the landscape in Scotland. Such an approach might be useful here when we are thinking forward and looking at the possible impact on the skills and housing landscapes in Scotland—and

certainly on climate—of not only this plan but other pieces of legislation.

Our broad concern, therefore, is with not only the approach itself but the lack of joined-up approach across the policy landscape for construction and the built environment.

The Convener: Thanks very much. We will focus a bit more on skills after we get into the area of policy, but they are absolutely connected. After all, you cannot deliver the policy without the skills.

Cornelia, come on in.

Cornelia Helmcke: I reiterate what Jocelyne Fleming has just said. In general, a neutral approach would be good, because each council, and each community, has specific capacities to rely on, resources to work with and many initiatives that are already in place and which are very much grounded in local community and neighbourhood activism. At the moment, those are not sufficiently seen, recognised and supported.

The fact is that we tend to focus on one technology that is the promising thing for the future and which we have to apply top-down everywhere, without really considering what is already happening on the ground and what the possibilities are. We are not against a certain technology, in itself; we would just suggest that people be open minded and that a decentralised approach be taken. Part and parcel of that, of course, will be enabling councils to engage fully and confidently in these conversations, and ensuring that local community interests are known and borne in mind when it comes to partnering with industry or communicating at higher governance levels in order to have planning certainty.

Two things have been raised by our partners and local councils, the first of which is that funding gives capacity, but, without capacity, you cannot get the funding. It is kind of a circle: you cannot get the funding if you do not have the capacity, but, without the funding, you cannot build capacity.

Secondly, there is a lack of exchange. There are so many projects going on, with those involved making mistakes, learning from them themselves and then continuing on, but there is no co-ordinated way for others to learn from the process. There is no shared data repository that people can feed into and learn lessons from and where they can exchange their knowledge more widely to ensure that everybody does not need to make the same mistakes.

We also need planning certainty. Given the lack of a heat in buildings strategy, it is really difficult for actors to know what will be required of them in the next few years and to plan ahead with certainty. There could be phased approaches to,

say, minimum energy performance standards over the next few years, but councils and the industry need to know what is expected of them to ensure that everybody is pulling with the same strength and that it does not just come down to those who are willing or happy to be guided in a certain direction.

The Convener: That was helpful. So, when it comes back from its draft form, the plan could indicate a phased approach in order to give people a sense of certainty.

A few people have indicated that they want to come in. I will bring in Jan Webb, who is online, to be followed by Richard Atkins and Neil Osborne.

Professor Webb: First, we should acknowledge the huge challenge that this poses as a policy area. It is very challenging, and every person in Scotland is implicated, because we all live in, use or own buildings of one form and another. Therefore, I would certainly agree with the need for a phased approach.

We have done an awful lot of the groundwork through pilots and local authority area-based schemes, but I really want to argue against having this continual one-consumer-choice-at-a-time solution. There is too much voluntarism, if you like—I do not want to use that word, but I will anyway. If I choose to upgrade my house and put in an electric heat pump, that is still very much up to me; at the moment, there is no obvious motivation for doing it.

We have a very well-established gas industry. Most of the buildings in Scotland that need to switch to clean heating systems are already connected to the gas grid. It works; it has high safety standards; it is reliable; and most people are very satisfied with it. Obviously, all the powers over gas are reserved to the Westminster Government, which is a challenge, but unless we are clear with all of those who are on the gas grid and who use gas to heat their homes—and, often, to cook—we are not going to be able to make this transition.

There has, in the past, been a transition similar to the one that we are trying to make—that is, the development of the methane gas grid, which was very effective. However, that transition was incredibly carefully planned, with structured engagement over the course of it and most of the buildings then connected to gas central heating systems. We could do that again, but I would argue that we need a much more systematic, area-based approach. One key resource, which we already have in place, is the local heat and energy efficiency strategies, which every local authority in Scotland was required to develop and which provide a much better and more robust database. Of course, they have also revealed all

the problems with the data and the challenges in that respect, but they have given us a direction of travel, and I would be very sorry if all of that groundwork was not built on and developed into a systematic programme.

That would include taking the whole-system approach that we mentioned and looking at how we can make this the most cost-effective process possible, by doing buildings that we know about from engineering data that comes from lots of different sources. The one-building-at-a-time approach is probably the most expensive all round; it is expensive not just for the property owner, but for all of us as consumers of electricity. If we rely on individual heat pumps, for example, that will be very challenging in Scotland, given that 40 per cent of housing is made up of tenements and flats. Are we really saying that we are going to hang individual air-source heat pumps off the back of all of those tenement flats? Therefore, we really need to take a much more structured and planned approach, along with the public engagement that is needed. If we do so, we can, apart from anything else, cut our costs.

The energy efficient Scotland plan originally had a commitment to making an offer to every building owner. Take me, as an example: I am an established home owner in Edinburgh, which is a great and privileged position to be in. I would really welcome that kind of area-based approach, as would tradesmen, because it will give them a means of planning their work. It should also help reduce the costs of doing up and retrofitting each house, and it should also allow us to think more holistically about how we minimise the risks of overbuilding electricity network infrastructure. If we take things one building at a time, we will, given the peaks and troughs in demand for heating, have to build out huge amounts of reserve electricity generation potential and grid potential to meet a few winter peaks in demand. That does not make a great deal of sense.

10:15

At the same time, something like a third of renewable electricity generation is now connected to our lower-voltage distribution networks. That has happened almost without planning, but it has happened, and we can now take advantage of that by balancing our energy systems more regionally and locally. We have the beginnings of that in place through Ofgem's proposals and the National Energy System Operator's proposals for regional energy strategic plans. In that process, we can say that, building on the LHEES, the best solution in a certain area will be heat networks, because we can use a lot of the renewable power to charge and manage electrically powered heat networks with thermal stores. That will cut the requirement

for battery storage on the electricity grid, and it will be much more cost effective. We will also be able to offer an area-based scheme for retrofit and upgrade of properties where heat pumps go in on a building-by-building basis, because we know that heat networks are not going to work for the area as the load is insufficient.

That much more planned, systematic approach will also give us all, whether as landlords, home owners or public building owners, confidence about how we can get from where we are to where we need to be, in line with our net zero targets.

The Convener: Thank you very much for that.

Richard, would you like to add anything?

Dr Atkins: I will build on some of the points that Janette Webb and others round the table have made. I have installed an air-source heat pump in my farm cottage, and I am very pleased with it. I have seen a two-thirds drop in my energy use, and I would have seen a drop of a third in fuel costs had fuel prices not gone up. However, that was in the context that Jocelyne Fleming pointed out, in that I have considerably improved the fabric of the building over a period of time. It would not have worked without that, and I am in the fortunate position of knowing—I hope—what to do with a traditional and historic building. I think that we will come on to discuss that. Of course, I am a very small case in point, and it is just one isolated case.

The point has been made that the industry needs the certainty of a forward business plan to invest in the skills and training that are needed to roll out the approach, and the material manufacturers need that as well.

As has been pointed out, that is not necessarily the solution in urban areas where there is pepperpot ownership. As has been outlined, that can result in huge missed opportunities because co-owners are either reluctant or unable to come together to look at a tenement-wide improvement plan, and local authorities potentially do not have sufficient powers or regulatory structures to be able to step in and make things happen with fabric improvements and then the appropriate technologies.

I agree that we should be technology neutral—much as I like my air-source heat pump, which works for me—but it means that a lot of additional work is required. We have to recognise that we are talking about design interventions in the built environment, and design interventions bring significant consequences. Speaking as an architect, I note that those consequences start with the client and their needs and wellbeing. We have touched on issues such as health and wellbeing and educational outcomes, and the quality of the built environment is intrinsic to those things.

The design process also takes into account the fabric-first approach that we should be taking, which involves looking at materials that have a low-toxic, low-embodied-carbon footprint. There is no point in having a built environment with zero emissions if we slather it with high-emissions materials.

We then need to consider what the appropriate technologies are, which must be done on a case-by-case basis. Part of me says that, technically, it is not actually that difficult, because that is what we do, but the other part of me recognises, as RIAS does, that putting the appropriate structures in place and then building an industry that can deliver them at scale is a tough task. However, doing nothing is not an option. We have to do this.

The Convener: Great—thank you. Neil, Richard Atkins has just said that local authorities do not have sufficient powers to deliver what we are talking about. If you want to highlight that, it would be great to hear what you think.

Neil Osborne: I completely agree with that point. Over the past 18 months, we have done two place-based projects using some of the worst housing stock in Highland, which had old Swedish timber. Those properties would have been exempt if delivery had been left to the local authority, because it would not see the investment as practical. The ability to bring in public sector funding alongside private sector funding allowed us to build out those projects.

The biggest challenge is that we have properties in the mix that have not been retrofitted, because the owners have the ability to opt out. Most of the opt-outs were from either social landlords or private landlords. Home owners were willing to go with us, and social housing was the most difficult to move across and retrofit across the schemes. We need to be able to move away from that. Rather than looking at single houses across the area, taking an area-based approach is the only way to drive down costs—we were able to deliver significant results through those schemes. It is about how we move that on.

We are a huge advocate of the local heat and energy efficiency strategy, as it has allowed us to build up a real understanding of the housing stock in Highland. However, we are asked to produce a five-year delivery plan, but we are still working on one-year funding. You cannot build out a five-year plan if you are basing everything on an annual funding stream and you do not know what is coming.

With the area-based scheme, we are quite lucky, in that I control the private housing funding as well as the social housing funding that is coming through. At the moment, based on the annual funding, I have a three-year waiting list—

we are full for three years. Given the level of engagement that we are getting with communities, I could spend that funding five times over annually. From our perspective, the engagement is good, but the messaging needs to be clearer, and not just from a national level, but from a local level.

One of my biggest arguments is with our property team, because their approach is always heating first. They want to put in heating, because that is an easy win for them in terms of development. We need to get the message across that the process that we need to work through is fabric first.

From the Highland perspective, we are doing a lot of work around Inverness with the Scottish heat network support unit. We have feasibility worked up on three separate networks that would encompass the city, but the approach is still that the housing is almost secondary. To change the housing aspect, we need to find a way to reduce the cost of energy in the heat network. That is the biggest challenge. We live in a region that is one of the biggest producers of renewable energy, yet we have the highest energy cost. There is currently no mechanism for us to utilise that energy locally.

We know that grid reform is going through, and that there might be opportunities that we can start to utilise, but it is very difficult. Inverness does not have any direct connections, so using renewables directly will be difficult. Out in the smaller communities, because of the level of energy that they need, it is not viable for them to have direct connections. There needs to be fundamental change in how we look at the energy market, certainly in rural Scotland, if we are to deliver this at scale.

The Convener: I am walking a fine line, because we are here to talk about the climate change plan and buildings, but of course that takes us into the heat in buildings issue. The committee recently went to a waste-energy-to-heat project. Last week, the research team in the Parliament held a breakfast session on the issue. We heard from Glasgow City Council about how it might tap into the Clyde. Are you looking at things like that in Inverness?

Neil Osborne: Yes. Waste heat is probably our most advantageous tool in delivering low-cost heat, but it will not be enough. We will still have to subsidise that, and it is about how we build that out. Currently, we are doing work to understand how we can drive down the unit cost within a heat network. That is where you really start to understand how you can build that out at scale. If we cannot compete with the gas price in an area such as Inverness, we will not get connections at the scale that we need to drive forward those networks.

The Convener: Would the phased approach that both Jan Webb and Jocelyne Fleming talked about help the council? If the plan laid out what we need by certain points, would that help councils?

Neil Osborne: Yes, as long as we are tight on the exemptions. If councils have an exemption that lets them say that a property is not viable, that makes it impossible. There is still a view within the council that new build is going to be the answer, but it is not. At the moment, Highland Council is talking about needing 24,000 new builds just to keep pace with the demand. You cannot write off existing properties at that kind of scale—it does not work. We do not have a model for doing that, so we need to do retrofit alongside new build.

However, we have done a lot of work on the scale of retrofit in Highland through the LHEES. We have 87,000 properties that need intervention. The total cost of the interventions that have been identified so far is £3.2 billion at current rates. That is the kind of level that we are talking about in a region such as Highland

The Convener: So we really need that certainty to be built into the plan, so that there is an opportunity for private finance to come in and partner with you. I also hear what you said about getting tighter on and not allowing opt-outs through exemptions.

Jocelyne, you indicated that you want to come back in. Then I will bring in Willie Coffey and we will deepen the questioning into skills and workforce.

Dr Fleming: In that case, I will leave out the skills piece for now.

I will add an evidence base to the area-based arguments that have been made. We did a piece of research with housing associations, which said that the year-by-year funding that they have access to through the social housing net zero fund presents a huge barrier to their ability to roll out projects that are practical, pragmatic and based on need.

In our approach to retrofit, we would completely support the notion of area-based schemes rather than by-tenure schemes.

As part of that research, I spoke to contractors, who said that an area-based approach can bring down the costs considerably, because they can share sites and materials. Particularly in communities in the Highlands and Islands, sharing materials across a larger project makes the cost of moving those materials much, much less.

I know that we will be coming on to discuss skills, but I will say here that the area-based approach is also really good if there is a larger project across a region or area, because it allows the sector to build in local supply chains for skills.

If a builder is doing just one house here and one house there, they will not bring on or train new people. However, if they know that there is sustained work in a particular region, SMEs, which are a big part of our sector in Scotland, are going to be more inclined to bring on new people.

The Convener: Thanks very much. Willie, do you want to take us deeper into that world of skills and workforce?

Willie Coffey (Kilmarnock and Irvine Valley) (SNP): Yes, thanks, convener. I wonder if I could reverse the order of my two questions. I have one question on skills and workforce that I want to come to, but first I want to go back to the start to look at consumer participation in this great process.

I will start with Alistair Hill. Do you think that the community at large—consumers at large—are embracing this transition? I do not think that they are in the numbers that we need to see. As colleagues have mentioned, a number of things have to happen to crank it up and make it go faster. One relates to the price of electricity, which is four times the price of gas. If we do not solve that issue, we are going nowhere—we really have to solve that. Also, although the grant and assistance schemes are great, are they enough, in terms of the funding and financial models, to achieve the transition on their own? What are the witnesses' views on that?

Neil, you mentioned that 87,000 properties need intervention and that that will cost £3 billion. Do we need to do much more to really kick-start things and get the acceleration that we all hope for? I have been hearing this conversation at the committee for a wee while now. I will start with Alistair.

Alistair Hill: Are consumers embracing the transition? We did some research about a year ago that looked at consumers' understanding of and engagement in net zero. Basically, they told us that they agree that there is a climate crisis, that action needs to be taken and that Government and industry both have a role in addressing that. They also told us that consumers themselves have a role to play and need to take action, but they were not clear on what specific action they have to take.

That leads into Jocelyne Fleming's point about the lack of emphasis and focus on delivery—on how we are actually going to do this. I am not sure whether this would be for the plan or the heat in buildings public engagement strategy, but I think that consumers need clear direction on what action they can take.

Reform of the energy performance certificate system will be a helpful change, in that it will help

to deliver more targeted actions that consumers can take for their specific homes.

Io Hadjicosta mentioned the Home Energy Scotland grant and loan scheme, and we have looked into that, too. Consumers were very positive about the HES advice service and saw it as a strong starting point in getting the information that they needed. However, they wanted more detailed information about their property, and they found installers to be a more useful source of support and information in that regard.

10:30

Although the HES grant and loan scheme is an effective and important measure, and is the envy of other parts of the UK, consumers probably need to have a much smoother journey through HES. I am currently going through that process, and it has been an eye-opening experience, in that the things that I thought were going to be a barrier were actually really easy, and the things that I thought were going to be really easy ended up being a bit of a hindrance.

I know that HES is making iterative changes to that process, which is welcome. It certainly listened to our feedback following our research. However, I think that more needs to be done, not only to make the journey through the HES grant and loan scheme smoother, but to make the transition from inception to installation a much easier and more seamless process.

The Convener: I have gone through the process, and I agree with you 100 per cent on the need for a smoother journey. There needs to be much better communication.

Dr Atkins: I agree with that point, too, but I wanted to make the point that there are organisations out there that are doing this voluntarily on a fairly small scale. After the meeting, we can provide details of those organisations. It is doable, but I absolutely agree on the size of the challenge. That segues into the need for skills and training.

Another key issue is that, at some point, advice tends to segue into design advice, which has all sorts of connotations to do with whether the people who provide it are covered by personal indemnity insurance and so on. The advice also needs to be independent of manufacturers and material suppliers, because previous initiatives that have been tied into suppliers in the hope of building an economy of scale have led people down the wrong path. We have seen recent examples of that down south, where, for example, moisture in buildings has been created by external wall insulation.

The Convener: A flurry of people have indicated that they want to come in. We have opened the door to the issue of skills, which I feel that we should come on to.

Let us start with Cornelia.

Cornelia Helmcke: I have a few points to make. First, the big elephant is that energy prices are hovering over everything. In addition, at the moment, electricity grid regulation does not allow curtailed energy operators to distribute or store energy on the grid. Orkney faces one of the biggest problems with energy grid constraints. Since 2012, energy operators there have been curtailed—they are not allowed to install a battery in order to store, use or distribute locally the extra energy that they get from the turbines that they cannot use. That is completely against what the just transition is trying to achieve, so it needs to be addressed.

At the moment, I think that the approach to community engagement is more of a means to the end—the end being that, somehow, project approval will be achieved and that will make everyone happy. However, we have seen from our research that communities would like their participation to be an end in itself. They want to have more long-term, consistent engagement, rather than to be told that there is an investment or an initiative that they need to look at, or have information on, now. They want to be involved in a more long-term conversation.

There is also the issue of funding and how we enable councils or other actors to have the capacity to do such engagement. So far, the funding mechanisms have been rather fluid and changeable, which has meant that actors have lacked the certainty and security that would enable them to obtain funding for a period of trial and error, in which they can continue to see and learn without the project being stopped because an error has occurred. That would allow them to build on lessons learned and exchange that knowledge more widely with all participants and actors.

Especially in the challenging rural areas such as the Scottish islands, people want to see a future for their communities. When they disagree with net zero strategies because they would need to restore peatland or retrofit a house but cannot afford it, they are not saying, “We don’t want net zero and we don’t agree with decarbonisation.” They are just saying, “We are not heard and what we want is not considered in this whole strategy.” That needs to be overcome. We need to put those interests first and foremost and then see how that can lead us to a just transition.

The Convener: Specifically on the draft climate change plan, which is what we are trying to scrutinise, you are saying that you want more

indication of the funding mechanisms. You would like funding to be available for a period, which might then make people move towards addressing some of the issues with delivery and action.

Cornelia Helmcke: As the draft plan reads at the moment, it seems to say, “We do so much and we will just continue to do that.” It suggests that we are on the right path, especially with funding mechanisms. However, take CARES—the community and renewable energy scheme—as an example. That was really important in relation to communities running their own projects, but there is now a tendency towards having more individualised small-scale projects, rather than more projects in which communities take ownership over the future of their energy and their building stock. The approach has not been sufficient so far, so why just continue doing the same?

The Convener: This is a great conversation, but we have already eaten into an hour of our time and we are still on themes 3 and 4. Therefore, I ask everyone to keep their responses more succinct. Everything that you have contributed so far has been tremendous, but I ask you to pull the conversation back to what you want to change in the climate change plan, because that will be the most constructive approach. We can then report to the Government and say, “We had this incredible conversation with people who really know what they’re talking about and this is what they think needs to be changed in the plan.” I am just asking for a little tweak in the approach.

Dr Fleming: I want to pick up on Willie Coffey’s point about consumers and awareness. A CIOB consumer survey of adults in Scotland found that 39 per cent of the people who were interviewed had never heard of any of the available energy efficiency upgrade grants. I reiterate that there absolutely is a need for an awareness piece, even just to make people aware that there is help and what the programmes and models look like.

Another thing that came out of the survey was that 19 per cent of the people indicated that understanding how to go about retrofit and energy efficiency upgrades was a barrier to their being able to do it. One in five people said that the primary barrier is that they do not know how. By the way, funding was the number 1 barrier across everybody, which I am sure will not come as a surprise.

Convener, you talked about bringing the discussion back to the climate change plan. I want to mention an adjacent piece of legislation, but one that fits nicely with the plan and discussion; the interaction between the two areas should be carefully considered by the committee and others. That is the heat and energy efficiency technical suitability assessments. The Chartered Institute of

Building welcomes the proposals for HEETSAs in Scotland, as we think that they would be a really good tool to support home owners in understanding the specific needs of their homes and buildings. However, our support is quite heavily caveated. We think that they could be a good tool, but I reiterate Richard Atkins's point about independence and separation, as that advice must be trusted and unbiased.

We think that the proposals are good and that HEETSAs could be a good tool to help focus on the delivery of the climate change plan. The Scottish Government is already working on that—it is already in train—and it could be a meaningful way of taking what is a heavily vision-based document and starting to focus on the delivery. However, again, that comes with strong caveats about the need to think about the systems that support the HEETSAs. Do we have enough people to do them? Are those people appropriately trained? We have argued that the answer to that is no at this point but that it probably could be done, with the right bolt-on training.

There are good proposals from other pockets of the Scottish Government, but that is the one thing that we would really like to see to support consumers to make the right choice and to ensure that we have standardised tools across the construction sector, so that, once works are identified and we have a report, we can work on that and start to take action.

The Convener: Great. You are pulling out the need for a holistic policy landscape, as everything is connected.

Professor Webb: On the consumer point, we all wear different hats, if you like. We all have multiple identities. We are not just consumers. We are also parents, carers and so on. If we emphasise the consumer identity, we focus on the up-front price tag in the short term. We need to take a more holistic approach to get people engaged in understanding why we all need to act, first, to save energy and to waste zero energy in our houses and other buildings. We need to be ambitious about that and it needs to be clear in the final version of the plan.

One way to do that is to help people through a much more concerted public engagement strategy that is orchestrated across different levels of government. It also has to be done with an advice service that is fully independent of the industry so that people will trust it, and with proper consumer protections in place for the work that needs to be done.

At present, we are pretty much relying on home owners to do everything themselves, but in many instances that involves managing quite complex projects. Many people, apart from not necessarily

being aware of the need to do that, are unable to take that kind of project management challenge on board and are unable to afford a project manager to do it all for them.

On the consumer issue, I emphasise again the value of engaging with a citizenship identity and our citizens' responsibility to be part of this. The majority of the public want to be part of something that is meaningful. The willing will come along willingly, and the rest will be hauled along with a few sticks eventually.

On the skills side, we of course need massive upskilling across our supply chains but, beyond that, I emphasise the importance of skills in our local authorities. They are critical partners in the plan, yet they are underresourced. They need the expertise to be able to take on those responsibilities.

I will give a quick thumbnail example from some research that we did a few years ago. We looked at the local authorities across Britain that had received European local energy assistance—ELENA—funding to build local energy teams and had employed teams of people to work over a period of three to five years. They had to show the multiples of investment, and they showed that, for every €1 million that went in, €37 million came back in investment in local energy resources, assets, people and skills. That was a big leverage. Quite a small public investment built much bigger private and public investments in clean energy.

We need to see that through, for instance, the national wealth fund and the Scottish National Investment Bank, with that kind of regeneration funding being applied to the task. It is useful in terms of not only jobs but skills, expertise and prosperity.

The Convener: You would like to see investment by the national wealth fund and the Scottish National Investment Bank as part of a plan for how we finance this in the longer term. You also mentioned the idea of local energy teams. Thanks.

Io Hadjicosta: I apologise if my thoughts on this are scrambled, but I will try to be succinct. Buildings account for a big chunk of our statutory carbon budgets—around 20 per cent per carbon budget period—so there is a heavy reliance on decarbonising them. The scale of the challenge and the need to act are indubitable. We often talk about the cost of acting and delivering the transition, but we dismiss the fact that the cost of inaction far outweighs the cost of acting.

10:45

I go back to electricity and gas pricing, and the point about waiting for the rebalancing of gas and

electricity prices to happen before acting. We know that a well-installed heat pump can deliver similar running costs to a gas boiler. However, we also know that, if the electricity and gas price system was reformed, the savings made would outweigh the up-front costs of the heat pump over its lifetime.

Electricity and gas price reform will undoubtedly deliver benefits, but we cannot wait for that to happen. We have many opportunities to tie our own ends here in Scotland with the devolved powers that we have.

The customer journey is part of it, and Alistair Hill mentioned that in relation to HES. Undoubtedly, local authorities need multiyear funding in order to deliver what is required. Another part of it is the public awareness campaign that we mentioned and the opportunity not only to highlight the health and economic benefits of the transition but to raise awareness about the grant and loan schemes that are available that could encourage consumers to jump on that bus—that is not a metaphor.

Lastly, a network of one-stop shops or hubs could deliver tailored advice for home owners that could work alongside HES to support consumers across that journey.

There are things within our power that we can do now here in Scotland.

The Convener: The Existing Homes Alliance has been talking about that one-stop shop idea and the need for that hand holding. That speaks to some of the things that Jocelyne Fleming mentioned with regard to the CIOB survey and people not understanding what they need to do as the first step. We need that, probably.

David Raine: Willie Coffey asked whether consumers are embracing renewable heating systems and improved fabric. Inevitably, consumers who are purchasing a new-build home will go into that transaction knowing that the running cost is about half that of existing stock. That is a major benefit, because around 98 per cent of new-build homes have at least an EPC B rating.

There is an issue for first-time buyers and buyers in rural or marginal areas, for whom no Government grants for heat pumps are available. The cost of a heat pump is around £8,000 per property. Inevitably, that is either added to the cost of the property or, if it cannot be reflected in land values and affects viability, the homes are not built. Therefore, builders must decide whether the costs are passed on to consumers or whether simply not to build the homes due to viability issues.

We know that, in the lending sector, mortgage providers are increasingly offering higher loan to value ratios for new-build properties. Given the higher energy efficiency of those homes, they are willing to lend on those homes because it greens their mortgage book.

An important consideration, for both existing stock and new-build stock, is that the lending sector has a huge influence on how to support the transition and how to deal with some of the costs. However, inevitably, for a first-time buyer or for a rural purchaser in a marginal area, if the cost of building the home or the work is higher than the home will be valued at, decisions will be made about whether to build the home and whether that market can afford that home.

We think that, particularly for first-time buyers and for starter homes or for those homes in marginal areas, there is a need to step back and consider the bigger picture of the housing emergency. We need more homes, particularly in rural areas. Can support be provided to help to ensure that more of those smaller homes can be delivered for first-time buyers and in rural areas?

Neil Osborne: If you want to accelerate the transition, the quickest way to do so is to streamline funding. You also need to speak to consumers. We deal predominantly with those in the fuel poverty bracket. Most of them do not believe that they qualify for funding in the first place. They find the landscape exceptionally difficult to navigate, and most of them would give up if they were not helped through that process. That is an issue to consider when delivering that support.

If you look at the skills side of it, for a region such as Highland, the retrofit market is predominantly driven by the energy obligation fund. The energy obligation providers are driving that. The large contractors that are buying into it and skilling up are looking at the volume side of being able to secure funding. Not a single contractor in the north of Scotland qualifies to be able to secure funding from any of the energy obligation funds, because they are not at the scale to do it.

From a Highland perspective, for us to bring in energy company obligation funding, which is a vital part of our work, I need to use contractors from the central belt to be able to deliver it. For some of the skill sets, especially in the case of insulation, we have not got a single contractor in Highland who is qualified to do that work. That is purely because there is no market for it if they are not able to secure that funding.

The Convener: What I am hearing is that it is also about the scale. If it is on a bigger scale, there could be a market.

Neil Osborne: That could be driven through local authorities. It is not just about that funding. There are other funding streams that we need to start looking at. At the moment, we are speaking to SSE plc about the transmission work that it is doing. It has community funding put aside, and an element of that has been directed towards fuel poverty and retrofit. None of it was taken up in its last round of funding. The community groups could not work out how to do it. SSE will not let the public sector bid into it and work with communities to do it, because its perception is that the community funding has to be driven through community groups. It would accelerate a lot of work if we could start to pull that funding together.

The Convener: Just to clarify, you are saying that SSE has a pot of funding that it wants to be driven through community groups rather than local authorities. Maybe there is a message there to SSE that it needs to be a bit more open about that.

Richard, do you want to come in briefly? We will have to start keeping our responses much more succinct or we will go over our time, but we will negotiate that at some point.

Dr Atkins: I will certainly be as brief as I can. On David Raine's point, I welcome the fact that new housing is meeting band B and has embraced net zero direct emissions. However, it is worth reminding everyone that most new houses are extra houses—they are not replacing old houses. The current demolition rate—if we look at the eight non-Covid years over the past decade—runs at 1,300 units a year, but we have 2.72 million homes. That is a replacement time of two millennia—it is huge. By 2045, we will have demolished only 1 per cent of the existing housing stock.

It is great that new housing is meeting band B, but I would argue that that housing needs to be energy positive, which would in effect give new home owners zero energy bills. It would also help meet their requirement if they move to electric vehicles. Suburban housing development relies on vehicle transport. We have not talked about transport, but transport, which is a big energy user, is basically about moving from one building to another. If we are going to do that in electric vehicles, that is an additional cost, both financially and environmentally. I would therefore like to see new housing becoming energy positive.

The Convener: The need to consider transport is a good point. We have had to focus on the buildings chapter of the plan in this session, but it is all interconnected and your point about transport touches on our committee's work on national planning framework 4 and the idea of more local living—possibly 20-minute neighbourhoods in urban settings—and how we think about community. We also need to think a bit about the

local amenities. Where is the community hub in a housing development or new-build set-up? Where are people going to meet and come together so that they do not have to think about getting into a car to go somewhere to have that social cohesion and connection?

Dr Atkins: Absolutely. Traditional tenement design, in terms of its form factor, which relates to its external envelope, is potentially extremely energy efficient. As you rightly say, it leads people to live within a 20-minute walkable environment where they do not need a private car and they can rely on public transport much more. These things are all interconnected.

To go back to the question about what we would like to see in the plan, it may not sit directly in the plan, but we would like a commitment to look at development modules that are intrinsically efficient through not just placemaking but placemending.

The Convener: Placemending—that is very nice. That is the new word for me this morning.

I will move on and bring in some other themes. If anyone wants to come back in on skills, they should do so, as we did not bottom that out completely. I will bring in Alexander Stewart on the just transition—with a connection to skills.

Alexander Stewart (Mid Scotland and Fife) (Con): Good morning, ladies and gentlemen, and thank you for your comments so far. In some of your responses, you have touched on the issue that I want to raise, but it would be good to open things up slightly. How can the climate change plan ensure that there is a just transition and how can it stimulate employment opportunities? We have heard that we seem to have a skills gap in some areas, that we seem to have funding gaps, and that the resource that is required to ensure stimulation is not necessarily there. What can we do to ensure that it is there?

David Raine: As I have mentioned, and as many of us here today have echoed, we need to focus on deliverability. For context, the new-build heat standard, which our members are now actively delivering, is delivering a 75 per cent reduction in carbon emissions compared to a 1990s home. Our members are doing that in the absence of parity of regulation with England. The future homes standard has not yet come on stream—it has not been announced—so we do not yet have the resilient and competitive supply chains that would ensure that all our home builders can deliver air-source heat pumps. They are scrabbling around to find the contractors.

Building a new home creates 3.5 jobs and £30,000-worth of developer contributions to affordable housing and local authorities, and it provides a share of the £3.4 billion-worth of gross value added. When our members are building

homes, they can invest in their workforce and in new technologies, and they are testing those out and innovating. We have called for a future homes hub, because we think that the pathway for further emissions reductions has to involve collaboration between the sector and Government.

We have to learn what works and take an approach that matches with the supply chains. Some of our members say that building the home is the easy bit because, if you have not got the land, you cannot build the home; if you have not got the workers, you cannot build the home; and if you have not got the supply chains, you cannot build the home.

There are lessons that can be transferred from the impact of introducing regulation in the new-build sector to what we need to do to tackle retrofit. That is about concentrating on the supply chains, providing certainty and ensuring that regulation—the sticks—comes with the carrots and incentives, and that everybody is aligning behind that.

Dr Fleming: I will pick up on two of your points, Mr Stewart. I think that this in order, but if I do it in reverse order, I apologise.

First, on ensuring a just transition, I completely take the points about energy pricing reform being outwith the Scottish Government's jurisdiction, but there absolutely are things that are within the Scottish Government's purview that we should be looking at. The one thing that I have taken away from reading the plan and the heat in buildings strategy is that we cannot ask vulnerable households in Scotland to bridge the gap between incomplete policy making and policy reforms that we wish could happen but that are outside the Scottish Government's jurisdiction.

I have concerns about fuel poverty rates and what some of the proposals could mean if people are unable to heat their homes sufficiently, in terms of damp and mould and health and wellbeing and that sort of thing. As we have spoken about—I will not go back into this—we need to think comprehensively about funding mechanisms, advice and that sort of thing. My primary concern in ensuring a just transition is about not leaving certain households behind and saying, "We wish policy was different but it isn't right now, so unfortunately you have to pick up the check for this, in terms of either health or cost."

On how we can ensure that we have the right people, I agree entirely with David Raine that we will not make any of this happen if we do not have the people to make it happen. The Scottish Government committed to a skills action plan for, I think, offshore wind, which is wonderful. To come back to the climate change plan, the document talks about the economic opportunities and good

jobs that could come from the proposals therein, and I agree entirely. We have a significant skills gap in my sector and certainly in other sectors across Scotland, such as health, so we need to think about how we will find all the people that we need and train them sufficiently.

The CIOB has asked for a skills action plan for the construction and built environment sector. We have decent data—not perfect, but decent—about the state of buildings and homes in Scotland and the number of additional homes that we need, and we need to start working backwards from that. Who do we need to build them? What are their skills? Again, all building skills are green building skills if we are going to make the most of the built environment that we have and meet additional demand.

11:00

We have decent enough data to start mapping out the people that we need and the skills that they ought to have. We need to work backwards from there and ask how we can raise awareness of those job roles and how we can get people into training that is functional.

This is outwith the scope of the committee, but it is worth mentioning because it is in the climate change plan: major reforms to education and tertiary education are going through Parliament at the moment, and those have a significant impact on apprenticeships in the construction sector. The reforms that are being proposed are on where funding is allocated and that sort of thing, but a lot still needs to be addressed in the apprenticeship delivery system and construction if we are going to meet the climate change plan objectives, the housing emergency objectives and the just transition objectives. That issue might not sit within this committee's scope, but it certainly has an impact on a lot of the policies that are in your scope.

We need to be thinking about the fact that, although some reforms are going through Parliament, they do not go far enough. The way that we fund apprenticeships for the construction sector and the built environment sector needs fundamental reform. They are costly programmes to deliver, but we desperately need people on the other side who finish their programme, not only so that they can get to work, but for reasons of building safety, which does fall within this committee's purview. We need to make sure that we have people who are competent and qualified.

It is not in the climate change plan, but again, this is about drilling down on the delivery. If we do not address the skills piece, this will not be possible.

The Convener: There is the question of who is going to build it and what are the skills needed. There is also a piece that has been coming up this morning, and which has been around before, which is about scale. Who is going to be the person who goes into the neighbourhood and has that capacity for project management, but also talks to neighbours and gets everybody on board, including a resistant, nervous person. There is a human relational thing that goes along with the project management, and the skill set for that needs to be addressed as well.

Derek Rankine: There are two areas of enthusiasm in our network. One is about community wealth building, local strategies and placemaking approaches and encouraging local government to work more closely with trades and local supply chains and to think about how they can improve the economies in their local places. There is a huge amount of work to be done there. Thirty-four per cent of our households are in fuel poverty, 20 per cent of dwellings are below tolerable standards and 45 per cent have disrepair to critical elements. There is a lot of work for industry in our local places.

Secondly, as well as having reported the need for skills plans, as Jocelyne and others have referred to, our members have spoken to something wider and more systemic about the skills we need in our places across the historic and built environment. Schools are giving schoolchildren a chance to get exposed to those trades and are encouraging them as long-term career paths. College courses and skilled apprenticeships are being made available.

A really good example is the Ridge in Dunbar, which is a local project that brings schoolchildren in and works with teenagers. Its apprenticeships improve historic buildings in the town centre, and it is now taking contracts from elsewhere in the east of Scotland because of the skills shortages.

There are some opportunities out there, but, again, it goes back to cross-policy alignment.

The Convener: I was contacted by the historic Built Environment Forum Scotland—I will have mangled that name—which wanted to talk to me about training. One issue was how to get skills to the young people in Highland. The forum talked about a mobile training unit for that, and we have tried to talk to the Government about that. Not everybody is going to be living in the central belt. How do people get those skills? It involves leaving for a day or two, overnight accommodation and all that kind of thing. How do we bring the training to where there are enough people who can come together for a day in one place but not have to come to the central belt? As I understand it, training for some of the skills that we need for retrofitting does not even exist in Scotland—you

have to go further afield. That definitely needs to be addressed.

I will bring in Cornelia.

Cornelia Helmcke: I want to mention the potential behind the circular economy and the potential when we bring things together, such as having not just the climate change plan, but the Government's Circular Economy (Scotland) Act 2024.

I want to emphasise the huge potential that exists when we focus locally on how resources, capacity and energy can be exchanged. To take the rural perspective again, community groups have already shown that there are huge advantages in that with regard to tackling depopulation, which is one of the big issues in the Highlands and Islands. Just by having a wind turbine, those communities can, for example, invest in the local store so that it stays open or start an electronic bike hiring scheme and employ people to run it. In that way, communities can buy locally again and perhaps locally produced goods can be sold. A chain of jobs can come about just by providing a bit of funding for a wind turbine and promoting community ownership.

That brings me to challenge a bit the narrative of limited public money and public investment being inherently constrained—the sense that we just do not have the money to invest. The potential, in terms of how much money you get back for investment, including through other development projects that follow, has been mentioned. If you invest even a bit in infrastructure, such as a heat network, you suddenly have possibilities for energy that can not only enable people to move back to an area but enable businesses to open and therefore provide jobs and create new developments in the region and contribute in that way.

Professor Webb: I very much welcome the commitment in the draft plan to just transition principles underpinning the whole piece of work. However, again, that needs to be structured around specific actions and commitments. A key aspect is to ensure that all those good-quality jobs come to localities and that training is available to a high standard. Let us be honest: with our building stock, we certainly need that. That is about public procurement tools, and, although there is a reference in the draft plan to public procurement tools and aligning those with the climate change plan, that needs to be made more specific in the final plan. Can we be sure that the Scottish Government's budget that is devoted to the building sector is aligned with net zero and just transition principles and that it is doing the work to ensure that public procurement drives the transition? That needs to be echoed at the local government level, so that all local authorities can

be confident that they are using public procurement to best effect with regard to local skills, local supply chains, local housing stock and building development, and local businesses. Again, it is about building the circular economy and common wealth that others have referred to.

The Convener: My apologies—I missed part of what you said because I was conferring with the clerk about timings. I got your point that public procurement needs to drive the change, but did you mention community wealth building?

Professor Webb: Yes. Public procurement reinforces, and is a route to, that kind of community wealth building, because it empowers local authorities to use all the public procurement—capital as well as revenues—in support of the net zero buildings or whatever other area of the climate change plan that we are talking about. That helps to build and reinforce wealth at the local level—community prosperity.

The Convener: Thanks for that clarification. So there is a point to be made about the plan referring to other bits of legislation that are going through the Parliament and to local procurement being a key pillar of the Community Wealth Building (Scotland) Bill.

Io Hadjicosta: On the opportunities and the need to front load investment, the Scottish Government delivered a really good study that showed that investing in energy efficiency and clean heating would deliver around 16,500 jobs by 2030. However, that will happen only if we see investment in this decade in skills and workers as well as the grant and loan schemes for consumers. If we do not have that investment, we will see pressures, bottlenecks and cliff edges in relation to delivery, which will ultimately make it a lot more expensive for consumers and create a two-tier unfair system in which those who can afford it the most have access to energy efficiency and clean heating while others are left behind. We really need to see a continuation of full support for fuel-poor homes and fair funding for those who are able to pay.

At the WWF, we worked with the Existing Homes Alliance to deliver the analysis of the costs and benefits of the heat in buildings bill, focusing specifically on minimum energy efficiency standards and what it would be like to deliver those for home owners. The data showed that they would deliver a 9 per cent cut in energy bills—around £260 per annum in current energy prices—which is huge. At the same time, that would have a knock-on impact on reducing climate emissions. We have the measures and the tools to ensure that households can benefit from these opportunities; we just need to put those in place to enable that to happen.

The Convener: We have a bit of a tension in the conversation about skills and the need to train people up, and then the opportunity of 16,500 jobs coming our way by 2030. As somebody asked earlier, “Where are those people going to come from?”

Dr Atkins: Absolutely, as we sit here, it is all doom and gloom, but this is a massive economic opportunity for Scotland to create high-quality jobs. In the construction industry, the majority of spend is on labour, which tends to live quite close to the building sites, so there is an ability to disperse that work throughout Scotland.

I want to pick up my earlier point that, because of our climate, we spend most of our time in buildings, and so the quality of the built environment has huge implications for mental and physical health, educational attainment, productivity, and many other aspects. However, those are not costed in this process. For example, we should look at the potential saving to the Scottish national health service of having buildings that do not have damp and that are warm, affordable and easy to heat. Similarly, what additional educational attainment could be factored in? There are vast costs that are related to the built environment but that are not costed in the analysis that we are looking at.

The Convener: You would like to see an annex, for example, in the plan that looks at the interconnected aspect of savings—the idea that, if you invest in one area, you will make savings in another.

Dr Atkins: Yes.

Alexander Stewart: Neil Osborne, you might be the best person to start on councils and the impact of their existing local heat and energy efficiency strategies. Many councils have put them in place, but how are we going to improve delivery? Once again, there is a knock-on effect in relation to resource and workforce, with regard to how things can be improved and moved forward.

Neil Osborne: From the outset, I have been a big advocate of the LHEES in relation to how we build an understanding of the landscape in Highland Council. The LHEES needs to be embedded in the place-based approach and our local delivery plans as they are delivered, so that we can understand exactly what the market looks like. However, the reality is that the LHEES is a tool that allows us to collect and analyse data; they are not a delivery mechanism.

Alongside the LHEES are the delivery plans—“delivery plan” is a misnomer, because although they allow us to identify what a project should look like, there is no mechanism to drive it forward. Unless we can unlock funding related to that, it is very difficult to see how we can deliver at any kind

of scale using that as a tool set. We have the mechanism, and the toolkit is good. We just need to align everything else round about it, and ensure that the funding and resources are developed alongside to be able to deliver it.

11:15

The Convener: Does anybody else want to say anything about the LHEES? No? Just for clarification, Neil, when you say that it is not a delivery mechanism and that we need to unlock the funding, are you saying that that is what would make delivery happen?

Neil Osborne: Yes.

The Convener: So, there is no policy getting in the way.

Neil Osborne: That is right. We are asked to produce a five-year delivery plan, but, at the moment, we do not have the funding sitting alongside it. As a result, we are trying to guess what that funding is going to look like for year 2, year 3 and so on, and it is a continually moving process. If we were able to deliver the plan over the five-year period, we could be much more consistent in our delivery.

That would also give us the opportunity to build things out. After all, the LHEES is designed for not just domestic buildings, but the non-domestic side of things, too, and the issue is how we start to interact with that and look at how heat networks, for example, can be built into the picture. You cannot do that with a year-by-year funding model.

The Convener: Certainly. You said that, with the LHEES, you were looking at heat networks. Does that mean that, in Highland, you are looking at heat network zones in, say, Inverness?

Neil Osborne: Yes. Inverness has been the priority in our work with the Scottish Government. Now that we have reached a certain point in the work that we have done, and the Government is comfortable with what we are looking at, we are doing a wider scan and trying to understand how the mechanism can be used in more rural communities. If you are looking to drive transition at scale, doing so through installing individual heat pumps in an area that is heavily constrained in energy is not a realistic option, and we need to understand how we unlock other tools in the toolkit to allow us to do that at scale.

Dr Fleming: I just want to come in very briefly to build on Neil Osborne's point. Something that the CIOB has asked for both as an isolated organisation and as chair of the retrofit round table, which comprises about 15 organisations, is a national retrofit delivery and—crucially—resource plan. Our vision is to have a national central plan and framework that will enable local

authorities, housing associations and the component pieces that sit underneath the plan to have multiyear clarity and resource allocation for delivery.

I am conscious that the plan's annex document, I think, makes reference to the forthcoming heat in buildings delivery plan. Again, I would argue that that is much too narrow in scope, because it means that, again, we are talking just about the heat in buildings. Giving the Highland Council, housing associations and so on clarity on delivery of only one facet of what should be a much wider whole-home approach to retrofit is just more piecemeal policy making, and it does not bring down costs or allow us to facilitate and enable retrofit at scale. Therefore, we would like a centralised plan that gives agency and autonomy to the players and stakeholders therein, and which provides resource and long-term clarity to allow them to put the information in the LHEES to use.

The Convener: I am going to bring Neil Osborne back in, because I think that he has a direct response to those comments, and then I will bring in Jan Webb.

Neil Osborne: Just to follow up on that, I think that, when it comes to longer-term funding, if we have that sort of clarity from the public sector, it provides a much easier route to unlocking private sector funding. With the projects that we have delivered over the past 18 months, we have found that having that level of public funding allocated to them has allowed us to go out and seek more funding. In the two area-based schemes that we have delivered, we have brought in six different funding streams to be able to deliver them, but we would not have been able to unlock the rest of that funding if there had not been consistency in public sector funding in the first place.

Professor Webb: We were responsible for doing a social research evaluation of the LHEES pilots and looking at the guidance on full LHEES requirements, and I think that it would be an awful shame if we lost the benefit of all the learning that has taken place over the course of those pilots. Every local authority had a pilot LHEES, and every local authority, I think, has now produced the comprehensive LHEES.

That has to be built on. At the moment, we are still working very slowly, at the rate of few hundred to a few thousand buildings at a time, and we need to scale that up to something like 100,000 buildings a year to meet the legal commitment that is in place.

Therefore, it is critical that we upskill and resource local authorities to enable them, as we have been discussing, to deliver and implement these strategies and to prioritise, according to the original intention. Apart from anything else, we

need to see an end to the constant competition-based one or two-year funding that goes to local authorities for specific projects; many of the local authorities that we interviewed said that the whole process of procurement, project organisation and dealing with the building stock and its owners and users took far longer than the average length of competition funding. Moreover, it meant that you had people being employed on a contract until the March of the next year, and then you had to go back to square one.

That constant round of competition is a poor use of resources, and it incurs unnecessarily high transaction costs. We could use that funding more effectively through multiyear programmes, as others have talked about, and supporting local authorities to lead delivery in co-ordination with specialised Scottish Government units.

The Convener: Okay. Thank you. I will bring in Cornelia Helmcke.

Cornelia Helmcke: I would just emphasise what Jan Webb has said about competitive funding and more short-term funding rounds being a very big issue for councils, and I come back to my earlier point that we need longer-term, more secure funding and to build on these things through collaboration, not competition. That approach will allow councils and people with these kinds of building-up skills to apply them on a long-term basis, to have security and to be able to apply lessons learned and engage with people who are doing similar projects and are on similar learning pathways. We need to build capacity strategically, not just over single projects, and have an open and transparent data collection platform that will allow people, councils and community groups to come together, share their own experiences and consider and build on other experiences that have already been formed.

The Convener: Thanks very much.

I believe that Fulton MacGregor has some questions on local government, too. Have those questions been covered, Fulton, or would you still like to come in?

Fulton MacGregor (Coatbridge and Chryston) (SNP): They have been covered, convener, but I feel that I should probably come in here, too.

The Convener: Come on in, then.

Fulton MacGregor: There has been a reasonable discussion on this matter already, so I do not need to give a preamble to my question. I want to ask the witnesses—and I will revert back to you to chair this discussion, convener, as I am obviously not in the room, which makes things a wee bit awkward with a round-table format—whether they have any further thoughts on the

direct role of local government in delivering the draft climate change plan. More broadly, how do the capacity and resources of local government, which have obviously been well documented both in this committee and other forums, link with its ability to deliver that plan? I know that most of the witnesses have touched on that a wee bit in their previous answers, but if anybody wanted to make a direct response, convener, I would appreciate it.

The Convener: Thanks, Fulton, for giving people an opportunity to get out the big highlighter pen and pick out anything that they want the committee to hear loud and clear.

Derek Rankine: I agree that the issues have been well documented, but the lack of capacity is a massive challenge. There are so many national policies coming out that place obligations on local government without giving councils any extra resources to deliver them. According to the Royal Town Planning Institute, there was a 30 per cent reduction in planning department spend between 2010 and 2023, while, at the same time, the unfunded duties of such departments went up. You can find the same trends in other areas.

Therefore, the plan is right to call for LHEES and to call for local government to take action on its own housing stock and to collaborate with industry, the wider public sector, community-led partnerships and so on. However, the leadership, the resources and the capacity all have to be there, too. Having a few bullet points in a plan that say, “This should be done” is great, and we all agree that those things should happen, but the question is how we deliver them in practice, given that everyone is so stretched with the increasing statutory duties and, as Neil Osborne has alluded to, given all the funding timescales.

The Convener: That was great. Thanks.

Derek Rankine: That was my highlighter pen, convener.

David Raine: I echo Derek Rankine’s points and agree that the well-documented capacity and resource issues in local authorities are a barrier and that they impact on our home builders, whether that is an SME delivering in rural areas, a PLC delivering a volume site or an RSL.

We surveyed our SMEs earlier this year and delays and the speed of processing in planning and consenting came up as a major concern and a barrier to delivering homes. There will inevitably be tension between the desire to deliver new homes and achieve climate ambitions by retrofitting existing homes under the plan.

To step back and give a bigger picture, the Government has recently announced its all-tenure ambition to grow the output of housing by 10 per cent year-on-year for three years. That will require

more activity in planning departments and building standards departments. There is a need for more resource, but more resource can also be acquired by being more productive and looking at how those planning departments, in particular, and building standards can do more with potentially the same amount of resource by making better decisions quicker and working productively with those who engage with the planning system. For instance, our members report that they cannot get hold of planning officers by telephone—they have to communicate by email, and they go to the bottom of the pile. That type of thing causes massive productivity issues for a home builder, whether they are an RSL or a private home builder.

Aspects of the planning system could be rationalised to be more productive and to create capacity if we want to do the twin-track job of building more homes while also dealing with the ambitions of the climate change plan.

Dr Fleming: The CIOB has long championed an enhanced role for local authorities in delivering on retrofit. We have spoken previously about resources, capacity and clarity. We would like to see an enhanced role for local authorities that is underscored and tied into a national framework and long-term plan for Scotland writ large.

People do not live, work or travel neatly within local authority boundaries. We need to think holistically across the national piece for Scotland while also giving local authorities the resource, capacity, clarity and agency that they need to drive change and be reflective of very different local and community contexts. We have argued for a long time that local authorities could meaningfully catalyse change and, as Professor Webb indicated earlier, drive supply chains and create clarity and certainty for the industry if they are anchor stakeholders and leaders on area-based projects. Local authorities have a real role to play and they should be enabled to respond to their context and local need. However, that needs to fit into the wider piece so that local authorities understand where the resource is going to be in the long term as well as the long-term plan for Scotland.

To tack on to the point about local authority challenges and competitive funding, the same experience came up when we did our housing association research. All stakeholders that are trying to do these retrofit pieces need the way that their funding is rolled out to be overhauled.

Professor Webb: I back up what Dr Fleming has just said and will extend it slightly by saying that all the cross-sector actors that we work with as researchers emphasise the convening role, which is the usual term that is used, of local authorities, and it is certainly embedded in the

draft plan. What is perhaps not embedded in there so firmly and needs to be is the resource implication of those further responsibilities. That needs to be recognised more centrally, as well as the fact that much of the plan will be delivered in localities and will depend on local government bodies working in co-ordination with central Government and businesses, as well as the communities. Constant co-ordination is demanding, but it is critical to performance. I would like there to be a much stronger emphasis on resources being devolved along with powers and responsibilities in the final plan.

The Convener: The convening role of local authorities and councils is very important and it has definitely come up in other areas when we have been doing work on this.

11:30

Dr Atkins: On local authorities and the draft plan, the benefit of local authorities having further powers to deal with comprehensive area refurbishments has already been highlighted around the table. I would extend that to include the powers to address the 97,000-odd vacant homes that we have in Scotland, which is more than five times the number of new extra homes that we are completing each year.

However, the planning and building regulation environment needs to pivot, particularly with revisions to local development plans to promote the density of development that we talked about previously and to include consequential improvement in building standards, as well as adding a requirement for post-building completion evaluation and a chain of custody for demolition materials. That would give teeth to local authorities, which have a role in implementing planning policy, building regulations and technical standards at a local level to ensure that applications coming through meet those requirements.

The Convener: That is something to investigate. I wonder what your thoughts are about that pivot. It came up earlier that we tend to build three and four-bedroom homes, and the committee has certainly heard that there are a lot of single people who also desperately need a home. Do we need to be talking a bit more about that?

Dr Atkins: Yes, I would say so. There is obviously a wide band of housing demand out there, some of which is consumer led, it has to be said, and that is fair enough—I am not having a pop at the house builders. However, I think that you are right that we are seeing increasingly reduced household sizes, and if we are to be responsible for our impact on the environment

overall as a home owner or as an owner-occupier, we have to start questioning whether we need a house this big with a couple of cars in the driveway to get us to wherever we need to be.

The Convener: I am going to bring in David Raine before Cornelia Helmcke, because I think that he has a direct response to that point.

David Raine: There is demand for housing out there. We surveyed 14,000 members of the public and established that 28 per cent of Scots—one in four households—have some form of housing need. That is massive. It might be that they are homeless or have concealed need—they are living in their childhood bedroom even though they are in their 20s—or simply that the homes that they are living in are not fit for their current needs, depending on where they are in life. We will need more homes to be built to meet those changing requirements and capacity.

We touched on this point earlier. The availability of smaller homes is a question of viability and whether, with the cost of current regulation and the cost of materials, they can be built at a price that mean that they can be sold either to a registered social landlord or to those who wish to own their own homes. I remind you that 80 per cent of Scots would prefer to own their own homes.

When an assessment is made, a developer will appraise a site and piece of land to assess its land value, the cost of building that home, and the developer contributions that I mentioned earlier, such as an excess of £30,000 for affordable housing or paying for the rebuild of schools, as well as all the other costs. A building safety levy is now being proposed to be introduced that will add about £3,500 to £4,000 per home. An air-source heat pump adds about £8,000 to the cost of a home.

The Convener: I am going to move us on, because we are moving a little bit away from the plan.

David Raine: I just want to finish on the point that the cumulative impact of regulation will price the construction of some of those smaller homes out of the market.

Cornelia Helmcke: I will briefly return to highlighting our main issues. If the current funding landscape for local councils remains the same—the current draft climate change plan indicates that it will—it will put further burdens on local councils. Local councils should be rejuvenated by the climate change plan, because they are more local. They can do place-based delivery plans, be strategic in their areas and build more and closer ties to communities to bring them on board to the transition.

There is, of course, the essential need for local governmental sectors to play a role, but they also need the capacity to be able to carry out that role efficiently.

The Convener: Thanks very much. We have gone over time, but I will keep us going rather than take a break—apologies for that. I will bring in Mark Griffin, who has a couple of questions, and I have a final wrap-up question. We might go for about 20 minutes longer; I hope that that is okay.

Mark Griffin (Central Scotland) (Lab): Good morning, everyone. In some of the earlier discussions, we touched briefly on the economic benefits of some of the changes that we would hope to see attached to the climate change plan. I want to talk about community benefits and how we ensure that local communities benefit from investment in infrastructure and community electricity generation and, potentially, the introduction of things such as heat networks. How do we ensure that communities benefit from those developments instead of corporations simply extracting wealth from communities? That tension exists due to needing private investment to really drive some of the changes. Let us open that up, perhaps going to Cornelia first to talk briefly about community benefits, as well.

Cornelia Helmcke: I am happy to do so. That is a big topic in itself, but I will try to be brief. The roll-out of just transition infrastructure, such as the transmission network and the big pylons that are being built across Scotland, begs the question what Scottish rural communities that are in fuel poverty will get out of it. If more renewable energy is removed from where those communities can access it, and it is still not affordable or available to them, it is hard for them to be supportive of that. That is often framed as being due to nimbyism; I do not like that, because, most of the time, it is not as simple as that.

A community benefit could be that companies that have a large-scale wind farm planned and put into operation pay certain amounts to communities that are in the vicinity. However, there should be a much more focused, structured and stronger emphasis on the role that communities play in the design or planning and in the ownership of such energy futures. They should be part of it and not just receive a passive income; it should not be something in addition to what their daily life is about. Shared ownership is very important, but it has not been taken up because the potential and the capacities are not there yet.

As I have mentioned, community ownership has been very promising, but it has become unviable in recent years because the feed-in tariff scheme that supported it ended in 2019 and the community and renewable energy scheme—CARES—is not pulling its weight and cannot make

up for it. Instead of just putting a solar panel on a local school, community ownership could mean having one to three larger turbines that create a substantial income for the community, which can decide for itself how to use that. It could mean that, for every 10th wind turbine that is installed, one turbine is in community ownership, so that there is shared ownership not just in the physical sense of owning something but in the sense that the community has been part of it, designed it and owns it in more moral and theoretical senses.

The Convener: In a way, that comes back to what Jan Webb said right at the beginning of the meeting. More than being just consumers, we want people to be engaged citizens who are playing a part in our transition to net zero.

Dr Atkins: I have a quick point to make. I give the example of some of the community buyouts that we have seen in the islands. I think in particular of the Isle of Gigha, where, over a period of time, they have been able to invest in improving the existing housing stock and adding new housing. That has brought more people back to the island, created more businesses on the island, resulted in more children in the school and so on. It is possible to create that virtuous circle.

The Convener: Yes, certainly. At the Scottish Parliament information centre breakfast seminar last week, we heard from a person who was involved in a feasibility study on community ownership of heat networks and so on that had been funded by a development trust in the Lammermuir area. The work that they were talking about struck me as a powerful way of taking community benefit from renewable energy to the next level. That is where we need to be going with that investment, and it links into what we can do in relation to housing and so on.

Neil Osborne: Highland Council has launched its social value charter, which is concerned with how we can capture benefits from the development that is taking place in the region. The structure that is in place at the moment means that community benefits are not spread equitably in the Highlands. We have a vast number of communities that do not get any benefit while other communities get increasingly larger sums of community benefits. Of course, the communities that are continuing to grow that funding have their own challenges, because they are getting to the point where they do not know how to manage that. An element of support needs to be brought into the communities to enable them to understand how they can use that funding effectively, and the social value charter starts to set that out. It looks at how we can engage with developers and businesses in the region, so that we can structure how they can support communities—it considers not only where they can feed in community

benefit, but at what the additionality to that is and the ways in which they can support the communities.

One of the big areas that we are looking at is shared ownership. In the long term, if we are looking at a sustainable means of supporting communities in a region as big as the Highlands, we must recognise that that can be done only through shared ownership. However, the model for shared ownership needs to be able to operate at a scale that makes that viable, which has always been difficult. There has always been an element of shared ownership available to communities, but there is quite a gap between the scale of shared ownership that developers are talking about and the amount that communities can afford to invest or achieve in terms of funding. However, I think that there is an opportunity to change that.

The Convener: That might be something that the SNIB, for example, could get involved in.

Talking to communities about community ownership, I have heard that they will negotiate with one company and then another, and they have to learn a different language for each of those negotiations. It would be great to see developers using a community language, so that communities do not have to keep relearning.

Mark Griffin has a final question.

Mark Griffin: My question concerns the level of engagement with Government on the development of the climate change plan. Obviously, you are involved in parliamentary engagement today, and that is really helpful to our scrutiny work, but what sort of engagement have you had with the Government on the design of the plan, rather than in relation to responding to it, as we are doing now?

David Raine: I am happy to say that we have engaged with the Scottish Government across a number of work streams. With regard to the Scottish equivalent to the Passivhaus standard, we have been able to table our industry alternative, which proposes a solution that would reduce carbon emissions from future homes by 95 per cent after the introduction of the new-build heat standards, and we have also tabled our proposal for a Scottish future homes hub. However, we have not had any engagement on the climate change plan itself.

Dr Fleming: Similarly, we have not had any direct engagement on the climate change plan, but there is a wider challenge around industry engagement in what is quite a crowded policy environment, given that, as I would argue—and I think that others would agree—the sector is quite integral to the ability of the Scottish Government to reach a lot of its objectives.

To add a caveat to that, I would say that there is a lack of joined-upness or cross-collaboration within the various work streams in the Scottish Government. We would love to speak more directly with the Government, but we would also love to see a little bit more cross-collaboration within the Government, as that would help to deliver better policy outcomes for us all.

The Convener: I will embellish Mark Griffin's question a little bit. Can you also talk, from your perspectives, about the process of the development of the plan—the consultations and so on—and, given that we have been waiting a while for the initiative and we are quite close to the end of a session, the timing of the scrutiny?

11:45

Io Hadjicosta: Stop Climate Chaos and WWF Scotland have had some engagement with the Scottish Government as part of its stakeholder workshops, but spaces for those are limited. David Raine and Jocelyne Fleming, for example, were invited, but there should have been space for all of us to feed in. Even if you made it to those workshops, there was not much opportunity to co-develop or think together with civil servants about what would be an ambitious but deliverable policy.

That aspect was lacking. It would have been great if, throughout the process, we had had more participation from stakeholders from across industry and the third sector and from workers, individuals and consumers to deliver something that, from the outset, was a lot clearer and had the timelines and other necessary things to deliver the plan. That is what we would have liked to see.

Forgive me, but I forgot the second part of your question.

The Convener: It was on the timing of the scrutiny.

Io Hadjicosta: We are coming to the end of the parliamentary session, which I think is why we are seeing the backloading of investment to the second carbon budget. A brief analysis of that would be that the Government is delaying until the next session of Parliament the really hard and difficult choices as well as the measures on multiyear funding, Scottish budget alignment and interconnectedness that we want.

Alistair Hill: I agree with a lot of what has been said. Consumer Scotland has been engaging with a wide range of teams across the Scottish Government on many of the component elements that form part of the climate change plan. However, part of the challenge is that, because the process has come at this late stage in the session of Parliament, it is a lot harder to get the

engagement and broader input that are probably required to give the plan proper scrutiny.

Jocelyne Fleming made a good point about interconnectedness across the Scottish Government. More work can definitely be done to bring all the disparate parts together into a coherent plan.

Dr Atkins: I am not best placed to answer the direct question on our involvement with the draft plan. I am a volunteer with RIAS and I have had involvement with the building standards division's EPC reform, which is the Scottish equivalent to the Passivhaus standard.

Other colleagues will have been involved in planning through national planning framework 4 and so on. The person who could really answer the question is actually sitting in the room. However, I hope that we have responded whenever we have been asked. We are always willing to give our opinions.

The Convener: If nobody else wants to comment on the consultation, engagement and timings, we will move on.

It has been a really great morning. It has been good to hear your thoughts on the buildings chapter of the draft climate change plan. That will help our scrutiny of the plan.

I briefly suspend the meeting to allow you all to get your coats and go out into this gloomy day. Thank you very much for joining us.

11:48

Meeting suspended.

11:56

On resuming—

Subordinate Legislation

The Convener: Agenda item 3 is formal consideration of two negative instruments.

Title Conditions (Scotland) Act 2003 (Rural Housing Bodies) Amendment Order 2025 (SSI 2025/298)

The Convener: As members have no comments on the first instrument, does the committee agree not to make any recommendations in relation to it?

Members *indicated agreement.*

Building (Scotland) Amendment Regulations 2025 SSI 2025/312)

The Convener: I have a comment on the second instrument. We have received some short-notice information on the instrument—two letters—and it would be good for us to take time to consider and potentially write to the Scottish Government on the back of that correspondence. Are we agreed?

Members *indicated agreement.*

The Convener: We previously agreed to take the next item on our agenda in private, so that concludes the public part of the meeting.

11:58

Meeting continued in private until 12:33.

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