

Mairi McAllan
Cabinet Secretary for Wellbeing Economy, Net Zero and Energy
The Scottish Government
The Scottish Government
St. Andrew's House
Regent Road
Edinburgh
EH1 3DG

16 April 2024

Dear Cabinet Secretary,

BUSINESSES CALL FOR URGENT ACTION ON HEAT IN BUILDINGS BILL

We [wrote to the First Minister](#) last October calling for the Scottish Government to consult on proposals for a Heat in Buildings Bill and to introduce the Bill to Parliament within a year.

In the six months since then, you have consulted on the Heat in Buildings Bill proposals, and we welcome this step.

However, the recent progress report from the Climate Change Committee makes clear that the government is “failing to achieve Scotland’s ambitious climate goals” and “actions continue to fall short of what is legally required”. The report does recognise that the Heat in Buildings Bill consultation is an “early sign of progress”, but it is clear the government must now “avoid delays on the Heat in Buildings Bill and move towards delivery”.

If Scotland’s reputation as a world leader on climate change is not to be diminished, it is now more important than ever that we see rapid progress on this Bill and supporting measures, not only to demonstrate that the countries’ net zero ambitions are more than just words, but also to give certainty to the businesses that will be central to making the transition happen.

The signatories to this letter represent all parts of the supply chain which will deliver the transition to net zero homes – manufacturers, installers, advisers.

Homes right across Scotland (urban and rural, old and new) need to be upgraded with improved energy efficiency and clean heating. Energy efficiency will cut energy demand, benefiting households and businesses and reducing pressure on the grid. Heat pumps will be a great heating solution for many homes and district heat networks have the ability to deliver decarbonised heat to homes and businesses at scale.

There is no doubt that this will be challenging but it is a necessary step that will eliminate poor energy efficiency as a driver of fuel poverty and has the potential to reduce household (and indeed many small business) energy bills.

We have strong foundations on which to build. Scotland already has numerous businesses manufacturing key equipment like heat pumps, heat storage and insulation, and many who are working hard to upgrade homes or build heat networks. We will, however, need a step-change in the capacity and capability of supply chains if we are to meet the scale of demand.

To meet the challenge and maximise opportunities, industry needs certainty. The proposals in the Heat in Buildings Bill consultation, including new mandatory standards for zero emissions heating and energy efficiency in homes, give an indication of the direction of travel, but they are not sufficient to give us the certainty needed to invest and grow.

When we last wrote to you, we highlighted that delays in consulting on and introducing these standards had already deterred supply chains from scaling up to meet growing demand, at a time when we too are struggling with the impact of volatile energy costs. The cost of delay is lost job opportunities and another winter of cold homes and fuel poverty.

We urgently need a clear policy and regulatory framework that creates viable cases for investment. In line with creating a just transition, that policy framework should be designed to support the use of local products and materials.

The earlier we see the regulations in place, along with the necessary support for compliance, the more time we have to plan, invest and grow to meet the challenge ahead.

Standards should be phased in over time and accompanied by an expanded programme of advice, financial support and incentives – available to businesses and homeowners.

To make the transition fair and affordable, we are also calling for the UK Government to advance electricity price reform, making clean heat the more cost-effective solution.

Businesses across the country remain ready and willing to help meet the climate challenge, creating thousands of green jobs and upgrading homes so they are warm and affordable to heat. But certainty is needed to allow us to plan how we can scale up to meet growing demand and to give us the confidence to invest in training and jobs across the country.

We are, therefore, calling for the Scottish Government to move rapidly and introduce the Heat in Buildings Bill to Parliament in the autumn, and aim to complete the parliamentary process by the end of 2025.

We look forward to hearing from you and working with you to deliver a just transition to warm, affordable to heat homes for all.

Your sincerely

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