

£20 million impulse for energy efficiency in Scotland: what's the impact?

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Energy Efficiency as an economic stimulus

- In September 2016 First Minister of Scotland announces post-Brexit economic stimulus package
- £20 million earmarked for energy efficiency improvement measures
- £10 million targeted towards household energy efficiency improvements
- £10 million to improve the energy efficiency of public buildings

Our Research project

- We conducted macroeconomic analysis of the potential impact of the £20 million spend on energy efficiency improvements
- Small spend compared to planned overall £500 million spend on energy efficiency improvement
 - Results mainly indicative of direction of main performance indicators
- Used economy-wide Computable General Equilibrium (CGE) model for Scotland

£20 millions extra spending on Constructions: What is the impact?

Assuming spending and retrofit in 2017....

2017 GDP +£3.9m, jobs +121,
public budget -£1.8m

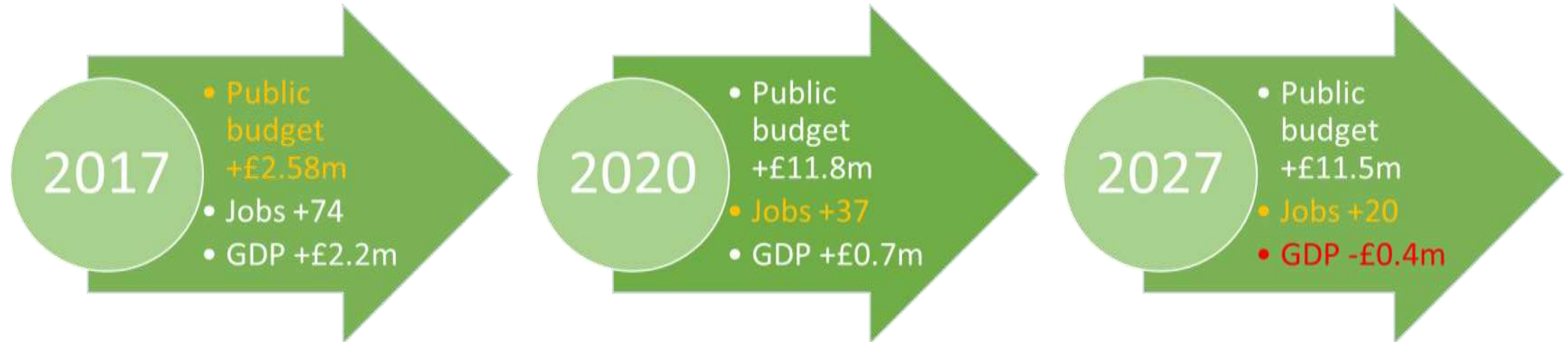
2020 GDP +£1.76m, Jobs
+31, public budget
+£0.42m

2027 GDP +£0.72m,
Jobs +12, public
budget +£0.2m



What if £10 million achieve a 2.5% reduction in physical energy requirements by public sector?

If even just a 2.5% reduction in physical energy requirements is achieved in the public sector...



What if £10 million achieve a 2% reduction of energy required by lowest income households?

If a 2% reduction in energy required to provide heating, lighting and cooking in low income households is achieved...



Conclusions

- Increased construction activity delivers limited benefits
- Reduction of public sector energy requirement leads to **sustained budget savings over £10 million and additional jobs**
 - However, there is a relatively small contraction of GDP
- Reduced energy requirements of lowest income households deliver **significant economy-wide benefits**
 - Increased spending power of lowest income households
 - Sustained GDP expansion, budget savings and jobs



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Thank you for your attention

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EPSRC project website: <http://www.cied.ac.uk/research/impacts/energysavinginnovations>