

Heat in Buildings Funding Streams



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Home Energy Scotland Grant & Loan Scheme

The Home Energy Scotland (HES) Grant and Loan Scheme offers support to homeowners who want to install zero emissions heating and improve the energy efficiency of their homes and offer funding options of loan only, grant only or a combination of both.

Who can apply?

Funding is available to homeowners and self-builders

Eligibility criteria

Homeowner must own and live the property which funding is being applied for. Funding is only available to self-builders who own the property and are intending to live in it. Funding is not available for letting properties.

How much funding is available?

Each measure attracts its own level of loan and grant funding. Further information can be found at the [Home Energy Scotland](#) website.

The new HES grant provides funding for heat pumps up to £7,500 and for energy efficiency improvements – up to 75% of the combined cost of the improvements and up to the maximum grant amount of £7,500.

A rural uplift of £1,500 applies to both the heat pump and energy efficiency grants. This uplift increases the heat pump grant flat rate and the maximum limit of the energy efficiency grant to £9,000.

An additional £7,500 of funding is available as an optional interest free loan for both heat pumps and energy efficiency measures.

Timescales

Funding is available on a first come, first served basis, subject to availability of funds. For applications that have been approved, the work must be carried out and funds claimed within 9 months of approval.

Further information: [Home Energy Scotland Funding](#)

Key contacts

[Home Energy Scotland Grant and Loan](#) · [Home Energy Scotland](#)

Business Energy Scotland SME Loan and Cashback Scheme

Aimed at supporting small and medium sized enterprises who often do not have the capital finance to implement energy efficiency or renewables measures to enable them to benefit from the resultant reduced energy costs. The cashback element of the scheme was launched in 2018 to stimulate the uptake of energy efficiency and renewable heat measures in non-domestic properties.

Who can apply?

Small to medium sized enterprises, not-for-profit-organisations and charities.

Eligibility criteria

To be eligible the organisation must:

- Be based in Scotland
- Have been trading for at least 12 months
- Have fewer than 250 full time employees
- Have a turnover not exceeding 50 million euros
- Have a satisfactory credit score
- Have obtained a qualifying energy/ technical report
- Not start work prior to the work being made

Further eligibility criteria found here [SME Loan and Cashback Eligibility](#)

How much funding is available?

The SME Loan and Cashback Scheme provides interest free loans from £1,000 to £100,000 and cashback grants of up to £30,000 for the implementation of renewable heat and energy efficiency measures (75% cashback grant of up to £10,000 towards the costs of installing a renewable heating system and a further 75% cashback grant of up to £20,000 for energy efficiency measures). In total a Scottish based SME can access a maximum of £130,000 through the scheme.

A total of £8.0 million has been made available in financial year 2022/23 for loans and grants issued through the scheme.

Timescales

Once a grant/ loan offer has been made organisations have six months to drawdown the finance for their measures. Funding is only released once the measures have been installed.

Further information

Applications to the SME Loan Scheme must be supported with a relevant bespoke energy assessment which can be provided free of charge through Business Energy Scotland, the Scottish Government's Energy Advice and Support Service.

[Business Energy Scotland · Make Your Business Greener](#)

Key contacts

[SME Loan Scheme · Business Energy Scotland](#)

Community & Renewable Energy Scheme (CARES)

The Community and Renewable Energy Scheme (CARES) helps communities to engage with and benefit from the energy transition to net zero emissions. It provides advice and support – including funding – to communities across Scotland, looking to develop renewable energy, heat decarbonisation and energy efficiency projects.

Who can apply?

Funding is available to eligible community organisations, though these differ slightly dependent on the funding call:

- **Community Buildings Fund** - Applicants must be constituted non-profit distributing community organisations, including organisations with charitable status, that are established and operating across a geographically defined community or faith groups.
- **Off Electricity Grid Communities Fund** - This fund is for communities which operate existing local independent grid electricity systems. These may be located on the Scottish mainland or island communities, for example: Canna, Eigg, Rum, Muck, Fair Isle, Foula and Knoydart.
- **Community Heat Development Programme** - Groups of householders and constituted community organisations. Community organisations must be constituted, non-profit distributing community organisations, including organisations with charitable status. They should be established and operating across a geographically defined community.

Eligibility criteria

- The [Community Buildings Fund](#) takes a whole building retrofit approach, covering zero emissions heat installations, energy efficiency measures, and additional small-scale generation where there is a clear benefit to the community organisation in terms of energy bill reduction.
- The [Off Electricity Grid Communities Fund](#) provides a package of support to some of Scotland's more remote and rural off grid communities to help them upgrade their energy systems and decarbonise their energy supplies, with the aim of making them more resilient and sustainable.

- The [Community Heat Development Programme](#) helps eligible community organisations and groups of householders to develop their ideas for locally-generated, low and zero carbon heat project ideas.

How much funding is available?

- **Community Buildings Fund**
Grant funding is available for up to 80% of eligible costs up to a maximum of £80,000.
- **Off Electricity Grid Communities Fund**
Development funding of up to £25,000 is initially available per project. Capital grant funding is available at up to 90% of capital costs. There is no upper limit of application amount, but applications will be subject to a competitive process. Technical advice for applicants may also be available through the CARES Technical Advice Services Framework.
- **Community Heat Development Programme**
Eligible community organisations and groups of householders do not receive funding directly. Successful applicants will receive an initial review of their project idea and, if approved, a further assessment of its feasibility including advice on next steps and potential routes to funding.

Timescales

- **Community Buildings Fund** – A rolling programme of support out to March 2025, subject to budget availability.
- **Off Electricity Grid Communities Fund** – Expressions of Interest were submitted in January 2022, with capital funding currently available until March 2024.
- **Community Heat Development Programme** - A rolling programme of support out to March 2025, subject to budget availability.

Further information: [Local Energy Scotland](#)

Key contacts

Jo Ives - Josephine.Ives@gov.scot
George Unitt - George.Unitt@gov.scot

Area Based Schemes

The Area Based Schemes (ABS) funded by the Scottish Government target areas with high levels of fuel poverty and 'hard to treat' properties. These are often properties with solid walls or of non-standard construction.

Local schemes are designed and delivered by councils, often with utility companies and other local partners such as Housing Associations. ABS funding helps property owners meet most or all of the costs of providing energy efficiency measures to households in or at risk of fuel poverty.

Who can apply?

Local Authorities designate areas that will be targeted, and provide details by letter, email, and social media targeting.

Eligibility criteria

Specific eligibility criteria is set by each Local Authority, and focuses on fuel poor homes in council tax bands A to C.

How much funding is available?

Improvements are installed by contractors working on behalf of the local council. Householders may be asked for a contribution towards these costs if they own a larger property. Contributions are capped at £450 for flats and terraced properties; or up to £950 for a detached or semi-detached house.

Timescales

Improvements are planned in advance and often delivered as part of a larger project benefitting a whole building, street or community.

Further information

Home Energy Scotland have details of all Scottish schemes, and can inform households if they are living in an ABS area.

Key contacts

SGareabasedschemes@gov.scot

[Home Energy Scotland](#)

Warmer Homes Scotland Programme

The Warmer Homes Scotland (WHS) programme offers funding and support to households struggling to stay warm and keep on top of energy bills and is designed to help people make their homes warmer and more comfortable by installing a range of energy saving improvements.

WHS is targeted at those living in owner occupied properties who are in or at risk of fuel poverty, with a limited offer for those in private rented sectors where measures installed are not covered by the landlord's obligations. The service is available throughout Scotland, including the Highlands and Islands

The programme is accessed by contacting Home Energy Scotland, who will check what support is available and if the household is eligible. They will then be referred to Warmworks, the managing agent for Warmer Homes Scotland, who will perform a home assessment recommending improvements suitable for the home, which could include a range of insulation, energy efficiency and heating measures.

Since September 2021 WHS funding is not available for the replacement of oil, LPG heating systems with customers not on main gas being offered low carbon heating systems such as High Heat Retention Electric Storage Heating or Air Source Heat Pumps.

In addition, renewable heating options are also available including ground source heat pumps, micro-wind, micro hydro, micro-CHP (Combined Heat and Power) systems some of which may be particularly beneficial to rural and remote communities not served by the gas grid.

Who can apply?

Homeowners and private sector tenants struggling to heat their home, who have lived in their home for at least twelve months, and whose household includes individuals:

- Aged 75 or over with no working heating system or aged 16 or over and be in receipt of a passport benefits or an income related benefit.
- Homeowners or tenants of a private-sector landlord in residence for at least 12 months (unless in receipt of a DS1500 or BASRiS form).
- Live in home with a poor energy rating - this will be assessed by a surveyor.

Eligibility criteria

- Eligibility is based on "proxies", certain benefits such as Employment and support Allowance (ESA) and Personal Independence Payment

(PIP) which are an indication of the likelihood of the household living in or being at risk of fuel poverty.

How much funding is available?

Warmer Homes Scotland has budget of £55 million for 2022/2023.

Most of the support delivered through Warmer Homes Scotland is grant funded, based on the work recommended to be carried out on a property-by-property basis and undertaken by one of 24 contractors registered with Warmworks. The current maximum grant levels are:

- Lower Grant Level: £6,000 – for households recommended a basic package of measures, for example a gas heating system with loft insulation top up.
- Middle Grant Level: £12,000 – for households recommended measures such as External Wall Insulation (EWI) are recommended by a Warmworks qualified assessor.
- Higher Grant Level: £21,500 - for households recommended the installation of one of the more expensive renewable measures e.g Heat Pump

Timescales

Applications are accepted by contacting Home Energy Scotland - contact details found on their website [here](#) .

Further information: [Home Energy Scotland: Warmer Homes Scotland](#).

Key contacts

[Warmer Homes Scotland · Home Energy Scotland · Contact](#)

Social Housing Net Zero Heat Fund

The Social Housing Net Zero Heat Fund offers capital grant funding to support social housing landlords across Scotland to install zero emission heating systems and energy efficiency measures.

The fund also provides resource support to enable the building of a pipeline of investment ready projects in future years, further accelerating investment in energy efficiency and zero emission heat in social housing.

Who can apply?

Applications will be accepted from registered social landlords, local authorities and ESCOs. They must be for social housing projects delivering zero emission heating systems and energy efficiency retrofit in Scotland.

Eligibility criteria

Projects will only be considered if they fulfil the mandatory criteria and fall under the key themes. The criteria and themes can be found in the [guidance notes](#).

How much funding is available?

Applications can be submitted to the fund at any time. This fund is a rolling fund and will remain open to applications until the funding limit is reached.

A total of £200m will be made available over this parliamentary session to deliver with budgets published annually. This fund will remain open throughout the year, funding will not be allocated equally across the checkpoints and applications will be considered in the order they are received. As such, we recommend submitting your application as early as possible.

Timescales

Applications can be submitted to the fund at any time. This fund is a rolling fund and will remain open to applications until the funding limit is reached.

Further information: [Social Housing Net Zero Heat Fund - Supporting documents](#)

Key contacts

netzerosocialhousing@gov.scot

Green Public Estate Decarbonisation Scheme

Scottish Green Public Sector Estate Decarbonisation scheme is the main government-led capital funding mechanism to support decarbonisation of buildings owned by the public sector.

Who can apply?

The scheme comprises three support elements for public sector bodies:

- **The Scottish Public Sector Energy Efficiency Loan Scheme**
This loan scheme offers zero interest loans to the public sector to enable them to undertake spend to save retrofit energy efficiency improvement projects to help them towards achieving net zero carbon in their estates.
- **The Scottish Public Sector Non-Domestic Energy Efficiency (NDEE) Frameworks and Project Support Unit (PSU)**
The framework is designed to support public bodies calling off from the NDEE over £1 million projects and NDEE under £1 million project frameworks in securing value for money through works and services that will: maximise energy savings, cut fuel bills and reduce carbon emissions in non-domestic public sector buildings in Scotland.
- **The Scottish Central Government Energy Efficiency Grant scheme**
This scheme offers capital grant funding support to enable the delivery of heat decarbonisation and energy efficiency projects across the public sector. This funding is targeted towards Scottish central government organisations that have previously had limited access to borrowing funds for this type of work.

Eligibility criteria

- **The Scottish Public Sector Energy Efficiency Loan Scheme**
Loans can be offered to all of the Scottish public sector which are subject to the Public Bodies Duties in the Climate Change (Scotland) Act 2009. This includes 32 local authorities, universities, and some non-departmental public bodies.
- **The Scottish Public Sector Non-Domestic Energy Efficiency (NDEE) Frameworks and Project Support Unit (PSU)**
A non-domestic energy efficiency project retrofits public sector and third sector buildings with energy efficiency assets. These may include, but not limited to, prefabricated energy centres; combined heat and power units; energy efficient boilers; communal heating; voltage

management units; controls outstations; luminaires, lighting controllers and other lighting assets.

These projects save energy and maintenance costs; they are self-funding (for example, the costs saved pay for the assets installed); they reduce carbon emissions and improve the environmental comfort of the buildings.

- **The Scottish Central Government Energy Efficiency Grant scheme**
This fund is for public bodies who have no access to borrowing powers to enable them to progress zero emissions heat and energy efficiency projects, which have previously been challenging to deliver due to capital budget constraints.

How much support is available?

- **The Scottish Public Sector Energy Efficiency Loan Scheme**
Interest-free loan to finance up to 75% of the costs of energy-saving projects meeting the eligibility criteria.
- **The Scottish Public Sector Non-Domestic Energy Efficiency (NDEE) Frameworks and Project Support Unit (PSU)**
The role of the Non Domestic Energy Efficiency Project Support Unit (NDEE PSU) will be to support users of the NDEE frameworks (NDEE over £1million projects and NDEE under £1million projects) to develop documentation and issue tenders for available services and support framework public bodies through the implementation of their retrofit projects. Up to £50k per organisation for pre-capital support.
- **The Scottish Central Government Energy Efficiency Grant scheme**
Applicants will be able to apply for up to £2 million worth of capital funding per applicant each year. There is no minimum value for applications.

Timescales

Funding calls and availability varies over the different support mechanisms. For further information visit: [Public sector decarbonisation - Energy efficiency - gov.scot \(www.gov.scot\)](https://www.gov.scot/public-sector-decarbonisation-energy-efficiency)

Key contacts

GPSEDS@gov.scot

Heat Network Support Unit

The Heat Network Support Unit works with the public sector to identify and support heat network projects under development through advisory and financial support to capital readiness

It is one of the two main routes of support for heat network projects, the other being the Heat Network Fund, which supports capital-ready projects.

Who can apply?

The HNSU supports the development stages of new low or zero emission heat network projects. Communal heating projects or expansion of existing heat networks are not currently eligible for financial support.

The support is predominantly aimed at public sector led projects, but all applications will be considered.

Eligibility criteria

You can find the full list of eligibility criteria on the [HNSU's official website](#).

What support is available?

We can **offer support and expertise** on; interpreting the Local Heat and Energy Efficiency Strategy and available resources towards potential heat network area designation (e.g. FNA), developing detailed feasibility studies and Outline Business Cases (OBC) by providing guidance and steering and advisor procurement and best practice during the commercialisation stage.

We can offer **grant funding** towards developing feasibility studies and Outline Business Cases, and procurement of technical, financial and legal advisors.

Applications can be submitted at any time.

Further information: [Heat Network Support Unit](#)

Key contacts

HeatNetworkSupport@gov.scot

[Heat Network Support Unit - Contact us](#)

Heat Network Fund

The £300 million Scotland's Heat Network Fund makes capital grant funding available to public and private sector organisations to support the roll out of zero emission heat networks across Scotland.

Who can apply?

Scotland's Heat Network Fund is open to all public and private sector applicants. Proposals are welcomed from public and private sector applicants as well as consortia of organisations.

Eligibility criteria

Projects must be based in Scotland, deliver emissions reductions and be of a large scale. We have no set requirements for what defines 'large scale' but will consider projects on an individual basis. For example, large commercial buildings, care homes or rural networks are considered large scale for these purposes. We also support smaller projects such as shared ground loop systems. Eligible projects include new zero emission heat networks and communal heating systems, as well as the expansion and decarbonisation of existing heat networks across Scotland.

How much funding is available?

The total funding available is £300 million over this parliamentary period. Scotland's Heat Network Fund will support projects that are capital-ready and can clearly demonstrate a funding gap. For capital-ready projects, support may be offered in the form of financial assistance based on this funding gap, up to a maximum of 50% of the total eligible capital costs of a project where capital costs cover financial costs associated with the build and installation of an exemplar project.

Timescales

Proposals can be submitted at any time, however, projects need to be commissioned or be able to fully draw down grant by the end of March 2026.

Further information [Heat Network Fund: Application guidance](#)

Key contacts

HeatNetworkFund@gov.scot

District Heating Loan Fund

The District Heating Loan Fund offers loans to support the development and deployment of heat networks in Scotland. The fund aims to provide capital loans for both low carbon and renewable technologies in order to overcome a range of infrastructural issues and help towards implementation costs of heat network projects. Related technical support will also be available.

Who can apply?

The fund is open to social landlords, local authorities, small medium enterprises (SMEs) and Energy Services Companies (ESCOs) with fewer than 250 employees. Individuals and homeowners are NOT eligible for the fund.

Eligibility criteria

District heating schemes or heat network projects are eligible for the fund. Applicants must be either social landlords, local authorities, SMEs or ESCOs with less than 250 employees. A typical interest rate of 3.5% is applied for low risk projects (dependent upon credit status).

How much funding is available?

Capital loans are available for up to 100% of project costs. Loans of more than £1 million are available as low interest unsecured loans with repayment terms of either 10 or 15 years. Loans for larger projects above £500,000 will be considered on a case by case basis. Loans of over £1 million could involve co-investment with a potential range of funding partners.

Timescales

This is an open loan fund and applicants can apply at any time.

Further information

Energy Savings Trust (EST) manages this loan fund on behalf of Scottish Government as part of their wider contract on heat and energy efficiency loan and grant schemes.

[Scottish Government's District Heating Loan Fund - Energy Saving Trust](#)

Key contacts

Alastair Robertson – Alastair.robertson@gov.scot

Eilidh Shaw – Eilidh.Shaw@gov.scot

Green Heat Innovation Support Fund

We have established a new Green Heat Innovation Support Programme which will be delivered by Scottish Enterprise, and make available up to £17.6 million in support over the course of this Parliament.

Who can apply?

Scottish based companies or companies looking to invest in Scotland.

Eligibility criteria

You can apply to the fund if you have:

- A company of any size based in Scotland, or a company looking to invest in Scotland
- Plans to use existing green heat technology in an innovative way; your focus should centre on product development, industrial testing of new products, systems integration, or manufacturing process improvement, that will lead to green heat and energy efficiency solutions
- All applicants are subject to a check on ownership and finances.

How much funding is available?

Up to £17.6 million in support has been made available over the course of this Parliament.

Timescales

The funding is available to companies across Scotland until March 2026 and can be accessed in a variety of ways, including:

- **Grant funding**
Open to applications at all times, support is available for large-scale company R&D and capital investment projects focused on innovation in green heat.
- **Feasibility studies**
The first of these calls is expected to launch in early 2023.
- **CAN DO Innovation Challenges**
It's expected two CAN DO Innovation Challenges will be launched as part of the programme - the first by end of June 2023.

- **European funding, through the Clean Energy Transition Partnership**
This programme has now launched, is open to organisations based in Scotland, and is delivered by Scottish Enterprise.

Further information: [Green Heat Innovation Support Programme](#)

Key contacts

Josh McCormack – josh.mccormack@gov.scot

[Scottish Enterprise](#)

Private Rented Sector Landlord Loan

Funding to help registered private landlords to improve the energy efficiency of their properties.

Who can apply?

Registered private landlords, acting either as an individual or a business that owns privately rented properties, can apply.

Funding is only available for businesses owned:

- by an individual in their capacity as a sole trader
- by some or all of the members of an incorporated association in trust for the association
- by either: a limited company; a limited liability partnership; a trust; a partnership; a registered society under the Co-operative and Community Benefit Societies Act 2014; or a Scottish Charitable Incorporated Organisation, or
- in any other capacity which Energy Saving Trust or the Scottish Government considers to be a business.

Eligibility criteria

- Funding will only be offered to landlords for improvements to domestic dwellings in Scotland which are listed on the [Scottish Landlord Register](#) and are not used as a holiday or second home.
- The property must be registered with the [Scottish Assessors Association](#) as paying domestic council tax rates.
- The property must already be built – it cannot be under construction.
- Properties must be currently occupied by at least one tenant or will have at least one tenant in place within 30 days of the loan being paid.

How much funding is available?

- Up to £15,000 can be borrowed for energy efficiency improvements for each property.
- Landlords can apply for a loans for up to two home renewable systems per property worth up to £17,500 in total, plus an energy storage system up to a maximum of £6,000

Further Information

[Private Rented Sector Landlord Loan · Home Energy Scotland](#)