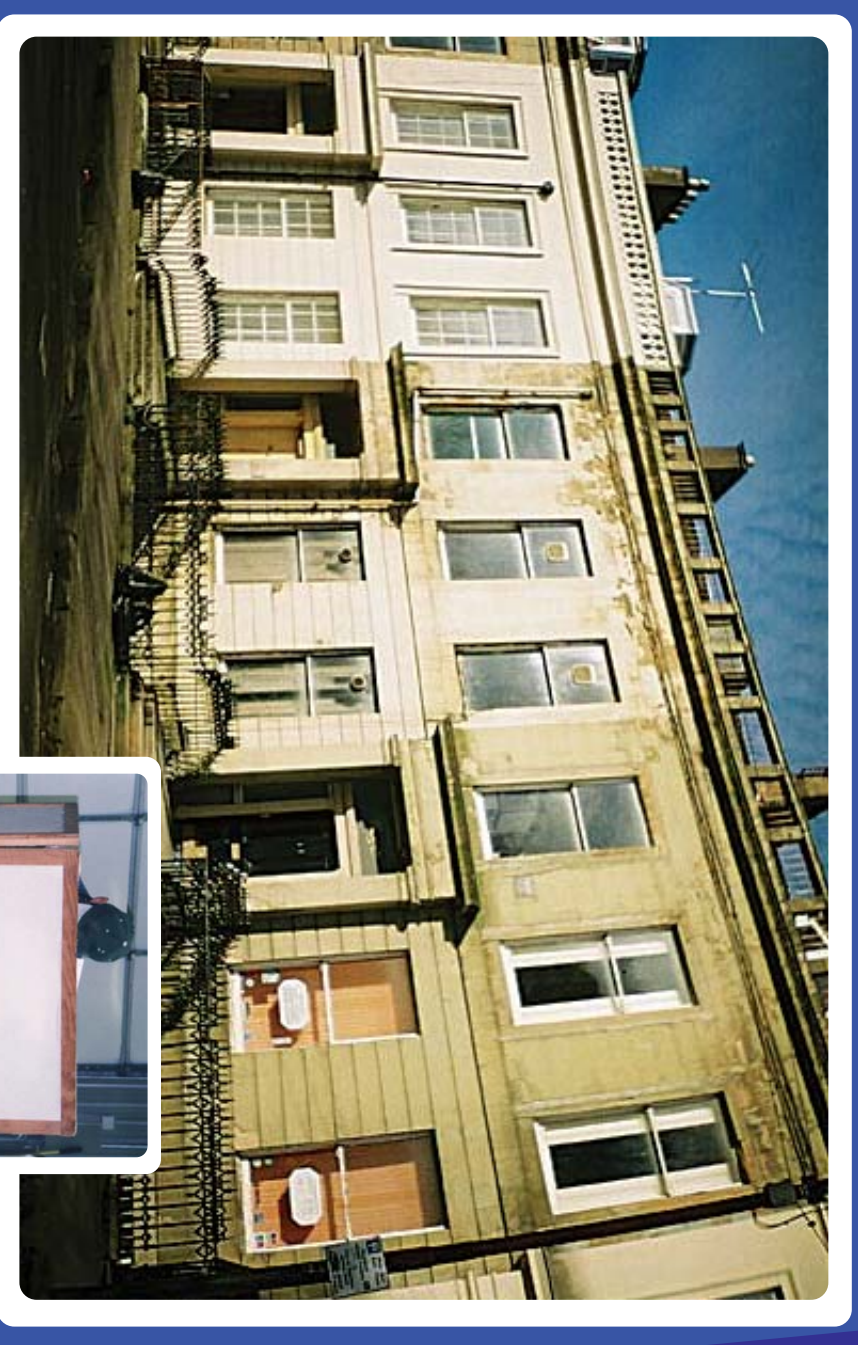


## Recommendations for ending Fuel Poverty in Scotland





Living with a Warm Home and a Carbon Footprint .....2

### **Energy Action Scotland**

Energy Action Scotland is the Scottish charity with the remit of ending fuel poverty. It has been working with this remit since its inception in 1983 and has campaigned on the issue of fuel poverty and delivered many practical and research projects to tackle the problems of cold, damp homes. Energy Action Scotland has worked with the Scottish Executive and the UK Government on energy efficiency programme design and implementation. It is a member of the Scottish Executive's Fuel Poverty Forum and was previously on the Scottish Executive's Central Heating Advisory Group.

### **Acknowledgement**

Energy Action Scotland is grateful to National Grid for supporting this report.



## Fuel Poverty is still a Problem

The next session of the Scottish Parliament will be an important time for keeping the focus on fuel poverty. With cross-party recognition of the problem and a free central heating programme, there is the danger of thinking that the problem of cold, damp homes with unaffordable energy bills has been fixed. But the most recent official figures state that the number of fuel poor has been rising, largely due to increases in energy prices, showing that solutions need to be sustainable and comprehensive enough to protect those who move in and out of fuel poverty as circumstances change.

So much of current government, media and public attention is on energy generation, climate change and carbon footprints. While solutions to fuel poverty must be energy efficient, it has to be understood that many of the fuel poor may need to use more energy not less, as they already ration their energy use, often to the detriment of their health and well-being. It is essential that the fuel poor are not trampled in the race to reduce our carbon footprint.

Fuel poverty charity Energy Action Scotland has produced recommendations for how to move towards ending the problem of cold, damp and expensive to heat homes by 2016, as required by the Housing (Scotland) Act 2001. In light of the Scottish Parliamentary Election on 3 May 2007 and the Spending Review later the same year, this document sets out the main actions needed for tackling fuel poverty, with a particular focus on devolved issues.

### Key Factors

The consequences for people of being unable to afford adequate warmth are debt, ill health, misery and discomfort.

A household is generally defined as being in fuel poverty if, in order to maintain a satisfactory heating regime, it would be required to spend more than 10% of its income on all household fuel use. The Scottish Executive has adopted this definition where income includes Housing Benefit and Income Support for Mortgage Interest. Energy Action Scotland believes that the definition should be based on disposable income after these housing costs have been deducted.

The main factors causing fuel poverty are poor energy efficiency of the dwelling, high price of domestic fuel and low disposable household income. Of these, the first is devolved to the Scottish Parliament; the other two are matters reserved to the UK Government.

The Scottish Executive is required by the Housing (Scotland) Act 2001 to end fuel poverty by 2016. Plans to do this are currently set out in the Scottish Fuel Poverty Statement.

The number of households in fuel poverty in Scotland had fallen from 738,000 (35%) in 1996 to 286,000 (13%) in 2002. It was estimated that half the reduction was due to increases in household income, 35% was due to reduced fuel prices and 15% due to improved energy efficiency of housing<sup>1</sup>.

Since then, domestic fuel prices have risen sharply. In its fuel poverty report<sup>2</sup>, Communities Scotland stated that for every 5% rise in fuel price, an estimated 30,000 more households would go into fuel poverty. Using this, Energy Action Scotland calculated that at the end of 2006, there could have been in excess of 650,000 fuel poor households in Scotland and indeed, the most recent Scottish House Condition Survey<sup>3</sup> showed a rise to 328,000 (14.5%) in 2004.

<sup>1</sup> Scottish House Condition Survey (SHCS) 2002, Communities Scotland

<sup>2</sup> Fuel Poverty in Scotland: Further Analysis of the SHCS 2002, Communities Scotland

<sup>3</sup> Scottish House Condition Survey Fuel Poverty Report 2003/04, Scottish Executive



## Current Solutions

### Energy Efficiency and Heating Systems

The Scottish Executive's Central Heating Programme and Warm Deal schemes are proving successful, reporting that 87.2% of clients who have had central heating, insulation and energy advice have been taken out of fuel poverty<sup>4</sup>. The GB-wide Energy Efficiency Commitment (EEC) run by the fuel utilities as a carbon reduction programme also addresses fuel poverty, with its 50% target on vulnerable households, although its impact on alleviating fuel poverty is not measured specifically. However, these three schemes compete for largely the same target group, suggesting that they should work in a more integrated way.

### Income Maximisation

There is a strong association between income and fuel poverty. There are almost no fuel poor households in the top three income bands. All households with an average weekly income of less than £100 have a high probability of being fuel poor regardless of other factors<sup>5</sup>.

Pressure has been put on fuel utilities to support vulnerable customers with, for example, social tariffs and trust funds. Income maximisation initiatives are also essential, with some schemes which carry out benefits entitlement checks securing on average an additional £1,400 for low income households in previously unclaimed benefits<sup>6</sup>. Benefits entitlements checks must continue to be an integral part of fuel poverty schemes and the current use of the Department for Work and Pensions to provide this for the Central Heating Programme is to be commended.

The boost to the use of Credit Unions has also been very helpful, particularly in allowing those who do not have traditional bank accounts access to the cheaper payment methods offered by the fuel utilities.

## Who are the Fuel Poor?

### Tenure

In recent years, much of the focus in improving housing conditions has quite rightly centred on local authority stock. Since then, the social rented sector, which includes housing associations, has made improvements and there is now a significant problem in the private and in particular the private rented sector. The Fuel Poverty Statement states that 47% (76,000) of all households in the private rented sector are experiencing fuel poverty. Given that private sector housing accounts for over 70% of Scottish housing<sup>7</sup>, and the proportion of those living in fuel poverty in the private rented sector is double that of any other sector, this constitutes a significant problem.

### Eligible Groups

Currently, the focus of the Central Heating Programme is on those aged over 60, while the Warm Deal is open to those on a range of benefits. As progress is made in providing a central heating system to those over 60 who do not have one, Energy Action Scotland would like eligibility to be widened to those whose disability means they are at home and need constant warmth and so have higher bills for extended heating times and extra hot water and use of washing machines.

### Hard to Treat Properties

Hard - or expensive - to treat homes are those which do not have access to a range of fuels and/or cannot have their energy efficiency improved by the commonly available measures such as cavity wall or loft insulation. About 33% of Scottish homes are off the mains gas grid; about a third have solid walls or are of some other construction type that means there is no cavity wall; and about

<sup>4</sup> Impact of Central Heating Programme on Tackling Fuel Poverty: Survey of Households included in 2001-2002

<sup>5</sup> Fuel Poverty in Scotland: Further Analysis of the SHCS 2002, Communities Scotland

<sup>6</sup> Here to Help, 30 October 2006

<sup>7</sup> Scottish House Condition Survey 2002

a quarter do not have a loft. To take households in these properties out of fuel poverty will require a combination of micro generation, such as micro-wind turbines or solar water heaters, or insulation measures such as internal or dry-wall cladding. The current renewables pilot for the Central Heating Programme is welcome and Energy Action Scotland would like it to become part of the mainstream programme as soon as possible.

## Preventing Fuel Poverty in the Future

'Fuel poverty proofing' homes will become more and more important if solutions are to be sustainable. To be 'fuel poverty proof', homes need to be as energy efficient as possible, with access to a choice of domestic fuels and tariffs, and with disposable household income maximised. In order to avoid creating homes that will lead to fuel poverty in ten to fifteen years' time, the Building Regulations need to keep pace ensuring acceptable standards for energy efficiency are met.

According to the Scottish House Condition Survey 2003/04, 575,000 dwellings failed to meet the Scottish Housing Quality Standard (SHQS), reaching less than 5 on the NHER<sup>8</sup> scale and an average expenditure of £2,800 would be required per dwelling in order for them to meet the SHQS. Current average expenditure per job in the Central Heating Programme is £2,800.

A further 775,000 dwellings are in the range NHER 5 to 7 and average expenditure of £750 per dwelling would be required for them to exceed NHER 7. Hard to treat properties will require a still higher level of investment in measures to improve their energy efficiency. Relevant measures for hard to treat properties are currently not available in grant schemes aimed at tackling fuel poverty.

Overall, to fuel poverty proof all homes in Scotland, that is, to NHER 7 or better, an estimated £1.7 billion is required. This is the equivalent of £170 million per year over each of the next 10 years which represents 7.72% of the total Scottish Budget for 2005-06. This investment will have to come from a combination of disparate sources including homeowners, private and social landlords, fuel utilities and central and local government grants.

## Key Recommendations for ending Fuel Poverty in Scotland

### Schemes to tackle Fuel Poverty

- Need continuation of current grant schemes for heating, insulation and other energy efficiency measures but with wider eligibility, more measures, more funding and full grants for the over 60s
- The two Scottish Executive schemes aimed at tackling fuel poverty (Warm Deal and Central Heating Programme) and the fuel utilities' Energy Efficiency Commitment programme should operate in an integrated manner. This would provide a single point of access and a fuller range of measures that would reduce confusion and achieve maximum benefit for the householder
- Need sustainable funding and consistency if installation companies are to invest in the training and recruitment programmes that will be required to meet future demands
- Need to raise the general public awareness of schemes to tackle fuel poverty

### Future of the Warm Deal and Central Heating Programme

- There should be a single point of access for the schemes and they could be known as, say, the Scottish Warm Homes Grant. This would avoid confusion on the part of the public and simplify promotion of the schemes

<sup>8</sup> NHER is a means of rating the energy efficiency of a dwelling on a scale of 0-10 where 0 is the least energy efficient





- Energy advice is an essential element of the scheme and should be provided to the client within seven days of installation and preferably by independent energy advice agencies
- Anyone aged over 80 should be offered measures to bring their property up to the Scottish Housing Quality Standard (currently only available to those over 80 and on Pension Credit<sup>9</sup>)
- Consideration should be given to developing a grant scheme for buildings in multiple occupation, eg. tenements and flats
- The micro renewable technologies pilot project should be included as mainstream in the scheme
- The current arrangement with the Department for Work and Pensions to provide benefits entitlements checks as part of the scheme or to those applying for it should be continued

#### **Hard to Treat Homes**

- Need additional funding for measures to tackle hard to treat properties, eg. micro renewables and other insulation measures
- Remote rural areas and other areas with hard to treat housing present a major challenge which is not being met by the current fuel poverty schemes. There are examples of successful pilot schemes set up to tackle these area-specific concerns which could be rolled-out in other parts of Scotland
- Additional and long term funding for renewable energy technologies as well as Combined Heat and Power and district heating must be made available if demand is to be met. This will also provide the security required by the installation industry to invest in the future
- Support is needed to develop the demand side of the biomass and bio-diesels industry if the full potential for developing this sector and its role in tackling local rural fuel poverty can be realised
- The Scottish Executive should provide leadership for the farming industry to take advantage of the opportunity provided by the rising demand for biomass and biofuels. This would provide economic advantages for the farming industry in Scotland and also help to alleviate the supply side problems that are currently having an adverse effect on biomass schemes

#### **Hard to Reach Groups**

- Government, fuel utilities (under their social obligations) and other agencies need to address the problem of people moving in/out of fuel poverty as circumstances change, whether personal or economic. For example, provision of customer information packs and helplines giving independent information and advice on tariffs and debt management; and allowing the transfer of vulnerable customer information between fuel suppliers for purposes such as the Priority Service Register
- Need mechanisms, tools and indicators including the use of current scheme databases to identify the fuel poor and therefore to analyse, target, prioritise and plan future initiatives
- Need better communication with private landlords, eg. through registration schemes, and give them incentives or set requirements for improving the energy efficiency of their properties

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<sup>9</sup> 'Building a Better Scotland: Spending Proposals 2005-2008: Enterprise, Opportunity, Fairness', Target 3

### **Income Maximisation**

- More funding to carry out income maximisation assessments is essential and all energy efficiency schemes should include benefits entitlements checks, energy advice and information on the Priority Service Register and Fuel Direct

### **Fuel Poverty Proofing Homes**

- Homes need to be 'fuel poverty proof' ie. as energy efficient as possible, with access to a choice of domestic fuels and tariffs, and with disposable household income maximised. Homes should be NHER 7<sup>10</sup> or better to ensure that households below HBAI<sup>11</sup> are protected

### **Policy Interaction and Intervention**

- Commitment to the UK Fuel Poverty Strategy is essential in order to maintain links with factors contributing to fuel poverty which are matters reserved to the UK Government
- There is now a well-established link between poor health and poor housing. There should be a requirement on the health service to actively consider housing and energy efficiency improvements as preventative medicine. In addition, short energy efficiency/fuel poverty sessions should be built into the final year of every health professional's training
- Need better co-ordination between social and environmental policies and avoidance of schemes competing to deliver broadly the same measures to the same client groups
- The planning system should be amended to reflect future needs rather than historical data and additional amendments are needed to facilitate the installation of micro renewable technologies on individual buildings without the need for planning permission
- The Building Regulations should be revised so that every new home should achieve NHER 9 or better and that a minimum of 20% of the building's energy use must come from in-built renewable sources, eg. solar or micro-wind
- The EU Directive on the Energy Performance of Buildings must be implemented in such a way as to provide understandable and meaningful information to intended users and should include information on energy usage

### **Further information**

**For further information, contact Energy Action Scotland on  
tel: 0141 226 3064, fax: 0141 221 2788 or  
email: [eas@eas.org.uk](mailto:eas@eas.org.uk) or see website: [www.eas.org.uk](http://www.eas.org.uk)**

<sup>10</sup> NHER is a means of rating the energy efficiency of a dwelling on a scale of 0-10 where 0 is the least energy efficient

<sup>11</sup> Households Below Average Income: a means of measuring living standards as determined by disposable income

