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Frazer Scott

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1 July 2022

Dear Frazer,

As you will be aware, the statutory Scottish Fuel Poverty Advisory Panel launched on 1 January 2022 with Matt Cole as its Chair. The work of the previous Scottish Fuel Poverty Advisory Panel and the Scottish Fuel Poverty Partnership Forum therefore came to a close. I wanted to thank you for representing Energy Action Scotland and your involvement in both groups. I know that the advice and feedback provided by both groups has been valued by my officials, helping to inform the development of both The Fuel Poverty (Targets, Definition and Strategy) (Scotland) Act 2019 and the Fuel Poverty Strategy, which was published on 23 December 2021.

I know that your organisation will continue to have an interest in the work we are doing to achieve our ambitious targets to eradicate fuel poverty by 2040. Tackling fuel poverty is a priority for the Scottish Government and forms the basis of one of 3 sets of statutory targets, alongside Climate Change and Child Poverty, set in law to ensure progress. Achieving our targets will therefore require a strong partnership approach. I hope that we can continue to work together to ensure all households in Scotland can have access to affordable energy and a warm home where they can live in dignity.

Yours sincerely,

MICHAEL MATHESON MSP

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Michael Matheson MSP
Cabinet Secretary for Net Zero, Energy and Transport
Scottish Government
St Andrew's House
Regent Road
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EH1 3DG

04 February 2022

Dear Cabinet Secretary,

The future of the Warm Home Discount scheme in Scotland

I am writing to you on behalf of a group of organisations working with fuel poor households across Scotland to express our individual and collective concern regarding the uncertainty around the future of the **Warm Home Discount** for Scotland.

The timing of this is particularly acute, with many households facing an **energy affordability crisis** which will almost certainly dramatically increase the number of households living in fuel poverty. It is concerning that low income, fuel poor households have no certainty over the level of support, including the size of any rebates they might receive in 2022-23, particularly after the confirmation of the **staggering price rises** on 3 February and of the further predicted increases expected during 2022. Advice services have identified that they are already experiencing **exceptional demands** for energy related advice and support from their services.

Concerningly, several organisations in Scotland have recently been **notified**, by energy suppliers, that their **funding** for energy advice services through Industry Initiatives **will not continue** beyond 31 March 2022, with the ongoing uncertainty around the Warm Home Discount Scheme in Scotland being cited as the reason.

At a time in which the energy crisis has escalated to a **wider cost-of-living crisis**, this reduction of funding for energy advice services and support for vulnerable people will be **catastrophic** for the organisations in question and create significant and **unnecessary risks** for those households already in fuel poverty, or at risk of falling into fuel poverty, that rely on these services.

The Warm Home Discount rebate and the services funded through Industry Initiatives are key mechanisms for the alleviation of fuel poverty across Great Britain. Whilst there is no published breakdown of Industry Initiatives activities in Scotland, we have drawn together our information. Signatories to this letter directly supported over **10,000 households**, providing debt and energy advice resulting in over **£6million** in financial gain.

Over **400 households** were supported to access **energy efficiency measures** and energy efficient white goods. In addition, over **350 frontline workers** gained skills and knowledge through training who in turn it is estimated provide signposting and support to over **117,000 households per annum**. The collective return on investment is in the region of **1:4**.

Amongst our organisations there are over **35 FTEs** funded through industry initiatives. These are now all **at risk**.

Last year the UK Government **confirmed the extension** of the Warm Home Discount Scheme through to 2026, but the proposed divergence of approach between Scotland and both England and Wales has led to **uncertainty** about the design and delivery in **Scotland** from April 2022 onwards.

The recent **Heat in Buildings strategy** and **Fuel Poverty strategy** from the Scottish Government reiterated plans for a single, flexible pot which combines both Energy Company Obligation and Warm Home Discount. The recent BEIS consultation consulted on a GB-wide scheme for Energy Company Obligation, but not for the Warm Home Discount scheme, which means that there is not currently a default position if an agreement on the future of the scheme isn't reached. Indeed, the Warm Home Discount consultation from **BEIS explicitly excluded Scotland** with its proposal to deliver a scheme whose eligibility criteria could not be matched by datasets available in Scotland.

Warm Home Discount Industry Initiatives funding is an important budget against the whole of the Warm Home Discount funding. It comprises approximately 10% of that programme and provides enhanced support to fuel poor households in Scotland. This was circa **£3million** during 2021/22

Scheme Year 12 (SY12) of the Warm Home Discount Scheme runs from 1 April 2022 to 31 March 2023, so there is an **urgency** to get a deliverable scheme in place, and to consult with relevant stakeholders to ensure the best possible outcome for Scotland. At present, there is not a significant amount of detail about the future scheme which is concerning given the tight timeline to 1 April.

As a group of organisations, we would like to see:

- both **Government's working together** better to make sure that there is a deliverable scheme in place by 2022-23
- **continuity** into 2022/23 (SY12) from 2021/22 (SY11) with an 'as is' transition period towards a more targeted scheme, aligned to the Fuel Poverty Strategy, in Scotland
- greater urgency on the sign off on a **deliverable scheme** for Scotland for the coming scheme year
- greater clarity on the **future of the scheme** for Scotland. If the design is not finalised, then some clarity on proposed options for the design of the Warm Home Discount, including Industry Initiatives, and the timeline for ensuring a deliverable scheme.

This joint letter represents a **voice of concern** regarding the timescale and clarity of the future of the Warm Home Discount scheme to ensure that they deliver for households in fuel poverty in Scotland across the intended scheme years. As a group of organisations, we would like to see a resolution that will put forward a practical and deliverable plan for Warm Home Discount, at least for 2022-23, to ensure continuity of support from 2021/22, with some clarity about the likely design of the proposed scheme.

We are available to support Scottish Government and UK Government in any way to ensure that there is continuity of support to fuel poor households in Scotland.

Yours Sincerely,



Frazer Scott

Chief Executive Officer, on behalf of

Changeworks

Citizens Advice Scotland

Citizens Advice Dundee

Energy Action Scotland

Money Matters Money Advice Service

THAW Orkney

Wise Group

cc.

Lord Callanan, Parliamentary Under Secretary of State (Minister for Business, Energy and Corporate Responsibility)

Alister Jack MP, Secretary of State for Scotland

Matthew Cole, Chair Scottish Fuel Poverty Advisory Panel

Lewis Shand-Smith, Chair Scottish Energy Consumers Commission