



AN ACTION PLAN TO DELIVER AFFORDABLE WARMTH IN RURAL SCOTLAND

**Proposed by the Scottish Rural Fuel
Poverty Task Force**

October 2016

Chairman's foreword

Not being able to afford to live in adequate warmth and comfort in your home remains a real and persistent problem for far too many Scots, notwithstanding the best strategic intentions of successive Scottish Governments to eradicate fuel poverty from our society. Moreover, it is now widely recognised as a problem which has some particularly challenging rural dimensions to it and that is why, just over a year ago, the Scottish Government decided to set up its short-life Scottish Rural Fuel Poverty Task Force and why I was pleased to accept their invitation to become its independent Chair for the duration.

The creation of the Task Force has brought together a group of very committed people with the broad range and depth of experience required to analyse and recommend practicable and deliverable solutions to Scotland's *rural* fuel poverty/affordable warmth issues. I am immensely grateful to them, as well as to all those who have made presentations and submissions to the Task Force, for working so hard and constructively in the collective process of generating this evidence-based, solution-focused, 'action plan' .

Nearly a fifth of all Scots – about a million people – live in “rural” Scotland which is defined by Scottish Government as settlements of populations of 3000 or less. It is very concerning to know that over half¹ of Scotland's rural households are living in fuel poverty, that is they have to spend upwards of 10% of their disposable incomes on their total domestic energy usage. In remote rural Scotland fuel poverty is 63%: nearly double that of the rest of Scotland. The disadvantage is clear. It is shocking to realise that so many of these householders (23% in communities defined by Scottish Government as “remote” rural) are living in ‘extreme’ fuel poverty, that is they need to spend at least 20% of their incomes – often much more - on trying to keep their homes warm enough. This is a significantly higher level than is found on average in Scotland (9%) and demands serious and urgent attention.

The differing contributory causes and recommended remedial actions are examined and laid out in this report, but the effects on peoples' lives are much the same – cold homes, exacerbated health issues, much higher than presumed ‘average’ fuel bills, especially in inherently extra-costly off-gas areas, with no little stress and hardship resulting for the households concerned and which can then even push people into making choices like ‘self-disconnection’ or ‘eating or heating’ which are wholly unacceptable in a modern, civilised society. It simply won't do.

Rural Scotland needs and deserves a level ‘affordable warmth playing field’, one where it will receive an effective and equitable deal from the new fuel poverty strategy that the Scottish Government will be laying before the Scottish Parliament. The Task Force therefore welcomes the commitments which Scottish Government

¹ [Rural Scotland Key Facts 2015](#)

has already given in its National Performance Framework to “embedding equality considerations in all aspects of (its) policy development and decision-taking”, “ensuring that public funds are invested with a focus on deprivation and equality”.

This report is intended to provide a clear and constructive guide to both Scottish Government and The Scottish Parliament on how they can lead the way in tackling the rural dimensions to fuel poverty. Central to this will be the need for a statutory framework for delivery with full Parliamentary scrutiny of the progress made in Scotland’s rural and remote communities.

However, we fully recognise that at a strategic, national level the UK Government, utility companies and Ofgem, all have crucial roles to play too and this report highlights the actions that we believe they should also take if, collectively, we are to eliminate the scourge of rural fuel poverty. In addition, there are excellent local community providers of advice, remedy and support whose work deserves greater recognition and enhanced Government funding with expansion in some rural areas. The Task Force wishes all concerned well in this critically important and shared endeavour.

Di Alexander, Task Force Chairman, October 2016

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Introduction

In recognition of the serious and persistent nature of the rural fuel poverty problem, the Scottish Government set up an independent and broadly-based* **Rural Fuel Poverty Task Force** in August 2015. Its remit was: to develop a set of SMART actions which a) would make it significantly easier for people living in rural and remote Scotland to keep their homes warm and b) which can be fed into the further development of fuel poverty and energy efficiency programmes and also to c) consider issues across all sectors and tenures and d) publish an action paper by September 2016

*See Appendix 4 for the Task Force membership

Executive summary

Fuel poverty levels are significantly higher in rural Scotland (settlements with 3000 people or less) than in the rest of Scotland. **Over half of all rural and remote households live in fuel poverty**, which means that they need to spend more than 10% of their disposable incomes on their essential domestic energy needs, including keeping their homes warm. **Nearly two-thirds of the remote households live in fuel poverty, including 23% who live in extreme fuel poverty**, that is they need to spend over 20% of their incomes to keep their homes warm and meet their other home energy requirements.

In recognition of the serious and persistent nature of the rural fuel poverty problem, the Scottish Government set up an independent and broadly-based **Rural Fuel Poverty Task Force** in August 2015. Its remit was to produce a report during September 2016, setting out a realistic and practicable set of actions to: a) make it significantly easier for people living in rural and remote Scotland to keep their homes warm and b) feed into the further development of fuel poverty and energy efficiency programmes.

Whilst welcoming existing Scottish Government commitments, the Task Force is advocating a carefully considered series of actions that it believes must be delivered if fuel poverty and inequality in rural Scotland are to be tackled more effectively. Such actions should be treated as priorities by not only the Scottish and UK Governments but by other leading players, including the principal utility companies and the energy regulator Ofgem, with vital partnership support provided at all levels by local authorities and other bodies committed to tackling rural fuel poverty.

Chapter 1 identifies and evidences 21 distinctively rural dimensions to fuel poverty in Scotland. They include: the significantly higher costs of rural living; the higher energy bills that come with living in predominantly “off-gas” areas; the much greater reliance on fuels more expensive than mains gas; the higher than average consumption levels, particularly the further north you live; the added impacts of

weather exposure on the fabric of houses combined with greater age and poorer condition of rural housing; the greater proportion of privately rented or owned homes lived in by older people, often single people living alone; the higher cost of electricity provided to most rural consumers by the two predominant suppliers in the North and South of Scotland “regions”, increased in the north region by the additional 1.2p per unit network cost levied by the north’s predominant supplier; further compounded by extra UK Government environmental policy costs, which are higher for electricity than mains gas users; the weak response to switching by most electricity consumers, particularly those with electric heating, to “switching” supplier which could save them a third or more on their very high bills; the cumulative effect on rural fuel poverty levels plus the added resulting health care costs; and the inadequacy of key indicators used to identify rural aspects of fuel poverty or measure programme outcomes properly.

Chapter 2 sets out three fundamental guiding principles, with recommended actions, on which the Task Force believes Scottish Government should base and develop its affordable warmth delivery strategy. The principles are:

Principle 1: Fairness and social justice should be every household’s right, wherever in urban or rural Scotland they happen to live.

Principle 2: All vulnerable households should receive the most effective practical help and support they need to keep their homes warm and at a cost they can afford.

Principle 3: The progress made by Scottish Government in its strategic approaches to eliminating fuel poverty from peoples’ lives should be set within a statutory framework for delivery which is rigorously measured and held to annual account by the Scottish Parliament.

Chapters 3 to 9 recommend practical and specific actions which address each of the following key strategic aspects of the rural fuel poverty problem. Each chapter is preceded by the Task Force’s case for making the recommendations. Appendix 1 lists all the actions by ‘who does what’, that is by the body with strategic responsibility for taking them forward:

3. Indicators and assumptions (7 recommended actions)
4. The domestic energy market and prices (12)
5. Consumer engagement (6)
6. Vulnerability and health care (9)
7. House improvement, tenure and supply chain issues (8)
8. Economic and community development impacts (5)
9. Remediation programme effectiveness (3)

Chapter 10 concludes the report by calling for “A rural-proofed plan for effective delivery,” which includes specifically rural fuel poverty targets and expected programme outcomes. Delivering this recommended action plan requires that top strategic priority should be given to:

- eradicating rural fuel poverty within a defined timescale, with clear targets and milestones;
- ensuring that all vulnerable households, no matter where they live, receive the type and level of personalised outreach support they need to resolve their fuel poverty problems properly, with an Energy Carer pilot to test and extend the effectiveness of home-delivered, area-based service provision dedicated to ensuring high quality, affordable warmth outcomes;
- the commitment that remediation programmes prioritise off-gas areas;
- setting up a non-transactional price comparison website where *all* prices can be compared on *all* tariffs charged by suppliers of *all* domestic fuels in *all* distinct market areas of Scotland;
- encouraging and supporting customers to switch tariff and supplier to achieve big reductions in their electricity bills;
- making certain the indicators and assumptions used to inform policies and programmes are fit for rural purpose and that they are developed and improved on the basis of thorough measurement and assessment of the before-and-after outcomes of the interventions made, especially to the well-being of those helped;
- ensuring that the share of public investment allocated to tackling rural and remote Scotland’s fuel poverty and affordable warmth issues demonstrably matches their identified needs and wider social and economic benefits generated; and
- finally, appointing an independent Affordable Rural Warmth Implementation Group to support the Scottish Government’s National Outcome of “tackling the significant inequalities in Scottish Society” by monitoring the progress made in tackling all aspects of the rural fuel poverty problem and providing regular reports to Scottish Government and the Scottish parliament.

Chapter 1 – The rural dimensions to fuel poverty

There are a number of distinctively rural dimensions to fuel poverty and there are also other dimensions which affect both urban and rural Scotland but which impact disproportionately on the lives of people living in rural and remote areas of Scotland. They are as follow:

1.1 Basic ‘rurality’

Rural and remote Scotland has a population of 1 million and is characterised by a multiplicity of small, scattered and often hard to reach communities, which bring additional policy, service delivery, cost and funding challenges.

Links: [Urban rural classification map](#) (Map of rural Scotland, page 7)

[SRUC Rural Scotland in Focus 2014 report](#) (esp. Chapter 3, Rural Poverty and Disadvantage: Falling between the Cracks)

[Rural Scotland Key Facts 2015](#) (Table 14, page 31 - how adults usually travel to work / education by geographic area)

[Fuel Poverty Evidence Review](#) (Para. 3.4, page 60 - rurality)

1.2 Disposable income levels

10% to 40% higher rural incomes are required to achieve the UK average ‘Minimum Income Standard’ level. The additional costs come from a range of sources, in particular travel costs, paying for goods and their delivery and heating one’s home.

Links: [A Minimum Income Standard for Remote Rural Scotland 2012](#)

[Rural Scotland Key Facts 2015](#) (Figure 11, page 35 - total expenditure on fuel of cars per month by geographic area)

1.3 Fuel poverty and extreme fuel poverty levels

Fuel poverty levels are significantly higher in rural Scotland than in the rest of Scotland. Over half of all rural and remote households live in fuel poverty. Nearly two-thirds of the remote households live in fuel poverty, including 23% who live in extreme fuel poverty that is they need to spend over 20% of their incomes to keep their homes warm and meet their other home energy requirements.

Links: [Fuel Poverty Map of Scotland](#)

[Rural Scotland Key Facts 2015](#) (Table 15, page 46 – fuel poverty by geographic area)

[Scottish Government’s House Condition Survey and Research Team August 2012 Fuel Poverty Evidence Review](#) (Section 3.4, page 60)

[Fuel Poverty report 2014 \(Western Isles\)](#) (highlights 71% of households in fuel poverty and 18% in extreme fuel poverty against a Scottish average of 35% - based on a response from 2,167 of 12,000 permanently occupied household who received the questionnaire.)

[Estimates of heat use in the United Kingdom in 2013](#) (Table 2, page 96)

Maps of gas network and fuel poverty (see Appendix 3, statistics, page 9 and 10)

1.4 Weather effects

Greater exposure to cold, wind and driven rain makes houses more prone to rapid heat loss and serious fabric defects.

Links: [Rural Scotland Key Facts 2015](#) (Fig 16, page 47 – presence of condensation, damp and urgent disrepair by geographic area)

See map in appendix 2

1.5 Hard to heat house types

Proportionately many more, older, detached and often bigger houses, in poor condition and with hard-to-treat features like solid walls, attic roofs and extensions.

Links: [Rural Scotland Key Facts 2015](#) (Table 22, page 45 – EPC rating by geographic area)

[Rural Scotland Key Facts 2015](#) (Fig.13, page 41 – property type by geographic area)

1.6 Supply chain issues

The location of remedy providers is often distant from the remote rural market that needs the greatest support. Additionally, skilled local service providers and workforces are often put off bidding for fuel poverty remediation contracts because of their short-term nature and the accreditation demands required to meet both industry and funders' quality standards.

Links: See Appendix 3, papers for meeting 3, 20 October 2015

[Supply chain analysis of remote rural and island areas](#) (A report by Changeworks for the Energy Saving Trust, 2015)

1.7 Housing tenure characteristics

There is proportionately much less social housing and much more owner-occupied and privately rented housing, which tends to be older and in poorer condition.

Links: [SHCS Local Authority Tables 2014](#)

[Rural Scotland Key Facts 2015](#) (Fig. 14, page 43 – housing tenure by geographic area)

A much lower percentage of properties in rural Scotland rent from Local Authorities and Housing Associations / Co-ops (14% in rural against 25% for the rest of Scotland).

1.8 Demographic context

Most rural and remote communities have significantly higher proportions of older people than average, especially pensioners living alone who are often vulnerable, living in older properties and in fuel poverty or extreme fuel poverty.

Links: [SHCS Local Authority Tables 2014](#) (See Under-occupied tab)

[Rural Scotland in Focus 2014](#) (Fig. 13, page 85)

[Rural Scotland Key Facts 2015](#) (Fig.2, page 10 – age distribution of population by geographic area and Table 4, page 13 – household type by geographic area)

[Scottish Government's House Condition Survey and Research Team August 2012 Fuel Poverty Evidence Review](#) (Section 3.4, page 60)

1.9 Limited mains gas coverage

Mains gas not only provides the cheapest source of energy to heat homes but also gives consumers unique access to additional 'dual fuel' discounts on their combined gas and electricity bills. However, whilst the great majority (94%) of urban households are on the gas grid, fewer than half (41%) of all rural households have access to it – and most remote rural communities remain off-gas.

Links: [Areas and types of properties off the gas grid](#) (See Fig. 1, page 70)

[Ofgem Insights paper on households with electric and other non gas heating](#) (Fig, 7, page 25)

[Scottish House Condition Survey](#) (see page 17, Table 4)

[SHCS Local Authority Tables 2014](#) (Gas grid tab)

[Energy in Scotland 2016](#) (Figures 7.11 and 7.12, page 138 and 139)

1.10 Reliance on alternative heating fuels

As a result, most rural and remote rural households must rely on alternative and significantly more expensive fuels to provide the warmth and hot water they need for their homes, in particular electricity, which costs three times more per average unit than mains gas, as well as domestic oil, LPG, coal and wood products.

Links: [Energy in Scotland 2016](#) (Tables 7.2 and 7.3, page 132)

1.11 Higher electricity consumption levels

Domestic electricity consumption is, therefore, significantly higher in rural and remote local authority areas than in predominantly urban ones where average usage is around 4,000 kW hours per year. In predominantly rural areas, like the Borders and Dumfries & Galloway, average consumption is around 5,000 kW hours a year and in Argyll & Bute, the Western Isles, Orkney and Shetland averages are between 7,000 and 10,000 kW hours a year.

Links: [Energy in Scotland 2016](#) (Fig. 7.6, page 136 – average annual household consumption of electricity by LA area)

See Appendix 3, Papers for meeting 2, 22 September 2015

1.12 “Regional” differences in network charges (electricity)

Even after the application of the UK Government’s Hydro Benefit Replacement Scheme (HBRS), which is meant to protect consumers from the much higher than average costs associated with distributing electricity in the extensive North of Scotland ‘region’, most northern consumers are still being charged significantly more (0.9p per unit) for network charges than most of their southern counterparts. This has a serious knock-on effect on the bills for all in the north and particularly for those in rural and island homes in the North with high consumption levels. (See also 1.11 and 1.15)

Links: Ofgem’s October 2015 ‘[Regional differences in network charges](#)’ paper, especially p 21 and Appendix 1 and ‘[Hydro Benefit Replacement Scheme and Common Tariff Obligation](#)’ July 2016, page 4,

1.13 UK Government policy charges (electricity)

Similarly, customers who rely on electric heating (predominantly those living in off-gas rural areas) also pay more heavily than mains gas users for the costs of the UK Government’s social and environmental policies which are included in their bills. Moreover, off-gas electricity users are set to pay steadily more (around 2% by 2020) for them year on year whilst gas users will pay steadily less.

Links: [Ofgem Insights paper](#) on households with electric and other non-gas heating (See paras 5.13 to 5.16, pages 54 & 55)

1.14 Restricted Time of Use tariffs and meters (electricity)

Electric heating in rural communities is likely to be supplied on restricted Time of Use (ToU) tariffs like Economy 10 and Total Heating Total Control but there is little competition for these restricted tariffs and no Price Comparison Website information available for them, other than for Economy 7. Moreover, the technical changes required to the metering arrangements for these restricted tariffs make it harder for customers to switch to cheaper ones than for those customers who are already on 'normal' meters.

Links: [Ofgem Insights Paper, December 2015](#) (Para. 4.39, page 49)

1.15 Incumbent supplier dominance of the rural electricity market

The two incumbent, ex-regional monopoly, electricity suppliers in Scotland have by far the largest market shares in the whole of the GB of customers who depend on them for electric heating purchased through Time of Use (ToU) tariffs like Economy 10, Comfort Plus and Total Heating Total Control. In the North of Scotland, SSE's market share of ToU customers is 85% and in the South of Scotland, Scottish Power's share is 78%. For single rate customers their shares are 61% and 37% respectively and, though the figures are not made publicly available, Task Force member experience indicates that in remote areas their market shares are much higher. UK-wide the comparative market share of the ex-regional monopoly suppliers is 45% for customers with ToU meters and 31% for others.

The predominant suppliers, both north and south, are charging most of their customers up to 50% more than the best tariff prices on offer. In addition, loyal customers in the north are being charged 2.1p for network charges when the actual cost is 0.9p (see 1.12)

Links: [Ofgem Insights paper, December 2015](#) (Fig. 12, page 48)

1.16 Consumer engagement and switching

The great majority of rural consumers, including most of those with ToU meters, could cut their electricity bills by a third by switching from Standard Variable Tariffs, averaging around 15p per unit, to alternative fixed term tariffs of around 10p per unit, which are readily available in the marketplace. The reasons for this persistent lack of rural consumer engagement in saving many hundreds of pounds a year by switching are varied but Task Force member experience strongly suggests that, though lack of confidence about the pros and cons of changing long-standing supplier is key, where trusted intermediary advice and reassurance is on hand then most consumers are happy to switch.

Links: [Ofgem Insights paper, December 2015](#) (Fig. 10 and 11, pages 45 to 49)

[Competition and Marketing Authority investigation into the Energy Market](#) (Paras. 120 to 123)

[Ofgem Insights paper on households with electric and other non-gas heating](#) (Fig.11, page 47 – actual switching rates for single-rate and ToU customers by meter points and by distribution network and Fig.12, page 48 – market share of ex-regional monopoly suppliers etc.)

1.17 Supporting vulnerable households

Many vulnerable, households have not, in practice, been receiving the level of priority service and support they need from the predominant electricity and other non-gas energy suppliers. Moreover local experience strongly suggests that one-to-one fuel poverty advice and support is not yet delivering sufficient outreach coverage in rural areas.

Links: [Competition and Marketing Authority investigation into the Energy Market](#) (page 2 and 11)

[Priority Services Register Review](#) (Executive summary, page 5 & 6)

[Ofgem Insights paper on households with electric and other non-gas heating](#) (Table 11, page 66)

1.18 Regulation of the different energy markets

Whilst the Office Of Gas and Electricity Markets (Ofgem) and Competition and Markets Authority (CMA) have identified many factors which contribute to gas and electricity market failure and the typically much higher than average heating energy bills in off-gas rural areas, regulatory requirements and interventions have so far been unable to deliver a level pricing playing field. This lack of regulation impacts disproportionately on rural, high energy consumption householders, particularly those who rely on electricity for their heating. Moreover, the prices for the main alternative fuels, domestic oil and LPG, on which rural households have to rely, remain unregulated.

Links: [Ofgem Insights paper on households with electric and other non-gas heating](#)

1.19 The multiplier effect+VAT

The cumulative effect of all the foregoing rural dimensions is to increase domestic energy consumption and raise bills for most people living in rural and remote Scotland and, as a direct consequence, cause the much higher than national average levels of rural fuel poverty and extreme fuel poverty that are found there.

It should also be noted that for every thousand pounds spent on domestic energy bills, £50 more must be paid in VAT – a considerable addition to the bills of consumers living in higher than average consumption properties or in remote rural areas like the island groups.

Links: (See 1.11 Electricity consumption levels)

1.20 Health care costs

There is strong evidence to suggest that cold and/or damp housing exacerbates the health and well-being problems of vulnerable occupants and that fuel poverty makes self-imposed heat rationing more likely, thus exacerbating such cold and dampness related health problems. Resulting use of health care services and any ensuing hospital stays are likely to cost much more per patient in rural areas than in urban ones.

Links: [The Annual Report of the Director of Public Health 2014](#) (References 33 to 44, page 64)

See Appendix 3, Health, Energy Efficiency & Affordable Warmth Evidence Review produced by Lochalsh and Skye Housing Associations Energy Advice Service 2016

1.21 'Rural-proofing' of fuel poverty indicators and programme and public investment outcomes

Key indicators, like rdSAP (reduced Standard Assessment Procedure) and SIMD (Scottish Index of Multiple Deprivation) which underpin the design of energy efficiency and fuel poverty policies and programmes, do not yet measure or meet rural and remote Scotland's requirements well enough. Key programmes, like the Energy Company Obligation (ECO) and the Home Energy Efficiency Programmes for Scotland: Area Based Schemes (HEEPS:ABS), record measures installed but not affordable warmth outcomes and are also under-delivering in rural settlements of 3000 or less – particularly remote ones. Nor is there matching clarity yet about the level or impact of public investment in rural areas.

Scottish Government's recent commitment to 'island-proofing' its investment programmes should be extended to 'rural-proof' all its fuel policy indicators and programme outcomes.

Links: [A Plan For Scotland: The Scottish Government's Programme for Scotland 2016-17](#) (page 11, island proofing legislation and policies)

["Our rural numbers are not enough"](#) (Full report)

See Appendix 3, statistics, HEEPS ABS measures urban / rural classification, page 10

Chapter 2 - Fundamental guiding principles to delivering affordable warmth in rural Scotland

Case Study 1

Cosy Homes East Sutherland (CHESS) aims to help vulnerable and fuel poor households in the area whose health may be negatively impacted by their current living conditions. The project is funded by the British Gas Energy Trust Healthy Homes (BGET). The funding is used to offer grants to local, vulnerable householders to pay for heating and insulation measures up to a maximum of £12,000. They also operate a hardship fund of up to £500 to help with heating costs.

Support was given to a 51 year old with severe health conditions whose sole income is Disabled Living Allowance. He spent 42% of his income on fuel. Grant from CHESS paid for floor insulation, new carpets and remedial decorating work, and the hardship fund contributed to a supply of logs. A referral to Warmer Homes Scotland resulted in a new LPG heating system and Care and Repair have installed a new accessible bathroom, new windows and doors. SSE has moved the meter to make it more accessible and CAB is now acting as a third party for financial matters. "I can't thank you enough. It has been life changing."

Case Study 2

A couple in their late 20s, with a 3-year-old and a 3-month old baby collect their own wood supply, so their fuel expenditure doesn't give a true picture. They are on a low income and the client and one child's chronic cough is exacerbated by mould on bedroom walls. They didn't qualify for Warmer Homes Scotland and could not afford to replace their boiler or windows. A grant from CHESS, funded by BGET, of £6100 was given, and was used to replace windows and doors with double glazed units together with the install of a double glazed door into the porch area and finally replace an old oil boiler with an energy efficient Combi boiler and connect it to existing pipework.

Scotland's new fuel poverty/affordable warmth strategy should be based on three fundamental guiding principles:

2.1 Fairness and social justice should be every household's right, wherever in urban or rural Scotland they happen to live.

Recommended action:

Scottish Government (SG)'s new strategic approach to tackling fuel poverty should be based on ensuring that its fuel poverty/affordable warmth policy opportunities will

not, in practice, be constrained by geography but will be delivered equitably and consistently throughout the whole of Scotland.

Links: [National Performance Framework](#)

2.2 Vulnerable households should all receive the most effective practical help and support they need to keep their homes warm and at a cost they can afford.

Recommended action:

SG should make vulnerable households their top fuel poverty/affordable warmth policy priority and ensure that their programmes actually reach them all, wherever they happen to live, and deliver verifiable improvements to their lives.

2.3 The progress made by Scottish Government in its strategic approaches to eliminating fuel poverty from peoples' lives should be set within a statutory framework for delivery which is rigorously measured and accounted for annually in a published report to the Scottish Parliament.

Recommended action:

The practical effectiveness of fuel poverty / affordable warmth programme outcomes must be properly monitored and assessed and should record the before - and - after real world improvements made to the health and wellbeing of the households concerned. The data collected must provide a check on how targets are delivered, improvements assessed and programme outcomes defined (see also Chapter 10.)

Chapter 3 – Indicators and assumptions

Good policies are built on a solid evidence base and, at present, the underlying fuel poverty indicators and assumptions, such as SIMD and RdSAP, tend to be urban-oriented and technically-based. They are modelled and currently do not reflect rural realities nor assess and record affordable warmth and comfort improvements effectively – either those required or actually. In other words, all such indicators should be subject to a thorough 'rural-proofing' process and made fit for purpose.

All of the considered actions recommended in this chapter could, and in the Task Force's view should, be implemented given their pivotal importance in ensuring that rural fuel poverty issues are properly assessed and specifically addressed by fuel poverty policies and programmes and so that public spending can be targeted effectively.

3.1 SG to take on the responsibility for commissioning Minimum Income Standard (MIS) Scotland reports once every 3 years to provide top quality information on cost of living contexts and trends by 6-fold urban & rural classification². This will ensure the final product becomes a recognised national dataset.

3.2 SIMD domains to be expanded to better reflect rural disadvantage e.g. by adding a) a MIS index and b) an energy price index for all fuel types.

3.3 UK Govt through the Department for Business, Energy and Industrial Strategy (BEIS) to develop and adopt new modelling matrices that will reliably reflect and track rural and urban average energy consumption levels (using SG's six fold urban / rural classification) and provide comparisons with average dual fuel bills and average bills for each type of fuel. These would make it easier to identify disparity and therefore simpler to target remedial actions.

3.4 SG's Community Analytical Services to further develop rural fuel poverty proxies. This should enable them to better assess the effectiveness of spend and delivery of anti-fuel poverty outcomes in rural Scotland.

3.5 SG to use its influence on the next iteration (in two years' time) of the RdSAP tool and Energy Performance Certificate (EPC) so that they properly reflect:

- the range and distribution of prevailing climate conditions and other characteristics in rural and urban parts of Scotland, including:
 - effects of draughts and wind-driven rain on heat loss and fabric condition;
 - room-in-roof and wall types;
 - consideration of opportunities to recommend more than one type of cost-effective heating solution; and
 - crucially, but on a comply or explain basis, they should also allow for an approved overrule when the most appropriate improvement measure/s would currently not otherwise be permitted.

3.6 SG to encourage relevant protocol organisations to ensure consistency in the production of such improved RdSAP/EPC reports through assessor training.

3.7 SG to ensure that any future change to the Fuel Poverty Definition will be developed and used to provide a baseline measure against which progress in delivering specific affordable warmth outcomes, particularly to vulnerable households, can be properly measured.

² [Our Rural Numbers are Not Enough](#)

Chapter 4 – The domestic energy markets: fuels and prices

Evidence reviewed by the Task Force demonstrates that the energy market is not serving rural Scotland well or fairly. It shows that off-gas rural households in particular incur significantly higher-than-average heating costs as a result of the range of contributory factors stacked up against them. These start with the greater exposure to harsh weather conditions and lower levels of energy efficiency and are compounded by higher levels of energy consumption.

This is particularly the case in off-gas areas where limited markets restrict consumer choice and increase costs of the alternative fuels and tariffs on offer. In chapters 4 and 5 we look at their experience of the energy market and, in particular, the factors which mean they are often paying among the highest rates on the market, whether for electricity or the non-regulated fuels such as heating oil and LPG.

UK Government analysis also projects that households who use electric heating will, on average, see an increase in their energy bills of around 1.4% of their total expenditure in 2020 as a result of social and environmental policies (compared with estimated decreases of between 0.4% and 0.8% for households using other fuel types).

Another significant factor is the impact of regional differences in network charges. The UK Government has put in place the Hydro Benefit Replacement Scheme (HBRS) which is meant to protect consumers from the particularly high costs of distributing electricity in the north of Scotland. This benefit is paid for by consumers across the UK and reduces the excess network charges burden between the north and south of Scotland to 0.9p per unit. However even after the application of the HBRS support, consumers in the north of Scotland currently pay up to 2.1p more per unit of electricity from their dominant supplier than the same supplier's consumers pay in the south of Scotland – a difference which equates to an additional £21 for every thousand pounds spent on electricity. Moreover, VAT adds a further 5% to fuel bills which means that where consumption levels are much higher than average e.g. in the island groups, this can add up to an additional £300 on an annual bill.

There is therefore a strong case for keeping the level of the HBRS under review and revised so it fully recompenses North of Scotland consumers, and there is an equal case to closely scrutinise charges levied by dominant suppliers in their home region. Sustaining different network charges between the North of and South Scotland is not ideal and currently disfavours the North which means any amelioration of fuel poverty by Government needs to take this into account.

These factors combine to exacerbate the level of price disadvantage and results in fuel bills that are often two to three times higher than the UK national average. The Task Force calls on both the UK and Scottish Governments to recognise this rural Scottish price discrimination and adjust their policies, programmes and HBRS accordingly to remove this disadvantage and create a level pricing playing field.

The Task Force proposes the following 12 critical actions to address the fuel poverty inequalities being experienced by Scotland’s rural population.

4.1 The Task Force supports the remedy proposed by the Competitions and Markets Authority (CMA) ([Summary of AECs and remedies report](#), June 2016, para 20.24, h) namely that “...electricity suppliers of more than 50,000 customers be required to make all their single rate electricity tariffs available to all customers on restricted meters” and (unconditional) upon the replacement of their existing meter.” CMA also wants Ofgem to closely facilitate the delivery of this outcome through appropriate guidance and regulation.

4.2. The Task Force recommends that suppliers with customers on restricted meters launch a proactive engagement campaign, targeting Priority Service Register customers in the first instance, to guide them through a thorough assessment of their heating needs and ensure that they are transferred, without delay, to the cheapest and otherwise most appropriate deal for their needs.

4.3 The Task Force also fully supports the CMA’s two-year transitional price-capping remedy to remove the particularly acute pricing disadvantages experienced by prepayment customers. ([Summary of AECs and remedies report](#)), June 2016, para 20.25 a)

4.4 The Task Force recommends that Ofgem keep under close review progress made towards consumers switching (as recommended by CMA) away from the dominant supplier and intervenes in the market if suitable progress has not been made within 2 to 3 years (by 2019).

4.5 SG to work with Ofgem to ensure that all Pre-Payment (PPM) customers also have access to tariffs and support (of the kind presently provided by “Our Power” to some local authority and Registered Social Landlord (RSL) consumers) to enable them to access and manage the costs of their electricity as affordably and effectively as possible.

4.6 Local authorities and housing associations to further promote and support initiatives by new providers like “Our Power” to provide the highest quality energy price and customer care services to prepayment meter customers.

4.7 SG to investigate whether there is market supply failure in non-regulated fuels – to be defined as when there are fewer than 4 *wholly independent* suppliers available within a defined market area – and, if and where they find evidence of detriment to consumers, to recommend the CMA investigate further.

4.8 SG to promote, support through advice line information and grant-incentivise collective buying clubs for domestic oil and LPG.

4.9 SG to promote and grant-incentivise the development and uptake of District Heating Schemes in those instances where they can deliver affordable warmth outcomes for rural consumers.

4.10 The Task Force welcomes the commitment given by the UK Government that all customers in the UK will share equally the cost of the new power station required in the Shetland Isles. We urge the UK Government to keep the level of the Hydro Benefit subsidy under review so that any further divergence in cost differentials, such as the impact from replacing sub-sea cables to island groups, is tackled and these customers do not face further detriment from higher costs.

4.11 UK Government to extend the 5p Remote Areas Fuel Duty Discount (which applies to diesel and petrol) to domestic oil and LPG wherever there is market supply failure – to be defined as when there are fewer than 4 wholly independent suppliers available within a defined market area – (definition supplied by Office of Fair Trading).

4.12 SG to identify and recommend ways to UK Government of removing the persistent oil price differentials that exist, whatever the highs and lows of the basic price per barrel, between Scotland, England and Northern Ireland.

Chapter 5 – Consumer engagement and support

A key reason for current and persistent rural market failures is that the great majority of rural consumers continue to show a marked lack of interest in, and/or a nervousness about, switching their loyal custom away from their long-standing energy supplier to a much cheaper supplier.

The causes are varied, but The Task Force strongly agrees with the CMA's conclusion in its recent Energy Market Investigation report, namely that “the weak customer response (to switching) gives suppliers a position of unilateral power concerning their inactive customer base which they are able to exploit through their pricing policies or otherwise and which discourages customers from considering or selecting a new supplier that offers a lower price for effectively the same product ... (an issue) particularly affecting customers who are elderly, live in social or privately rented housing or who have relatively lower levels of income or education.”

The Task Force believes this is especially applicable in rural areas because Ofgem figures show that 85% of customers in the North of Scotland and 78% of customers in the South of Scotland on time-of-use tariffs are still with their incumbent supplier. The CMA found that, across GB, roughly 93% of customers on restricted meters (a subset of ToU customers) are on a Standard Variable Rate tariff, and that 67% of these customers could benefit by switching to the market cheapest deal.

It is the Task Force's view, therefore, that a key objective of the Scottish Government's new fuel poverty/affordable warmth strategy must be to lead a well co-ordinated switching campaign. One which also ensures that it has the skilled human resources (i.e. a comprehensive network of dedicated national and locally-based energy advice service providers) committed to delivering the personalised (and home-delivered where necessary) follow-up services, which the Task Force believes will be required to crack the problem and, in particular, to support vulnerable consumers living in off-gas rural and remote areas.

Whilst the Task Force has reservations about the CMA's recommendation to "create a database of customers who have been on the standard variable tariff for three years or more to allow rival suppliers (and Ofgem) to prompt these customers to engage", we do support their proposal "to enhance the role of Third party Intermediaries by removing restrictions on their access to data and regulations that undermine their incentives and (would) enhance their ability to promote engagement."

The Task Force also believes that only the smarter of the two smart meter types available – that is the "smart grid meter" – should be made available to customers in off-gas rural areas and has assumed that there will be full roll out to all rural customers.

Critical actions which should be taken are as follow:

5.1 Ofgem to investigate, develop and ensure the provision (either directly or by a trusted and independent intermediary e.g. Citizens Advice Scotland, (CAS) of a non-transactional price comparison website where prices can be compared on all tariffs charged by suppliers of all domestic fuels in all distinct energy market areas of Scotland. CAS to explore the possibility of providing a bespoke service for these customers, delivering information, awareness-raising and a handholding advice service through referral to local and national agencies.

5.2 Ofgem and SG to lead and co-ordinate a campaign to publicise and promote the advantages of switching, with a particular priority to be given to off-gas rural areas. (See also 4.5.)

5.3 SG to fund Home Energy Scotland (HES) to extend the switching service provided through the HES network, building on their successful pilot of a switching service for tenants of local authorities and housing associations. SG is currently considering extension of this service and it should now be made available to all households.

5.4 SG to ensure that switching prompts are embedded in energy efficiency programmes, and expanded to other activities where possible. This should include advice for regulated and non-regulated fuels.

5.5 UK Government to ensure that the Smart Meter roll-out reaches rural customers, particularly vulnerable customers and all those living in the more expensive, off-gas parts of rural and remote Scotland as early as possible in the rollout timetable. They should also ensure that these customers receive the technology that allows them to access the full benefits of the smart meters, requiring Smart Meter Equipment Technical Specification 2 (SMETS 2) capability.

5.6 Scottish Parliament and Scottish MPs to actively support information and switching campaigns and services aimed at saving consumers money on their energy bills. To further support this activity, and the recommendations of this report, we recommend the relevant subject Committees in the Scottish and UK Parliaments conduct annual scrutiny sessions to review progress in tackling fuel poverty.

Chapter 6 – Vulnerability and health care

There is strong evidence to suggest (see Appendix 3 – Catalogue of Publications – Health Impacts research) that fuel poverty, vulnerability and health care issues are closely linked. Ensuring that all vulnerable people and households are both identified and properly helped requires an increasingly well-focused and collaborative approach, similar to the very successful ‘Care and Repair’ and ‘Handyperson’ service model, which continues to prove its effectiveness in reaching and helping elderly and disabled people to secure improvements and adaptations to their homes and quality of life. The experience of Task Force members strongly suggests that additional, high quality and predominantly locally-based and well-trusted service providers are particularly effective in ensuring that all the help and support required actually reaches the most vulnerable and fuel-poor rural consumers and ensures that verifiable improvements are made to their lives and well-being. As a further direct consequence, evidence also suggests that adopting this approach will help reduce NHS burdens and public expenditure costs.

The Task Force has, therefore, concluded that all vulnerable households, wherever they live, should be accorded top priority (see 2.2) in the new strategic approach to tackling fuel poverty. The key to finding, reaching and helping them is to ensure that rural areas are served by a comprehensive and well integrated and co-ordinated network of skilled local and national energy carer service providers.

Critical actions required are as follow:

6.1 SG and Ofgem to consider National Institute for Health and Care Excellence (NICE) March 2015 Guidelines on excess winter deaths and illness and the health risks associated with cold homes, with a view to expanding and improving the rural dimension of their existing definitions of at risk groups and sectors of society who are defined as ‘vulnerable.’

6.2 SG to “rural-proof” all of its fuel poverty programmes to ensure that they prioritise and, in practice, reach, all vulnerable clients, especially those living in off-gas, rural areas.

6.3 SG to contract HES to further develop its existing third-party portal service to ensure that it delivers to all rural and remote areas and provides a seamless referral mechanism between all health, social care and locally based support organisations. The purpose is to ensure that all vulnerable households actually receive the help and support they need.

6.4 NHS Scotland to discuss with the Royal College of General Practitioners (RCGP) and other relevant professional bodies with a view to agreeing a process of contractual obligation by which all patients with fuel poverty-related health conditions, including all those living in rural and remote GP practice areas, are referred to appropriate fuel poverty advice and support agencies for the practical care measures they need.

6.5 To further facilitate and support inter-agency collaboration, SG to share its comprehensive mapping service, which identifies all of Scotland’s fuel poverty / affordable warmth service providers, the geographical areas they cover and whether they make referrals to Home Energy Scotland and vice versa.

6.6 Ofgem to expand the role and duties of energy suppliers in line with the recommendations put forward in Ofgem’s recent Priority Services Register Review. In summary, this “will require companies to move away from a ‘box-ticking’ approach and adopt pro-active procedures to identify and help their vulnerable customers.”

6.7 Ofgem to include in their annual reports on the retail energy market, the extent to which each of them has addressed and mitigated the detriment to customers as highlighted by CMA in its recent Energy Market Investigation report. They should make particular reference to reductions they have made to the energy bills of vulnerable clients and the numbers and percentages of those who have switched from the dominant supplier - with specific reference to those living in off-gas rural areas.

6.8 SG to commission a comprehensive ‘energy carer’ pilot to assess the effectiveness of high quality, in-home, locally delivered, holistic support in bringing verifiable affordable warmth improvements to cold, vulnerable, fuel poor households living in any part of remote rural Scotland.

6.9 As a consequence of the completed Priority Services Register (PSR) review, Ofgem to impose meaningful changes to the PSR license conditions currently applied to energy companies to make sure that they give Ofgem the details of all their vulnerable consumers so that Ofgem can ensure that appropriate “hand-holding” support is made available to them for switching and/or other suitable fuel poverty alleviation measures.

Chapter 7 – House improvement, tenure and supply chain issues

A renewed focus and effort is required to tackle the persistent problems of remediating rural and remote Scotland's many hard-to-heat and hard-to-treat houses. The problems derive from the nature of the rural housing stock, which has proportionately:

- many more, detached and older houses with features like attic bedrooms and solid walls;
- much less social housing;
- many more privately owned and/or rented houses, a significant proportion of which is older housing stock, often in poor condition (See references in Section 1.7); and
- a tendency of area-based remediation schemes to deliver “low-hanging fruit” measures and not tackle the more challenging and expensive properties.

In the process, many small, local and skilled suppliers can be deterred by the costly and time-consuming accreditation credentials required to apply for short-life and, to them, overly bureaucratised programmes, which put them off getting involved because they appear to be more trouble than they are worth. Whilst any accreditation system will require guarantees that ensure a consistent quality of service is provided, a better balance is required to encourage local take up. Present requirements not only contribute to some rural fuel poverty issues remaining unaddressed but also fail to generate up-skilling opportunities for Scotland's rural and remote rural workforces, which the Task Force believes should be a key priority for Scottish Government.

Critical actions which will need to be taken are shown below.

7.1 SG to ensure that Scotland's Energy Efficiency Programme (SEEP) grant and loan funding is made available to support the costs of essential building repair and improvement works that may be required before energy efficiency improvement measures can be installed.

7.2 SG also to change the criteria for Warmer Homes Scotland (WHS) to include funding for enabling measures such as domestic oil and LPG tanks, electrical upgrades, flue lining and the installation of the most efficient storage heaters.

7.3 Small firms based in rural areas should be encouraged and enabled to provide the skilled workers required to deliver all SEEP funded projects e.g. by SG working with the British Board of Agrément (BBA) to simplify accreditation and tendering requirements and ensuring that there are more, qualified trainers available to deliver accreditation in rural areas.

7.4 SG to issue guidance to all agencies engaging in the delivery of both HEEPS ABS and WHS to ensure closer joint working where practicable, including the guidance required on data sharing.

7.5 Historic Environment Scotland should research, develop and promote more case studies to highlight affordable insulation, draught protection and heating options that prolong the life and conservation status of rural Scotland's built heritage whilst delivering effective affordable warmth and ventilation for occupiers.

7.6 SG to develop a new scheme for private sector landlords which would require but incentivise them to bring their rented properties up to an affordable warmth level by offering them a mix of grant and loan, the size of which would be closely linked to agreement on the rent levels to be charged and the nature of the allocation process. This action should be re-visited once SG has consulted on the Regulation of Energy Efficiency in the Private Sector (REEPS)

7.7 SG and installers to verify that all vulnerable households, including private tenants and their landlords, receive the locally-delivered support and advice they need to enable both parties to realise the benefits that should accrue from retrofit measures.

7.8 SG and umbrella organisations like Scottish Federation of Housing Associations (SFHA) to investigate and consider the potential use of expertise already embedded in some rural housing associations to extend their outreach support services to the affordable warmth needs of private sector households in their communities, as well as continuing to meet existing social housing energy efficiency obligations to their own tenants.

Chapter 8 – Economic and community development impacts

There are real and significant economic and community development benefits that should flow to remote, rural economies from:

- bringing fuel bills down to the national average;
- increasing the involvement of local (rather than national) energy efficiency and fuel poverty service providers and supply chain businesses; and
- enabling community energy providers to overcome the National Grid infrastructure constraints, which curtail their ability to derive maximum economic spin-off benefits (by way of increasing local business and job opportunities and/or making cheap, locally-generated electricity available to their communities, not least their more vulnerable members).

The Task Force believes that Government decisions about investing public money in programmes to tackle rural fuel poverty should also be viewed and measured

alongside their capacity to deliver wider social and economic benefits to communities and economies. Though based, first and foremost, on improving the affordable warmth and resulting health and social care outcomes for vulnerable households, careful account should also be taken of their capacity to deliver economic spin-off and other local benefits. The Scottish Government should further consider the holistic contribution the public investment is likely to make towards improving the overall social and economic well-being of the rural or remote area concerned.

In addition, innovative 'Smart Grid' solutions, like the NINES (Northern Isles New Energy Solutions) project in Shetland and the ACCESS (Assisting Communities to Connect to Electrical Sustainable Sources) on the Isle of Mull, show how present National Grid infrastructure constraints can be circumvented to the benefit of all concerned. In simple terms, these projects are based on replacing old and inefficient storage heaters and hot water tanks in peoples' homes with much more efficient ones so that cheaper energy generated from locally-owned and controlled renewable sources, like run-of-the-river hydro electric or tidal power turbines, can be directly accessed, stored and used by surrounding local households. The local distribution system is made possible by the introduction of two-way, smart technology information exchange systems which allow for the real time matching of local electricity generation and demand at a local distribution network level.

Critical actions which should be taken are as follows.

8.1 UK Govt and SG to recognise that implementing policies which reduce rural fuel poverty also increase rural disposable incomes and prosperity and stimulate additional economic activity and job creation, thus delivering solid, rural economy and community development benefits that cover several of Scotland's National Outcomes.

8.2 SG and UK Govt to work together to deliver a supportive and stable policy framework that enables the development of local energy projects that tackle fuel poverty. Funding of in-depth support (both technical and capacity building) from Scotland's Development Agencies should also be supported. Delivering affordable warmth projects in rural communities is a very significant infrastructure development that justifies considerable planning and investment decisions by training and development agencies and should therefore feature in the review currently taking place on these agencies respective roles in Scotland.

8.3 Ofgem to investigate and set out resolutions to the National Grid infrastructure constraints, which are delaying and preventing rural communities from deriving and maximising local social and economic benefits, including lower energy bills, from their community controlled renewable assets.

8.4 In so far as practicable, SG to supplement its existing support schemes, Community and Renewable Energy Scheme (CARES) and Local Energy Challenge Fund to direct energy suppliers to fund and work with community-controlled renewable energy providers to develop and roll out new initiatives (like the ACCESS project in Mull and the NINES project in Shetland) which effectively circumvent the network constraints and which enable communities to derive, and pass on to local consumers, the full social and economic benefits of the cheaper 'surplus' energy which they generate locally from renewable sources.

8.5 SG and UK Govt / BEIS to ensure all affordable warmth/fuel poverty funding programmes for rural areas should have a minimum contracted life cycle of 5 years in order to encourage and enable smaller local contractors to invest in the training and accreditation required to deliver the outcomes and, thereby, to maximise the local economic benefits to be derived from the public investment made and, in the process, up-skill the local labour force and help population retention.

Chapter 9 – Remediation programme effectiveness

There has been a range of programmes and schemes from both UK and Scottish Government over the last few years that have attempted to address fuel poverty and reduce carbon emissions. Overall these schemes have made substantive contributions to improving housing stock and reducing emissions. However, there has been mixed success in how effectively they have delivered their expected outcomes in rural areas.

There have been some significant initial successes with the new Warmer Homes Scotland scheme, which is delivering effectively in both rural and remote rural areas. This builds on the successes of the predecessor schemes of Energy Assistance Programme (EAP) and Energy Assistance Scheme (EAS). The same, however, cannot be said for ECO, which is largely urban focussed. The evidence also shows that the number of HEEPS ABS measures installed per thousand of population in rural areas is significantly less than those installed in the rest of Scotland.

Even where success has been achieved, schemes have failed to allow for some of the specific factors that only apply in off-gas rural areas. These include the requirement to replace oil tanks when oil boilers are being replaced or installed, the need for electric wire upgrading when replacing storage heaters and the need for flue lining when installing boilers. Whilst this is not an exclusively rural issue, it does disproportionately affect rural properties where, typically, mains gas heating is not an option. This lack of effective rural proofing is excluding properties which otherwise should be able to gain equal benefit from such measures.

Moreover, although there is a rural uplift for local authorities who deliver HEEPS ABS in rural areas, it amounts to £1,500, which takes the maximum support per property to £9,000. However, the actual cost of delivery in remote rural areas for single houses can be double this amount, which significantly restricts local authorities' ability deliver the support the programme offers. The funding for HEEPS ABS offered by Scottish Government will always favour intervention where the greatest numbers and concentrations of properties will benefit. This is why terraced houses and low rise flats, rather than detached and more isolated properties, have been the main recipients to date of such programme intervention.

The study currently being carried out in South and East Ayrshire points the way to a more integrated and outcome-focused approach to understanding and recording the holistic benefits delivered by energy efficiency measures: by systematically evaluating the impacts of external and internal wall upgrades on the health and well-being of the occupants and on any other significant resulting benefits.

Critical actions which will need to be taken are shown below.

9.1 SG to ensure that all the component parts of the new SEEP and Scottish ECO programmes should be focused to ensure that, first and foremost, all vulnerable households are the priority target.

9.2 SG should also ensure that, wherever clients live in rural and remote Scotland, the programmes must be capable of actually delivering the rates of grant funding support required to fully meet the potentially higher costs of installs.

9.3 SG to develop criteria by which they can ensure their new powers over Social Security, Winter Fuel and Cold Weather Payments prioritise householders in greatest fuel poverty / affordable warmth need and take full account of the locality effects of cold, wind and rain.

Chapter 10 – Conclusion: a rural-proofed plan for effective delivery

The Task Force was set up by Scottish Government with the purpose of helping it to formulate a new and realistic approach to tackling persistent rural fuel poverty issues. This chapter brings together the key strategic conclusions reached by the Task Force about the new approach required and which the Task Force believes lies within the powers and capabilities of Scottish Government to implement directly or influence strongly.

The Rural Fuel Poverty Task Force wholly agrees with the introductory conclusion to the Fuel Poverty Strategic Working Group's 'Interim Key Findings' presented to Scottish Government and published in June 2016, namely: "that whilst existing

approaches to eradicating fuel poverty in Scotland have been beneficial, they are not sufficient and the Scottish Government needs to adopt a very different approach (which), in the context of sustaining community empowerment, would be led by local community services and would be tailored to individual households.”

To make certain that this new strategic approach will clearly address the persistent inequalities in Scottish society, including the needs of Scotland’s rural and remote communities, the Task Force believes that it must be ‘rural-proofed’ and include specifically rural fuel poverty targets and expected programme outcomes.

Top strategic priority should be given to:

- **The overall strategic objective:** the eradication of rural fuel poverty within a defined timescale and with clear targets and milestones;
- **Vulnerability:** ensuring that, no matter where they live, all vulnerable households receive the type and level of personalised outreach support they need to be able to resolve their fuel poverty problems properly and live in affordable warmth in their own homes;
- **Fairness:** the outcomes of fuel poverty programmes and affordable warmth policies should be delivered equitably and consistently throughout the whole of Scotland.
- **Enhanced support services:** developing an effective collaborative system to ensure that all vulnerable households are referred to fuel poverty affordable warmth advice and support services.
- **Off-gas areas:** ensuring that remediation programmes give particular focus and priority to meeting the needs of off-gas households who are more likely to experience the highest rural fuel poverty and extreme fuel poverty levels in Scotland;
- **High tariff electricity customers:** vulnerable customers should be the top priority for generalised or specialised support and speedy implementation of the CMA recommendations.
- **Energy carer approach:** an ‘energy carer’ pilot is required to test and, where required, extend the effectiveness of home-delivered, area-based service provision dedicated to ensuring an affordable warmth outcome for vulnerable households and to develop the most effective models for the delivery of high quality, rural outreach ‘energy care’ services.

- **Price comparison website:** a trusted and independent non-transactional price comparison website where *all* prices can be compared on *all* tariffs charged by suppliers of *all* domestic fuels in *all* distinct energy market areas of Scotland is required.
- **Indicators and assumptions:** the indicators and assumptions that lie behind the targeting of resources for energy efficiency and fuel poverty in Scotland must be fully and effectively “rural proofed.”
- **Before and after outcomes:** ensuring that fuel poverty policies and programmes are developed and further improved on the basis of thorough, before-and-after measurement and assessment of the outcomes of the interventions made, especially to the well-being of those helped.
- **Public investment:** ensuring that the share of public investment that is allocated to tackling rural and remote Scotland’s fuel poverty and affordable warmth issues demonstrably matches its identified needs and also takes proper account of the additional health care, social and economic development impacts arising;
- **Community Empowerment:** the new Community Empowerment Act offers a potentially productive opportunity for community groups, working together, to develop a well-focused but holistic approach to tackling fuel poverty issues at local level and establish fuel poverty eradication initiatives, and partnerships.
- **Monitoring implementation:** There is a requirement for the independent measurement of the progress made against the actions recommended in this report and any other relevant actions which may be included in Scottish Government’s new fuel poverty strategy. The appointment of an independent Affordable Rural Warmth Implementation Group would support the Scottish Government’s National Outcome of “tackling the significant inequalities in Scottish Society” by monitoring and providing regular reports on the progress made in tackling all aspects of the rural fuel poverty problem.

Appendix 1: List of proposed actions

No.	Action	Lead organisation
1	Scottish Government (SG) 's new strategic approach to tackling fuel poverty should be based on ensuring that its fuel poverty/affordable warmth policy opportunities will not, in practice, be constrained by geography but will be delivered equitably and consistently throughout the whole of Scotland.	SG
2	SG should make vulnerable households their top fuel poverty/affordable warmth policy priority and ensure that their programmes actually reach them all, wherever they happen to live, and deliver verifiable improvements to their lives.	SG
3	The practical effectiveness of fuel poverty / affordable warmth programme outcomes must be properly monitored and assessed and should record the before – and - after real world improvements made to the health and wellbeing of the households concerned. The data collected must provide a check on how targets are delivered, improvements assessed and programme outcomes defined (see also Chapter 10.)	SG
4	SG to take on responsibility for commissioning Minimum Income Standard (MIS) Scotland reports once every 3 years to provide top quality information on cost of living contexts and trends by 6-fold urban & rural classification ³ . This will ensure the final product becomes a recognised national dataset.	SG
5	SIMD domains to be expanded to better reflect rural disadvantage e.g. by adding a) a MIS index and b) an energy price index for all fuel types.	SG
6	UK Government (UK Govt) through BEIS to develop and adopt new modelling matrices which will reliably reflect and track rural and urban average energy consumption levels (using SG's six fold urban / rural classification).and which provide comparison with average dual fuel bills and average bills for each type of fuel. These would make it easier to identify disparity and therefore simpler to target remedial actions.	UK Govt / BEIS

³ [Numbers are not enough](#)

7	SG's Community Analytical Services to further develop rural fuel poverty proxies. This will enable them to better assess the effectiveness of spend and delivery of anti-fuel poverty outcomes in rural Scotland.	SG
8	<p>SG to use its influence on the next iteration (in two years' time) of the RdSAP tool and Energy Performance Certificate (EPC) so that they properly reflect:</p> <ul style="list-style-type: none"> • the range and distribution of prevailing climate conditions and other characteristics in rural and urban parts of Scotland, including: <ul style="list-style-type: none"> ○ effects of draughts and wind-driven rain on heat loss and fabric condition; ○ room-in-roof and wall types; ○ consideration of opportunities to recommend more than one type of cost-effective heating solution; and ○ crucially, but on a comply or explain basis, they should also allow for an approved overrule when the most appropriate improvement measure/s would currently not otherwise be permitted. 	SG
9	SG to encourage relevant protocol organisations to ensure consistency in the production of such improved RdSAP/EPC reports through assessor training.	SG
10	SG to ensure that any future change to the Fuel Poverty Definition will be developed and used to provide a baseline measure against which progress in delivering specific affordable warmth outcomes, particularly to vulnerable households, can be properly measured.	SG
11	The Task Force supports the remedy proposed made by the Competitions and Marketing Authority (Summary of AECs and remedies report , June 2016, para 20.24, h) namely that "...electricity suppliers of more than 50,000 customers be required to make all their single rate electricity tariffs available to all customers on restricted meters" ... and (unconditional) upon the replacement of their existing meter." And wants Ofgem to closely facilitate the delivery of this outcome through appropriate guidance and regulation.	Ofgem
12	The Task Force recommends that suppliers with customers on restricted meters launch a proactive engagement	Suppliers

	campaign, targeting Priority Service Register customers in the first instance, to guide them through a thorough assessment of their heating needs and ensure that they are transferred without delay to the cheapest and otherwise most appropriate deal for their needs.	
13	The Task Force also supports the CMA's two-year transitional price-capping remedy in the CMA report to remove the particular pricing disadvantages experienced by prepayment customers. (Summary of AECs and remedies report), June 2016, para 20.25 a)	CMA
14	The Task Force recommends that Ofgem keep under close review progress made towards consumers switching (as recommended by CMA) away from the dominant supplier and intervenes in the market if progress suitable progress has not been made by 2021.	Ofgem
15	SG to work with Ofgem to ensure that all Pre-Payment (PPM) customers also have access to tariffs and support (of the kind presently provided by "Our Power" to some local authority and Registered Social Landlord (RSL) consumers) to enable them to access and manage the costs of their electricity as affordably and effectively as possible	SG and Ofgem
16	Local authorities and housing associations to further promote and support initiatives by new providers like "Our Power" to provide the highest quality energy price and customer care services to prepayment meter customers.	Local Authorities and Housing Associations
17	SG to investigate whether there is market supply failure in non-regulated fuels – to be defined as when there are less than 4 <i>wholly independent</i> suppliers available within a defined market area – and if and where they evidence of detriment to consumers, to recommend the CMA investigate further.	SG
18	SG to promote, support through advice line information and grant-incentivise collective buying clubs for domestic oil and LPG.	SG
19	SG to promote and grant-incentivise the development and uptake of District Heating Schemes in those instances where they can deliver affordable warmth outcomes for consumers.	SG

20	The Task Force welcomes the commitment given by the UK Government that all customers in the UK will share equally the cost of the new power station required in the Shetland Isles. We urge the UK Government to keep the level of the Hydro Benefit subsidy under review so that any further divergence in cost differentials, such as the impact from replacing sub-sea cables to island groups, is tackled and these customers do not face further detriment from higher costs.	UK Govt
21	UK Govt to extend the 5p remote Areas Fuel Duty Discount (which applies to diesel and petrol) to domestic oil and LPG wherever there is market supply failure – to be defined as when there are less than 4 wholly independent suppliers available within a defined market area – (definition supplied by Office of Fair Trading).	UK Govt
22	SG to identify and recommend ways to UK Government of removing the persistent oil price differentials that exist, whatever the highs and lows of the basic price per barrel, between Scotland, England and Northern Ireland.	SG
23	Ofgem to investigate, develop and ensure the provision (either directly or by a trusted and independent intermediary e.g. Citizens Advice Scotland, (CAS) of a non-transactional price comparison website where prices can be compared on all tariffs charged by suppliers of all domestic fuels in all distinct energy market areas of Scotland. CAS to explore the possibility of providing a bespoke service for these customers, delivering information, awareness-raising and a handholding advice service through referral to local and national agencies.	Ofgem, CAS
24	Ofgem and SG to lead and co-ordinate a campaign to publicise and promote the advantages of switching, with a particular priority to be given to off-gas rural areas. (See also 4.5.)	Ofgem & SG
25	SG to fund Home Energy Scotland (HES) to extend the switching service provided through the HES network, building on the successful pilot of a switching service for tenants of local authorities and housing associations. SG is currently considering extension of this service and it should now be made available to all households.	SG

26	SG to ensure that switching prompts are embedded in energy efficiency programmes, and expanded to other activities where possible. This should include advice for the regulated and non-regulated fuels.	SG
27	UK Government to ensure that the Smart Meter roll-out reaches rural customers, particularly vulnerable customers and all those living in the more expensive, off-gas parts of rural and remote Scotland as early as possible in the rollout timetable. They should also ensure that these customers receive the technology that allows them to access the full benefits of the smart meters, requiring SMETS 2 capability.	UK Govt
28	Scottish Parliament and Scottish MPs to actively support information and switching campaigns and services aimed at saving consumers money on their energy bills. To further support this activity, and the recommendations of this report, we recommend the relevant subject Committees in the Scottish and UK Parliaments conduct annual scrutiny sessions to review progress in tackling fuel poverty.	MSPs and MPS
29	SG and Ofgem to consider NICE March 2015 Guidelines on excess winter deaths and illness and the health risks associated with cold homes with a view to expanding and improving the rural dimensions to existing definitions of at risk groups and sectors of society which are defined as 'vulnerable.'	SG and Ofgem
30	SG to "rural-proof" all of its fuel poverty programme to ensure that they both prioritise and, in practice, reach all vulnerable clients especially those living in off-gas, rural areas.	SG
31	SG to contract HES to further develop its existing third-party portal service to ensure that it delivers to all rural and remote areas and provides a seamless referral mechanism between all health, social care and locally based support organisations. The purpose is to ensure that all vulnerable households actually receive the help and support they need.	SG
32	NHS Scotland to discuss with the Royal College of General Practitioners (RCGP) and other relevant professional bodies to agree a process of contractual obligation by which all patients with fuel poverty related health conditions including those living in rural and remote GP practices areas, are	NHS Scotland

	referred to appropriate fuel poverty advice and support agencies for the practical care measures they need.	
33	To further facilitate and support inter-agency collaboration, SG to share its comprehensive mapping service which identifies all of Scotland's fuel poverty / affordable warmth service providers, the geographical areas they cover and whether they make referrals to Home Energy Scotland and vice versa.	SG
34	Ofgem to expand the role and duties of energy suppliers in line with the recommendations put forward in OFGEM's recent Priority Services Register Review. In summary, this "will require companies to move away from a 'box-ticking' approach and adopt pro-active and procedures to identify and help their vulnerable customers."	Ofgem
35	Ofgem to include in their annual reports on the retail energy market, the extent to which each of them has addressed and mitigated the detriment to customers as highlighted by CMA in its recent Energy Market Investigation report. They should make particular reference to reductions they have made to the energy bills of vulnerable clients and the numbers and percentages of those who have switched from the dominant supplier - with specific reference to those living in off-gas rural areas.	Ofgem
36	SG to commission a comprehensive 'energy carer' pilot to assess the effectiveness of high quality, in-home locally delivered, holistic support in bringing verifiable affordable warmth improvements to cold, vulnerable fuel poor households living in any part of remote rural Scotland.	SG
37	As a consequence of the completed Priority Services Register (PSR) review, Ofgem to impose meaningful changes to the PSR license conditions currently applied to energy companies to make sure that they give Ofgem the details of <u>all</u> their vulnerable consumers so that Ofgem can ensure that appropriate "hand-holding" support is made available to them for switching and/or other suitable fuel poverty alleviation measures.	Ofgem

38	SG to ensure that Scotland's Energy Efficiency Programme (SEEP) grant and loan funding is made available to support the costs of essential building repair and improvement works which may be required before energy efficiency improvement measures can be installed.	SG
39	SG to change the criteria for WHS to include funding for enabling measures such as domestic oil and LPG tanks, electrical upgrades, flue lining and the installation of the most efficient storage heaters.	SG
40	Small firms based in rural areas should be encouraged and enabled to provide the skilled workers required to deliver all SEEP funded projects e.g. by SG working with the British Board of Agreement (BBA) to simplify accreditation and tendering requirements and ensuring that there are more, qualified trainers available to deliver accreditation in rural areas.	SG and BBA
41	SG to issue guidance to all agencies engaging in the delivery of both HEEPS ABS and WHS to ensure closer joint working, where practicable, including guidance on data sharing.	SG
42	Historic Environment Scotland should research, develop and promote more case studies to highlight affordable insulation, draught protection and heating options that prolong the life and conservation status of rural Scotland's built heritage whilst delivering effective affordable warmth and ventilation for occupiers.	Historic Environment Scotland
43	SG to develop a new scheme for private sector landlords which would require but incentivise them to bring their rented properties up to an affordable warmth level by offering them a mix of grant and loan, the size of which would be closely linked to agreement on the rent levels to be charged and the nature of the allocation process. This action should be re-visited once SG has consulted on the Regulation of Energy Efficiency in the Private Sector (REEPS).	SG
44	SG and installers to verify that all vulnerable households, including private tenants and their landlords, receive the locally-delivered support and advice they need to enable both parties to realise the benefits that should accrue from retrofit measures.	SG

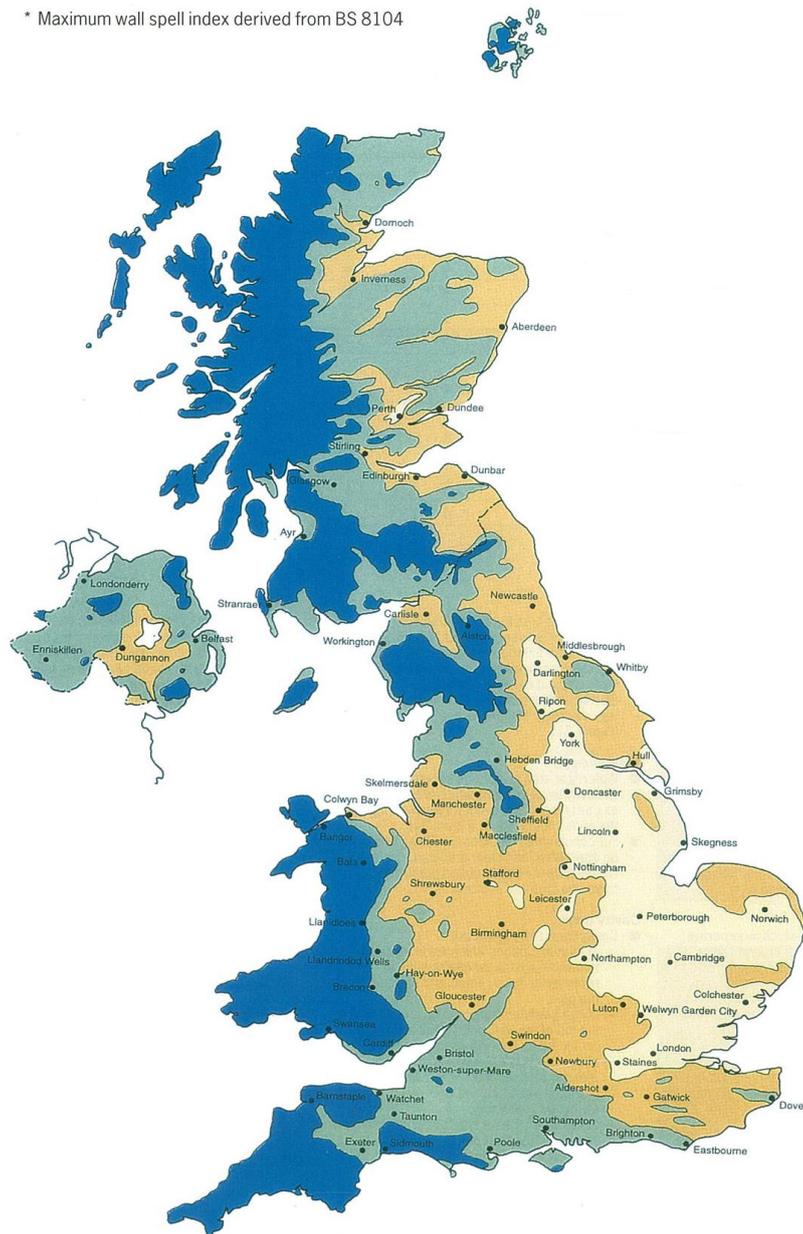
45	SG and umbrella organisations like Scottish Federation of Housing Associations (SFHA) to investigate and consider the potential use of expertise already embedded in some rural housing associations to extend their outreach support services to the affordable warmth needs of private sector households in their communities, as well as continuing to meet existing social housing energy efficiency obligations to their own tenants.	SG
46	UK Govt and SG to recognise that implementing policies which reduce rural fuel poverty also increase rural disposable incomes, prosperity and stimulate additional economic activity and job creation, thus delivering solid, rural economy and community development benefits that cover several of Scotland's National Outcomes.	UK Govt and SG
47	SG and UK Govt to work together to deliver a supportive and stable policy framework that enables the development of local energy projects that tackle fuel poverty. Funding of in-depth support (both technical and capacity building) from Scotland's Development Agencies should also be supported. Delivering affordable warmth projects in rural communities is a very significant infrastructure development that justifies considerable planning and investment decisions by training and development agencies and should therefore feature in the review currently taking place on these agencies respective roles in Scotland.	SG,UK Govt & Scotland's Development Agencies
48	Ofgem to investigate and set out resolutions to the National Grid infrastructure constraints which are delaying and preventing rural communities from deriving and maximising local social and economic benefits, including lower energy bills, from their community controlled renewable assets.	Ofgem
49	In so far as practicable, SG to supplement its existing support schemes, Community and Renewable Energy Scheme (CARES) and Local Energy Challenge Fund to direct energy suppliers to fund and work with community-controlled renewable energy providers to develop and roll out new initiatives (like the ACCESS project in Mull and the NINES project in Shetland) which effectively circumvent the network constraints and which enable communities to derive, and pass on to local consumers, the full social and economic benefits of the cheaper 'surplus' energy which they generate locally from renewable sources.	SG

50	SG and BEIS to ensure all affordable warmth/fuel poverty funding programmes for rural areas should have a minimum contracted life cycle of 5 years in order to encourage and enable smaller local contractors to invest in the training and accreditation required to deliver the outcomes and, thereby, to maximise the local economic benefits to be derived from the public investment made and, in the process, as well as up-skill the local labour force and help population retention.	SG and BEIS
51	SG to ensure that all the component parts of the new SEEP and Scottish ECO programmes should be focused to ensure that, first and foremost, all vulnerable households are the priority target.	SG
52	SG should also ensure that wherever they may live in rural and remote Scotland, the programmes must be capable of actually delivering the rates of grant funding support required to fully meet the potentially higher costs of installs.	SG
53	SG to develop criteria by which they can ensure their new powers over Social Security, Winter Fuel and Cold Weather Payments prioritise householders in greatest fuel poverty / affordable warmth need and take full account of the locality effects of cold, wind and rain.	SG

Appendix 2 - Map

Exposure zones	Approximate wind-driven rain* (litres/m ² per spell)
1 Sheltered	less than 33
2 Moderate	33 to less than 56.5
3 Severe	56.5 to less than 100
4 Very severe	100 or more

* Maximum wall spell index derived from BS 8104



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Appendix 3 – Catalogue of Publications

Appendix 4 – Task Force Members and terms of remit

1. Remit

- 1.1. To develop a set of SMART actions which a) would make it significantly easier and more affordable for people living in rural and remote Scotland to keep their homes warm and b) which can be fed into the further development of fuel poverty policy and energy efficiency programmes.
- 1.2. The Task Force will consider issues across all sectors and tenures.
- 1.3. The Task Force will be a one year short life group at the end of which an action paper will be published and the group dissolved.
- 1.4. The work of the Task Force will be taken forward in the spirit of co-production in line with Scottish Housing Event. This will require members, between meetings, to undertake the relevant research and prepare the required papers to feed back to the wider group.

2. Membership

- 2.1. The Task Force will be independently chaired by Di Alexander. For the duration of the Task Force, the Chair will become a member of the Scottish Fuel Poverty Forum. The following organisations are suggested members:

- Chair - Di Alexander – Highlands and Islands Housing Association Affordable Warmth Group
 - Vice Chair – Bob Grant - Changeworks
 - Secretariat - Scottish Government

 - Scottish Association of Landlords
 - Scottish Land and Estates
 - Citizens' Advice Scotland
 - Perth and Kinross Council
 - Energy Action Scotland
 - Energy Saving Trust
 - Tighean Innse Gall
 - Highlands and Islands Enterprise
 - Eildon HA
 - Lochalsh and Sky HA
 - Scottish Rural College
 - Home Energy Scotland

 - NHS Scotland - Fuel Poverty Coordinator
 - NHS Western Isles
 - OFGEM (Observer)
 - Ali Energy
 - Fintry Development Trust
- | |
|--------------------------------|
| Caroline Elgar |
| Sarah Jane Laing/Katy Dickson |
| Kate Morrison/Craig Salter |
| John Cruickshank/Andrew White |
| Norrie Kerr |
| Mike Thornton |
| Stewart Wilson |
| Alastair Nicolson |
| Nile Istephan |
| Donnie Mackay |
| Professor Sarah Skerratt |
| Thane Lawrie, SCARF, |
| Liz Marquis, The Energy Agency |
| Mary MacLean |
| Shona Fisher |
| Mandie Currie |
| Matthew Black |

- | | |
|---------------------------------|-----------------|
| • Rural Housing Scotland | Derek Logie |
| • OIC | Steven Aberdein |
| • SIC | Mary Lisk |
| • Dumfries and Galloway Council | Chris Wood-Gee |

Total - 22 members plus Chair and Secretariat

- 2.2. Utility Companies will be invited to attend specific meetings as required.
- 2.3. Other relevant stakeholder groups will be invited to specific meetings as required

3. Secretariat

- 3.1 Scottish Government will provide secretariat with additional support from members where required.
- 3.2 Agenda and papers will be circulated one week in advance of meetings
- 3.3 Minutes of meetings will be circulated to the Fuel Poverty Forum and the Joint Housing Delivery Plan Group.

4. Meeting schedule

- 4.1 Meetings will be held at least every 2 months in a location agreed by the members. It is expected that most will be held in Scottish Government offices. Most meetings will be held in the central belt with at least one being held in Inverness and one in South West Scotland. Video/Teleconference facilities will be made available to minimise the need for travel where possible. Members will be responsible for their own travel costs.

5. Decision Making

- 5.1 In the spirit of co-production all members of the Task Force are expected to actively contribute by engaging in discussions at meetings, commenting on papers circulated and by preparing documents and drafting reports.
- 5.2 Sub-groups may be established and dissolved as directed by the Chair. Any subgroup established shall minute their meetings and report back on findings to the Task Force.
- 5.3 Decisions and subsequent actions will be recorded within the notes of the Task Force's meeting.

Glossary

ACCESS - Assisting Communities to Connect to Electrical Sustainable Sources

BEIS – Department for Business, Energy and Industrial Strategy

BGET – British Gas Energy Trust

CARES – Community and Renewable Energy Scheme

CAS – Citizens Advice Scotland,

CMA – Competition and Markets Authority

EAP – Energy Assistance Package

EAS – Energy Assistance Scheme

ECO – Energy Company Obligation

EPC – Energy Performance Certificate

HEEPS:ABS – Home Energy Efficiency Programmes for Scotland: Area Based Scheme

HES – Home Energy Scotland

MIS – Minimum Income Standard

NICE – National Institute for Health and Care Excellence

NINES - Northern Isles New Energy Solutions

Ofgem – Office of Gas and Electricity Markets

PPM – Pre-Payment Meter

PSR – Priority Service Register

REEPS – Regulation of Energy Efficiency in the Private Sector

RdSAP – Reduced data Standard Assessment Procedure

RCGP – Royal College of General Practitioners

RSL – Registered Social Landlord

SEEP – Scotland's Energy Efficiency Programme

SFHA – Scottish Federation of Housing Associations

SG – Scottish Government

SIMD – Scottish Index of Multiple Deprivation

SMETS 2 - Smart Meter Equipment Technical Specification 2

ToU – Time of Use

WHS – Warmer Homes Scotland



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