

**REPORT FROM DAVID SIGSWORTH  
CHAIR OF THE SCOTTISH FUEL POVERTY FORUM  
(SFPPF)**



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The Scottish Government's June 18<sup>th</sup> announcement of its plans to upgrade the energy efficiency of all building stock, as a National Infrastructure Priority, provided a much needed turning point in the fight to eradicate the growing problem of fuel poverty.

As we approach November 2016, the Scottish Government retains its commitment to eradicating fuel poverty (as far as is reasonably practical) by that deadline. The SFPF supports that difficult objective.

However, during the year 2013/14, the most recent year for which official fuel poverty statistics are available, there were many issues coming to bear on the nature of fuel poverty in Scotland, but two irreconcilable headlines dominated, namely, despite the success of The Home Energy Efficiency Programmes for Scotland (HEEPS) delivering significant numbers of energy efficiency measures to Scottish households, fuel poverty increased markedly.

Scottish and UK government policies, surrounding fuel poverty, now contain significant differences of approach. Given that Scotland is still tied to Energy Company Obligation (ECO) schemes, designed and implemented by Department of Energy and Climate Change, this has hampered the development of a uniquely Scottish solution.

The UK government altered arrangements for ECO by relaxing the targets on energy suppliers. A new phase was confirmed from 1 April 2015 to 31 March 2017 with targets comparable to the reduced March 2015 target. These changes have distorted the expected support for the HEEPS programme in Scotland, but ironically, those changes also created a peak year in 2014/15 for the installation of measures in Scottish homes. This was due to the levelisation mechanism that awarded carbon uplift for early delivery of measures. Two years of ECO funding famine has been predicted with HEEPS having to fall back, in the main, on Scottish Government funding sources.

Now, the opportunity to reposition the whole fuel poverty initiative was revealed by the Environment Minister, Dr Aileen McLeod, when she announced a new energy efficiency policy in June. A long-term funding commitment to improve building fabric, as a National Infrastructure Priority, brought with it the promise of fuel poverty eradication being designed into the solution in a way that specifically addressed Scottish needs. The Scottish Fuel Poverty Forum has now been asked by Ministers to assist with the detailed development of that programme.

It's worth noting that the UK Government at Westminster has already announced a programme to improve the energy efficiency of housing stock in England over many years. This continues the focus on energy efficiency and climate change rather than specifically focussing on fuel poverty reduction. They have just announced they will cease to fund the Green Deal Finance company who provide loan funding for their flagship Green Deal Finance policy so how they will meet this challenge is now unclear. The SFPF will be working to ensure that the Scottish strategy has a component specifically designed to address fuel poverty reduction with a priority focus on the most needy.

Scotland continues to believe in its longstanding definition of fuel poverty, albeit the SFPF is considering aspects of the current definition, particularly around the underpinning assumptions, which might benefit from updating.

Whilst the detail of the government's building stock improvement initiative is finalised, SFPF continues to progress the work plan emanating from its review of Scottish Government fuel poverty policy published in March 2014. The 12 recommendations all gained support from Nicola Sturgeon, at that time the Deputy First Minister with responsibility for fuel poverty eradication, and the Forum has sought to gain cross party support from MSPs at Holyrood alongside similar efforts with the wider stakeholder base.

Our current priority actions are three-fold: -

- Latest findings in the Scottish Housing Condition Survey (2013/14) show that increases in fuel bills broadly exceed the financial benefits delivered by energy efficiency measures and continue to drive up the number of Scottish households in fuel poverty. However, the highest levels of fuel poverty continue to occur in island and rural areas that are effectively excluded from a large part of ECO funding due to UK government eligibility criteria. ECO targets focus on reducing the carbon impact of dwellings, and utility companies seek to fulfil these at least cost. This disadvantages remote communities with property types and climatic conditions requiring more expensive measures. It should also be said that some geographic differences, in the delivery of measures across Scotland, might be due to individual Local Authorities' lacking the resources or the ability to secure discretionary funding under these schemes.

The SFPF supports, and will work towards, a full implementation of the Smith Commission's recommendation on devolvement of responsibility for spending Scotland's share of ECO energy efficiency funds, Warm Home Discount and Winter Fuel Payments. The SFPF is keen to work with the Scottish Government, and other partners, to design and provide a new approach; focussing energy efficiency improvements on the worst areas of fuel poverty deprivation first, and also embracing the island and rural situations in a more structured way. Creative approaches to the wider use of renewable energy and decentralised energy systems must also be adopted to ensure the widest range of options is considered under these new schemes. The SFPF also support the creation of the Scottish Rural Fuel Poverty Task Force whose remit is to recommend solutions to rural fuel poverty issues. It also welcomes the HEEPS: Warmer Homes Scotland Programme which will ensure remote areas receive the same level of service as urban areas.

- The SFPF's recommendations recognise the major deficiency in current ability to identify disadvantaged households who need help to stay warm at an affordable cost. This is due in some part to the lack of access to personal data that is available to other agencies within the social care spectrum. The report also highlights the issues around ensuring energy efficiency measures are properly understood, and properly utilised, following installation. In their different ways, both these factors are key to driving plans to eradicate fuel poverty.

The Forum believes that efforts within HEEPS programmes must be integrated more closely with Health and Social Care services in order to pursue such benefits. A map of required linkages has been produced and the needed outcomes are being defined. The Forum intends to actively engage in seeking a more joined-up landscape supporting fuel poverty eradication programmes. It welcomes the action in the Joint Housing Delivery Plan for Scotland to raise awareness and influence behaviour relating to energy efficiency.

- Funding level is an important factor in sustaining the HEEPS programme, and earlier comments identify substantial reductions due to changes in ECO. A £200m/pa level of activity was originally envisaged and this was associated with green job creation, training and up skilling for local labour forces. HEEPS programmes should be vehicles to enable sustainable economic growth in communities, at the same time as improving energy efficiency and reducing fuel poverty. The Scottish Government has increased spending on these matters in recent years, but to date UK Government budgetary constraints have meant that activity has fallen short of what is needed. The new expectation is that lost capacity will be rebuilt as part of the National infrastructure Priority discussed earlier.

All in all, the challenge to eradicate fuel poverty has increased in difficulty over recent times so efforts must be re-doubled in order to make progress. The SFPF is committed to that task and will continue to regularly report its progress.