

# **The Scottish Government's response to reports by the Scottish Fuel Poverty Strategic Working Group and the Scottish Rural Fuel Poverty Task Force**

March 2017

## Ministerial foreword



Scotland is an energy rich nation with both traditional energy industries and vast natural resources on our doorstep. Yet, despite this, fuel poverty remains a very real and very serious problem across this country. Last year, we published the Fairer Scotland Action Plan, which at its heart featured 50 concrete actions for this parliamentary term to help build a better country – tackling poverty and inequalities. I believe that eradicating fuel poverty is crucial to making Scotland fairer, and will not waver from this Government’s ambition to ensure everyone has a warm home that is affordable to heat. Achieving this will go a long way to ending fuel poverty in Scotland.

We have seen some significant progress in delivering warmer homes. Over a million Scottish households have received energy efficiency measures from a range of programmes and the energy efficiency of our homes has massively improved. Around two out of five homes are now in the top three ratings for energy efficiency, an increase of 74 per cent since 2010. And by the end of 2021, we will have committed more than £1 billion to making our homes and buildings warmer and cheaper to heat.

Yet, notwithstanding investing more than any previous Government, around 748,000 Scottish households were in fuel poverty in 2015. This is unacceptable and as a Government we remain committed to eradicating fuel poverty, in line with the target set 15 years ago.

In the Fairer Scotland Action Plan, we recognised the importance of working together – across communities; across business and industry; and across public and third sector organisations. It does indeed take all of us to build a fairer Scotland and I recognise that eradicating fuel poverty requires more than investment in energy efficiency.

In particular, we need to address the impact of energy costs as a key driver of fuel poverty. Fuel prices, which are beyond the Scottish Government’s control, have greatly impacted on Scottish households. Whilst many households have found it challenging to deal with the increased cost of fuel, people in some of the most desperate circumstances – particularly those on prepayment meters – are paying more for their energy use. We cannot allow this to continue, so we are engaging with energy companies to identify ways to help low income households living in fuel poverty and facing a ‘poverty premium’ for their energy.

It is clear that continuing to do more of the same is no longer an option. Indeed, we set up the Scottish Fuel Poverty Strategic Working Group and the Scottish Rural Fuel Poverty Task Force to look anew at the issues and make recommendations to inform our approach to tackling fuel poverty and improving the energy efficiency of people’s homes wherever they live in Scotland.

The Groups published their reports in October and I would like to thank the groups and their respective Chairs, David Sigsworth and Di Alexander, for their hard work over the course of more than a year to deliver two comprehensive reports.

With over 100 recommendations between them, we have taken time to consider the reports in detail. Our response to them sets out what the Scottish Government is currently doing and where we can, and will, take further action to address fuel poverty. But Government cannot do this alone and we look forward to working closely with partner organisations, including making robust representations to energy companies and others, to achieve the best outcome for householders and ensure a fairer Scotland for all.

A handwritten signature in black ink, appearing to read 'Angela Constance', written over a thin horizontal line.

**Angela Constance MSP**  
Cabinet Secretary for Communities,  
Social Security and Equalities

## Executive Summary

The Scottish Government welcomes the work of the Fuel Poverty Strategic Working Group (SWG) and the Rural Fuel Poverty Task Force (TF). With over 100 recommendations between them we have grouped the recommendations and our responses into 6 themes covering a new fuel poverty strategy, the four key drivers of fuel poverty (income, energy costs, energy performance and energy use) and accountability and scrutiny. The response sets out for each a summary of the recommendations, current activity and future actions.

Both Groups highlighted that there has been a lot of work already done to eradicate fuel poverty, but that, despite these efforts, fuel poverty still exists. The reports highlight where improvements can be made and will inform the development of a new, long-term fuel poverty strategy.

## Fuel Poverty Strategy

We agree with both groups that simply doing ‘more of the same’ won’t eradicate fuel poverty. Both groups set out a number of recommendations about a new approach to tackling fuel poverty, including: undertaking a review of the definition to ensure a focus on those most in need no matter where they live in Scotland; setting a new target; and a collaborative approach which will enable local partnerships to take a lead responsibility for ensuring the eradication of fuel poverty in their areas.

Following the recommended review of the fuel poverty definition, we will publish a consultation paper in autumn this year on a new, long-term fuel poverty strategy, including proposals for a new overarching target. This strategy will feed into the development of a new Warm Homes Bill, which we plan to introduce in 2018 – Year Two of this Parliament.

Whilst this work is being taken forward we will continue to deliver our existing fuel poverty and energy efficiency programmes.

## Incomes

Low incomes are a key driver of fuel poverty, and both groups made the case for actions to increase income levels, including exploring the potential for new solutions to support people on low incomes to afford the energy they need through the social security system. This was in addition to recommendations to continue to support local community energy projects and to ensure the design and delivery of energy efficiency programmes maximises economic and social benefits for local communities, including by encouraging and enabling smaller local contractors to be well placed to access opportunities to win contracts for work. Both groups were keen to highlight that these actions will provide jobs and boost both the local and national economy.

Tackling poverty is a top priority for this Government and we are determined to do all we can, wherever we can, to reduce the harm it causes.

We are working to develop a social security system that meets the needs of our most vulnerable citizens and we will consider different ways that any devolved benefits can be used to help those that need them most.

Longer-term, through the development of Scotland's Energy Efficiency Programme (SEEP), we will provide the opportunities to develop the supply chain for energy efficiency services and technologies. It is critical that the supply chain keeps up with demand, and our commitment to building capacity in this sector will help to create more highly-skilled and better paid jobs in our local communities, as well as help to provide better quality goods and services.

## **Making Energy Costs Affordable**

Whilst recognising that much of the necessary action to be taken on fuel prices is outwith the Scottish Government's control, the groups made a number of recommendations on cost. Strategic actions included setting fuel poverty alleviation as a central objective in the new Energy Strategy; ensuring implementation of the Competition and Markets Authority (CMA) remedies on metering; work with others to ensure regulation of the GB energy market addresses fuel poverty; work with Ofgem to ensure that all Pre-Payment customers have access to tariffs and support; and work with UK Government to deliver a supportive and stable policy framework that enables the development of local energy projects that tackle fuel poverty. These are set alongside some more practical actions that Scottish Government can directly manage such as using newly devolved powers to better target Warm Home Discount; investigating whether there is market supply failure in non-regulated fuels; exploring best use of smart meter data to reduce fuel poverty; and funding Home Energy Scotland (HES) to extend the switching service they are currently providing.

Some recommendations are directed at other bodies, such as Ofgem, UK Government, energy suppliers and advice providing organisations. We will work with all relevant parties in implementing these recommendations.

As set out in the Energy Strategy, we want to achieve a fair deal for Scottish consumers and are working to empower people to make an active choice on their energy supply, including providing an impartial switching service and tailored advice and support on smart meters. We will also examine the merits of collective switching and group buying models as a way to increase engagement, with a particular focus on disengaged and offline consumers. And we will continue to support the development of robust new business models that offer the opportunity for reduced costs to consumers.

## **Energy Performance**

The two groups highlighted that improving the energy performance of homes can have a significant impact on fuel poverty. They made a series of recommendations covering actions they believe should be taken to eliminate poor energy efficiency as a factor in fuel poverty in Scotland. Many of these recommendations were set out as criteria for the design of the new SEEP programme. This includes the milestone target that all properties of fuel poor households should be upgraded to at least an EPC band C by 2025 and that regulations for a minimum standard of energy

performance for the private housing sector should be introduced. It was recognised that these requirements for enhanced energy efficiency would need to be incentivised within delivery programmes. The groups also recommended that Scottish Government schemes should support the costs of essential building repair and improvement works, as well as some enabling measures which were ineligible as part of the Warmer Homes Scotland scheme. It was felt that additional funding to fulfil these recommendations could be levered in by using new powers to ensure that the Energy Company Obligation (ECO) supports the objectives of SEEP.

More specifically, there were recommendations in relation to the energy performance tools used to assess building performance and it was recommended that Government influences the next iteration of the RdSAP tool<sup>1</sup> and Energy Performance Certificate (EPC) so that they properly reflect the range of climate conditions and other characteristics in rural and urban parts of Scotland.

Through our existing Home Energy Efficiency Programmes for Scotland (HEEPS) we offer a package of support to help those who are struggling to pay their energy bills. Our area-based schemes are designed and delivered by all 32 councils, with local delivery partners, to provide energy efficiency measures. Our national scheme, Warmer Homes Scotland, offers insulation and heating measures to vulnerable private sector households to improve the energy efficiency of homes across Scotland.

We will consult in 2017 on different elements of SEEP, including minimum energy efficiency standards for homes in the private rented sector, phased regulation of other existing buildings to bring them up to higher energy efficiency standards and new heat regulations to support the development of heat networks.

Concerns were raised by both groups on the mechanisms currently used to identify the fuel poor and to determine measures for properties. We will continue to explore what the most appropriate assessment mechanisms might be and consider how we want to take these forward in SEEP.

## **Energy Use: Using heating and energy saving technology**

Alongside costs, income and energy performance, both groups highlighted that how people use the energy in their homes has a significant impact on fuel poverty. They set out a number of recommendations on this theme, including that energy use is acknowledged and addressed in the new fuel poverty strategy as the fourth driver of fuel poverty and that Government undertakes further research to understand the best approaches for support and engagement on the use of heating and energy saving technologies. The groups were supportive of a single contact telephone number for consumers and suggested that the support already provided by Home Energy Scotland (HES, the Scottish Government-funded one stop shop for advice and information on energy savings), could be further developed to also support consumers who have concerns about any aspect of delivery of energy efficiency measures provided by the public sector. Access to the support on offer was

---

<sup>1</sup> <http://www.bre.co.uk/sap2012/page.jsp?id=2759>

explored and the Task Force recommended that Home Energy Scotland further develops its existing referral mechanisms to ensure the service is delivered in all rural and remote areas. In recognition that some of our more vulnerable householders will need additional support, the Task Force also made a key recommendation that the Government puts in place a comprehensive 'Energycarer' pilot to assess the effectiveness of high quality, in-home locally delivered, holistic support.

As part of the design of SEEP we will include provision of advice to users on best use of measures installed – keeping people and their needs at the centre of our approach to tackling fuel poverty. We will continue to fund Home Energy Scotland to provide energy efficiency advice.

We will launch a 'HES Homecare' pilot, based on the Task Force's 'Energycarer' recommendation, to provide face-to-face advice and support within the home.

## **Accountability & Scrutiny**

Both working groups stressed the importance of robust monitoring and evaluation of the development and delivery of the forthcoming fuel poverty strategy. They recommended that a cross-ministerial group should lead the new fuel poverty strategy with robust and transparent scrutiny arrangements which should be developed with the Fuel Poverty Forum. They said that a monitoring and evaluation framework for the new fuel poverty strategy and for SEEP should be established and results reported on regularly. The groups recommended that monitoring of programmes includes an assessment of their practical effectiveness, including addressing issues around consumer experiences. Both groups highlighted that the fuel poverty strategy and the programmes that are used to deliver it must be fully costed to meet the outcomes desired and that they take account of potentially higher costs of delivery in rural and remote areas of Scotland.

We will work with the Fuel Poverty Forum on its role and remit to ensure it is robustly monitoring progress on tackling fuel poverty including the actions set out in this report.

We recognise that fuel poverty is a cross-cutting issue with interests across a range of portfolios including housing, health and energy. To further enhance joint working, we will convene a summit of Ministers in the autumn to review the draft fuel poverty strategy and intended actions to tackle fuel poverty.

## Introduction

In 2015, Scottish Ministers established two short-life, expert groups to provide advice and recommendations on tackling fuel poverty; the Scottish Fuel Poverty Strategic Working Group (SWG) and the Scottish Rural Fuel Poverty Task Force (TF). The groups were independently chaired by Professor David Sigsworth OBE, former Chair of the Fuel Poverty Forum, and Di Alexander, Chair of the Highlands and Islands Housing Associations Affordable Warmth Group, respectively and made up of representatives from a range of organisations with an interest in energy efficiency and fuel poverty.

## Fuel Poverty – current situation

As set out in the 2002 Scottish Fuel Poverty Statement, a household is in fuel poverty if, in order to maintain a satisfactory heating regime, it would be required to spend more than 10% of its income on all household fuel use. Based on this definition, the 2015 Scottish House Condition Survey showed that around 748,000 (30.7%) households were in fuel poverty.

The Scottish Government was statutorily committed to eradicating fuel poverty, as far as reasonably practicable by the end of November 2016. Following the interim recommendations of the Strategic Working Group, Scottish Ministers reluctantly accepted that this target would not be met and informed Parliament in June 2016.

The Scottish Government remains committed to eradicating fuel poverty and, by 2021, will have invested over £1 billion to do so.

## Scottish Fuel Poverty Strategic Working Group

As requested by Scottish Ministers, the Strategic Working Group produced a report that outlined the requirements for a new, long-term fuel poverty strategy including recommendations on targets, scrutiny and delivery, addressing all causes of fuel poverty. The report provides a recommended policy direction to improving domestic energy efficiency and the conclusions will have a key role in shaping fuel poverty interests in the development of Scotland's Energy Efficiency Programme (SEEP). The group also considered how newly devolved powers could best be used to maximise benefit to the people of Scotland.

## Scottish Rural Fuel Poverty Task Force

The creation of this short life working group was one of the action points contained in the Joint Delivery Plan for Housing in Scotland, which was discussed at the Scottish Housing Event in November 2014. The Task Force considered and reported on the specific issues that affect fuel poor households in rural and remote rural Scotland, and developed a set of actions which would make it easier and more affordable for people in rural Scotland to keep their homes warm. Recommendations from the Task Force will also inform the development of future fuel poverty policy and funding schemes.

## Publication of Fuel Poverty Reports

On 24 October 2016, both groups published their final reports; [A Scotland without fuel poverty is a fairer Scotland: Four steps to achieving sustainable, affordable and attainable warmth and energy use for all](#); and [An Action Plan To Deliver Affordable Warmth In Rural Scotland](#).

The Strategic Working Group report noted the considerable investment by the Scottish Government into tackling fuel poverty, but highlighted that these efforts had failed to eradicate the problem. The Group therefore concluded a fresh approach to tackling fuel poverty was needed, aimed at delivering the outcome of affordable warmth and energy use for all in Scotland. The Group's report set out four high-level principles on which this new fuel poverty strategy should be based:

- the new strategy should be based upon the principle of social justice and embedded in efforts to create a fairer and more equal society;
- it should address all four drivers of fuel poverty including how energy is used in the home;
- it should promote a strong collaborative approach with strong national and local leadership; and
- the current definition of fuel poverty should be reviewed, alongside developing a new reporting and monitoring mechanism to ensure the new policy objective around fuel poverty is adequately monitored.

The Strategic Working Group report provides detailed recommendations on how these broad principles could be taken forward in the Scottish Government's new fuel poverty eradication strategy. Their recommendations include both short and longer term actions to alleviate fuel poverty; create local employment opportunities; and help develop a more secure and affordable energy supply. The Strategic Working Group recognised that this is an ambitious agenda that will require a new way of collaborative working, but emphasised that this should lead to more effective outcomes.

The Rural Fuel Poverty Task Force report sets out three fundamental guiding principles which it recommends should form the basis of an affordable warmth delivery strategy:

- Fairness and social justice should be every householder's right, irrespective of whether they live in urban or rural Scotland;
- All vulnerable households should receive the most effective practical help and support to keep their homes warm at a cost they can afford;
- The Scottish Government's approach to fuel poverty eradication should be set on a statutory framework for delivery which is rigorously measured and held to account annually by the Scottish Parliament.

The Task Force also set out its top strategic priorities, including setting a defined timescale for the eradication of fuel poverty with clear targets and milestones and giving priority in programme delivery to off-gas grid areas. The Task Force advised that robust monitoring should be put in place to ensure success is tracked and to ensure those in greatest need are receiving the support they require. The Task Force called for the Government to fund an 'Energycarer' pilot to test the

effectiveness of home-delivered advice and support to those who need it. Support to help households switch suppliers and the provision of price comparisons for all fuel types were also seen as important actions in tackling rural fuel poverty, among others.

The Scottish Government agrees with the overarching principle set out by both working groups, that there should be a new fuel poverty strategy, including a new statutory target. We will develop the strategy and target in collaboration with stakeholders, using the two reports and their guiding principles as our starting point, and consult on them in the autumn this year. The outcome of that consultation will inform the development of our new Warm Homes Bill, which we plan to introduce in 2018.

The reports contain collectively over 100 detailed recommendations, many of which, understandably given the same general subject matter was being considered, address similar issues. While the majority of the recommendations are for the Scottish Government to take a lead on, a significant number are for other bodies, including the UK Government, Ofgem and energy suppliers. As the recommendations in both reports cover many of the same issues, rather than provide a detailed response to each individual recommendation, we have identified six key themes across the 2 reports and used these to structure our response:

- a new fuel poverty strategy;
- incomes of householders;
- making energy affordable;
- energy performance of homes;
- using energy more efficiently; and
- accountability and scrutiny

For each theme we set out a summary of the recommendations, current activity and future actions.

## Chapter 1 – Fuel Poverty Strategy

Both groups set out a number of recommendations for the Scottish Government regarding setting a new long-term fuel poverty strategy, including:

- The new fuel poverty strategy should be placed firmly within the Government’s plans to tackle poverty and inequalities;
- Local partnerships that are focused on improving wellbeing should be developed and resourced to take a lead responsibility for ensuring the eradication of fuel poverty in their areas;
- A review of the current fuel poverty definition is required due to concerns that the current definition is too broad and impedes targeting on those most in need;
- The review process should result in a new definition and target with a statutory basis; and
- All Scottish Government fuel poverty programmes should be “rural-proofed” to ensure that they both prioritise and, in practice, reach all vulnerable clients, especially those living in off-gas, rural areas.

This chapter addresses the following recommendations:

### Strategic Working Group Recommended Actions

SWG 1	SWG 2	SWG 37	SWG 38	SWG 39	SWG 41	SWG 42	SWG 43	SWG 44
----------	----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------

### Rural Fuel Poverty Task Force Recommended Actions

TF 1	TF 2	TF 29	TF 30
---------	---------	----------	----------

\*please refer to Annex A of this report for full details of each recommended action

## What the working groups said

The Scottish Fuel Poverty Strategic Working Group set out a vision for the fuel poverty strategy namely:

“a Scotland where everyone lives in a warm home, has sufficient income for healthy living, has access to affordable, low carbon energy, and has the skills to make appropriate use of energy”.

The Strategic Working Group made clear that, despite considerable investment, the fuel poverty target was not met and that a new strategy based on the four high level principles listed above (pp 6-7) is needed to deliver affordable warmth and energy use for all. This new strategy should be part of the Government’s plans to tackle poverty and inequalities, with a joined-up approach across portfolios, including those responsible for the Fairer Scotland Action Plan, the new Energy Strategy, the development of Scotland’s Energy Efficiency Programme (SEEP) and the Economic Strategy. The Strategic Working Group advised that, if designed correctly, the strategy should have a number of benefits and achieve a multitude of objectives including in relation to health, economic development and climate change.

Among other recommendations, the Strategic Working Group also emphasised the need for involving people who are actually experiencing fuel poverty in the development of the new strategy, citing the Poverty Truth Commission as an example of testing assumptions and solutions to ensure they are relevant to people's actual circumstances.

In developing the strategy, the Strategic Working Group said that it was timely for a review of the current definition of fuel poverty as it may be too broad and therefore potentially unhelpful in targeting scarce resources at those who need it most. The Group was clear that an independent review of the definition should be undertaken as soon as possible and outlined the issues that a review should consider.

The Rural Fuel Poverty Task Force echoed a number of the Strategic Working Group recommendations, with an emphasis on tackling the 21 distinctively rural dimensions to fuel poverty it identified, including the greater reliance on more expensive fuels than mains gas, the higher than average consumption and the greater reluctance of consumers to switch energy supplier, all contributing to higher energy bills.

The Task Force produced a series of specific actions to address what it defined as the key strategic aspects of the rural fuel poverty problem, including indicators and measures, energy prices, consumer engagement and house condition.

It advised that these actions should form a "rural-proofed plan for effective delivery", with specific rural fuel poverty targets and anticipated programme outcomes. In delivering this, the Task Force highlighted a number of top strategic priorities, including eradicating rural fuel poverty within a defined timescale.

## **What the Scottish Government is doing**

We agree with both groups that simply doing 'more of the same' won't eradicate fuel poverty and we are committed to developing a new, long-term strategy, with a new target, which will be consulted on in Autumn 2017 and taken forward in a Warm Homes Bill. We will take on board lessons learned from the Poverty Truth Commission and the Fairer Scotland Action Plan to make sure that those living at the sharp end of fuel poverty are involved in both the consultation and, longer-term, the work of the Fuel Poverty Forum in overseeing delivery of the strategy.

It is important to make sure that both the new strategy and new target are focused on those who are most in need to help to heat their homes. The definition of fuel poverty is fundamental to any strategy and Ministers have already accepted the Strategic Working Group's recommendation to commission an independent, expert review of the current definition of fuel poverty. The recommendations of this review will inform the new fuel poverty strategy.

This review will be taken forward by a panel of independent experts, and is due to be completed in the summer. The panel will examine existing evidence, undertake new analysis where necessary and consider key stakeholder views on how the official definition of fuel poverty can best contribute to improved outcomes.

Whilst this work is ongoing, we will remain focused on our overall ambition – to eradicate fuel poverty in Scotland. We will continue to invest in our fuel poverty and energy efficiency programmes – including our area-based schemes delivered by local authorities and our national scheme, Warmer Homes Scotland, in order to provide support through advice and practical measures that will help Scottish householders live in warmer, more affordable homes, wherever they live in Scotland.

We recognise the specific circumstances and additional costs involved in improving the energy efficiency of properties in rural areas. We have sought to address this through our existing schemes, for example Warmer Homes Scotland is delivered on a regional basis, including a specific islands region, to ensure all eligible households, regardless of where they are in Scotland, receive the same service. Funding to councils for our area based schemes is based on need, taking into account levels of fuel poverty and the prevalence of properties with low energy performance. And households in remote and island areas receive greater levels of funding to help improve their homes, reflecting the increased delivery costs in rural areas. We will continue to work closely with our delivery partners to ensure our funding is targeted on those most in need and, as much as possible, addresses the specific circumstances of households struggling to heat their homes affordably.

Both reports highlighted the importance of working closely with partner organisations to achieve the best outcome for householders and we agree. Home Energy Scotland is the Scottish Government-funded one stop shop for advice and information on energy savings. HES has put in place a referral portal that gives our partner organisations a quick and easy way to refer clients and customers to support, including funding to improve the energy efficiency of their homes. A range of organisations have already signed up to use this new tool – including NHS Boards and energy suppliers. Organisations that have signed up to use the portal told us that previously they may have been wary of referring their clients on if they didn't know they had received the support they told them they could get. This portal allows them to see the outcome of their referrals, helping to build trust with our partners and encouraging them to help us reach more vulnerable customers.

The Strategic Working Group asked that Government ring-fence funding to help support local partnerships, coordinated through Community Planning Partnerships (CPPs), to eradicate fuel poverty in their area. We recognise the value of a locally-led, collaborative approach in tackling fuel poverty and it is something we have been supporting through our HEEPS: Area-Based Schemes. We are keen to build on this approach and will work with local authorities, NHS Boards, health and social care partnerships, CPPs and others to explore ways to do so.

We will be looking further at how we can build on existing and, if necessary, develop new local partnerships alongside wider joined-up approaches. This will build on the progress already made, in particular with NHS Health Scotland who, in response to our Fairer Scotland Action Plan, has recently pledged to work in partnership with NHS Boards to develop national referral pathways between NHS services and local advice services to maximise the incomes of patients.

## **Actions**

The Scottish Government is committed to the following actions:

- We will commission an independent, academic review of the fuel poverty definition, to be concluded in Summer 2017;
- In Autumn 2017 we will publish a consultation paper on a new, long-term fuel poverty strategy
- We will introduce a Warm Homes Bill in 2018 to set a new statutory fuel poverty target;
- Through Scotland's Energy Efficiency Programme, we will further engage with the wider public sector bodies to consider how best we can work together to tackle fuel poverty across all of Scotland, regardless of geography;
- We will engage with the Poverty Truth Commission and others to ensure those who are experiencing fuel poverty are involved in the development and monitoring of the new strategy; and
- We will continue to deliver our fuel poverty and energy efficiency programmes and integrate these as part of SEEP when it is rolled out in 2018.

## Chapter 2 – Incomes

Both working groups highlighted that low incomes are a key driver of fuel poverty, and each made the case for Scottish Government actions to increase income levels, including:

- Exploring potential solutions, through the social security powers to be devolved, to support people on low incomes to afford sufficient energy for healthy living;
- Scotland’s Energy Efficiency Programme should be designed to maximise economic and social benefits for local communities; and
- 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.

This chapter addresses the following recommendations:

### Strategic Working Group Recommended Actions

SWG 3	SWG 4	SWG 5	SWG 7	SWG 10	SWG 11	SWG 12	SWG 13
----------	----------	----------	----------	-----------	-----------	-----------	-----------

### Rural Fuel Poverty Task Force Recommended Actions

TF 46	TF 50	TF 53
----------	----------	----------

\*please refer to Annex A of this report for full details of each recommended action

## What the working groups said

The Strategic Working Group identified low income as a key driver of fuel poverty, highlighting that households in the social rented sector will generally be living in homes with good energy performance, but many are still in fuel poverty due to low income. The Strategic Working Group highlighted two key ways of addressing this, with actions required through the social security system and, longer-term, through economic development creating jobs and businesses. For the former, the Strategic Working Group noted that the devolution of certain social security benefits, in particular Winter Fuel and Cold Weather Payments, offered opportunities to the Scottish Government to address fuel poverty. In addition, the Group advised the Scottish Government to urge the UK Government to review reserved welfare policies “through a fuel poverty lens”.

The Strategic Working Group further stressed the important role for local partners who understand the challenges of applying for benefits and can build on existing efforts to identify and assist more people to access the support they are entitled to.

The Task Force also recognised the importance of using new powers over Winter Fuel and Cold Weather Payments more creatively and pressed for these to be aligned with the eradication of fuel poverty and take full account of the locality effects of cold, wind and driving rain (especially prevalent in rural areas).

Longer term, both groups highlighted the opportunity that energy efficiency programmes can present in terms of economic development for local communities, particularly where this is supported by appropriate training to up-skill local workforces, and, where flexibility for rural businesses is introduced, to overcome barriers previously experienced. This in turn helps provides jobs and increased income for local households.

The Task Force also highlighted the economic benefits to communities of local energy projects, such as the ACCESS project in Mull and the NINES project in Shetland. These projects can circumvent network constraints, increase local job opportunities and provide cheap, locally-generated electricity. The Task Force called on the Scottish and UK Governments to collaborate on delivering a supportive and stable policy framework in this area.

## **What the Scottish Government is doing**

We know that increasing household incomes can make a difference to fuel poverty levels. The latest Scottish House Condition Survey results indicate that between 2014 and 2015 there was a nominal increase (2%) in the average income of the surveyed households and this modest boost to incomes explained 0.6 percentage points of the 4.2 percentage point reduction in fuel poverty between 2014 and 2015.

Tackling poverty is a top priority for the Scottish Government and we are determined to do all we can, wherever we can, to reduce the harm it causes. The Scottish Government's efforts to alleviate poverty and tackle inequality continue to be subject to independent scrutiny by the reappointed Independent Advisor on Poverty and Inequality, Naomi Eisenstadt. Professor Eisenstadt will provide valuable insight into our proposals to tackle inequality and will continue to give the Scottish Government a clear focus for going forward. Last year we published our Fairer Scotland Action Plan which sets out 50 concrete actions we will take in this parliamentary term to alleviate poverty and tackle inequality. One of the key actions in the Plan is to bring forward a Child Poverty Bill for Scotland, setting out ambitious income-based targets for 2030, and establishing a robust framework for measuring and reporting on child poverty.

At the same time, we are committed to developing a social security system which is grounded in the core principles of dignity and respect. We consulted on social security in Scotland last year, including on winter fuel payments and cold weather payments, and received over 500 responses, both from individuals and organisations. This is a powerful indication of how strongly people in Scotland feel about social security, and we have been considering those views carefully. We have published our response to the consultation, and will use the findings to inform the Social Security Bill which we have committed to introducing to Parliament by summer 2017. As this work progresses we will keep our partners and Parliament informed and work with them to implement a service that best meets the needs of the people of Scotland and delivered through the Scottish Government's new social security agency

The benefits that are being devolved provide us with an opportunity to consider the different ways they can be used to create a fairer Scotland and tackle inequalities.

This applies to the approach we will take with new powers over Winter Fuel Payments and Cold Weather Payments, both of which were highlighted by the groups. We will take account of the views of both the Fuel Poverty Strategic Working Group and the Rural Fuel Poverty Task Force as we develop policy on the use of these new powers.

We know that increased employment remains the best route out of poverty, and this applies in both urban and rural areas. Scotland's Energy Efficiency Programme will deliver our commitment to make energy efficiency a national infrastructure priority, boosting energy efficiency investment in Scotland and decarbonising heat provision over the long term. One of the aims of SEEP is to accelerate the pace and scale of delivering energy efficiency measures and will have multiple benefits, including the opportunity to create a substantial Scottish market and supply chain for energy efficiency services and technologies. Once the programme is fully operational we expect there to be an estimated 4,000 jobs supported each year across Scotland, including in remote areas.

We recognise, too, that community energy projects are under increasing pressure to deliver their social and economic objectives in the face of rising retail energy costs. As part of the Scottish Government's draft Energy Strategy<sup>2</sup>, we will continue to support local community energy projects, currently funded through CARES and the Local Energy Challenge Fund. The additional income from community and local ownership of renewables can help fund measures to alleviate fuel poverty.

More opportunities for Scotland's energy efficiency supply chain, and ensuring there are more frontline workers in communities who can readily identify householders who would benefit from help, will firstly entail mapping of the current supply chain to identify any gaps in the capacity, skills, training, or quality of service required to deliver SEEP and where these gaps exist geographically. This mapping will help to inform an action plan that will set out the steps needed to build a highly skilled, professional supply chain. Alongside this Home Energy Scotland will continue to provide fuel poverty awareness training to front line staff as required.

## **Actions**

The Scottish Government is committed to the following actions:

- We will drive forward the actions in the Fairer Scotland Action Plan and consider the views of the Independent Poverty Advisor in the development of the new fuel poverty strategy consultation which will be published in autumn 2017;
- We will consider options for future delivery of Winter Fuel and Cold Weather Payments which will be implemented as part of the new Social Security powers, in a way that supports our most vulnerable citizens;
- Through SEEP, we will look to create a substantial Scottish market and supply chain for energy efficiency services and technologies that will, once

---

<sup>2</sup> <https://consult.scotland.gov.uk/energy-and-climate-change-directorate/draft-energy-strategy/>

fully operational, support 4,000 jobs per annum across Scotland, including in remote areas; and

- As outlined in the draft Energy Strategy, we will work with communities and industry to develop innovative local energy systems proportionate to local needs.

## Chapter 3 – Making Energy Costs Affordable

Both groups highlighted the impact of energy costs as a significant driver of fuel poverty. The groups made a number of recommendations for the Scottish Government, recognising that much of the necessary action to be taken on fuel prices is outwith the Scottish Government’s control, including:

- Include fuel poverty alleviation as a central objective in the new Energy Strategy;
- Work with Ofgem and energy suppliers to ensure the Competition and Markets Authority remedies on metering are implemented without delay, and their impact in Scotland monitored and evaluated accordingly;
- Use newly devolved powers in relation to the Warm Home Discount to better target support on those most in need and improve efficiency of delivery;
- Use every opportunity to influence the UK Government and work with Ofgem to ensure regulation of the GB energy market addresses fuel poverty;
- Work with Ofgem to ensure that all pre-payment customers have access to tariffs and support;
- Investigate whether there is market supply failure in non-regulated fuels;
- Explore best use of smart meter energy data to reduce fuel poverty;
- Fund Home Energy Scotland to extend the switching service provided through the HES network; and
- Work with UK Government to deliver a supportive and stable policy framework that enables the development of local energy projects that tackle fuel poverty.

This chapter addresses the following recommendations:

### Strategic Working Group Recommended Actions

SWG 6	SWG 8	SWG 9	SWG 14	SWG 15	SWG 16	SWG 17	SWG 18	SWG 19	SWG 20	SWG 21
SWG 22	SWG 23									

### Rural Fuel Poverty Task Force Recommended Actions

TF 11	TF 12	TF 13	TF 14	TF 15	TF 16	TF 17	TF 18	TF 19	TF 20	TF 21
TF 22	TF 23	TF 24	TF 25	TF 26	TF 27	TF 28	TF 35	TF 47	TF 48	TF 49

\*please refer to Annex A of this report for full details of each recommended action

## What the working groups said

The Strategic Working Group highlighted that “energy prices are the most significant driver of fuel poverty, with prices rising faster than household incomes, and outstripping fuel bill savings due to improved energy efficiency”. The Strategic Working Group outlined direct measures that could support households to lower their energy costs, as well as longer-term strategic approaches that may create more sustainable solutions to providing households with affordable energy.

In the short-term, the Strategic Working Group recommended that direct support is offered to householders to manage their energy costs, by helping them to switch energy provider and get accurate billing. The Group also wanted the Scottish Government to explore how smart meter data can be used to advise people on their energy costs and thereby help reduce fuel poverty. It asked that these steps are set out in the new fuel poverty strategy, alongside longer-term actions on the use of newly devolved powers. On the Warm Home Discount, the Group asked that, once powers are devolved, the Scottish Government ensures it is better targeted towards those who need it most and that the current 'Industry Initiatives' part of the scheme is retained.

The Strategic Working Group also called on the Scottish Government, the UK Government and Ofgem to work together on pricing and regulation of the energy market to reduce energy bills and tackle fuel poverty.

The Rural Fuel Poverty Task Force set out why it believes the energy market is not serving rural customers well. The Task Force recommended that action is taken to ensure customers on pre-payment and restricted meters have access to equitable tariffs, as set out by the Competition and Markets Authority, and that those on the Priority Services Register (PSR) are helped first. Both groups highlighted that many of the challenges around costs could be addressed through supporting implementation of the CMA's recommendations, such as those around metering and billing.

The Task Force raised a number of concerns about non-regulated fuels and recommended that, if a market supply failure is identified, the CMA should investigate further. It also recommended that the SG promotes, supports and incentivises collective-buying clubs for heating oil and LPG.

Both groups set out the benefits of encouraging new suppliers of affordable energy to enter the market. They recommended the Scottish Government takes a lead role in this, by working with UK Government to remove or overcome barriers to community energy projects and by promoting the further development of district heating. The groups also made recommendations on a number of reserved issues, including fuel duty; oil price differentials and the Hydro Benefit Replacement Scheme.

## **What the Scottish Government is doing**

We have long made clear that rising fuel prices can outweigh progress made in tackling fuel poverty through improved energy efficiency. Modelling based on the Scottish House Condition Survey statistics show that the fuel poverty rate for 2015 would have been 8.4% (rather than 30.7%) if fuel prices had risen in line with inflation between 2002 and 2015. As recommended by the groups, fuel poverty alleviation is central to the new draft Energy Strategy. The recently published consultation on the draft Strategy aims to set out how Scotland can meet the needs of those who are least able to pay for their energy, through supporting energy solutions that provide warmer homes and better outcomes for consumers overall.

We believe that the UK Government has so far failed to provide a competitive energy market that delivers fair and transparent energy bills for all consumers. It is unacceptable that some of the most vulnerable consumers – particularly those on pre-payment meters – should be paying more for their energy.

Energy bills and the poverty premium – whereby lower income households often have to pay higher prices for basic necessities than better-off families – was a major concern in the Fairer Scotland conversations held last year, and we are determined to tackle this issue.

In our Fairer Scotland Action Plan we set out a number of actions we would take to address high fuel costs, including convening a meeting with the ‘Big Six’ energy companies to discuss ways to help low income households living in fuel poverty and facing a ‘poverty premium’ of paying more for their energy. That meeting took place in December 2016 and we were pleased to hear positive examples of sharing best practice and improving the provision of advice to consumers. However, we are keen to explore further actions energy companies could take that will make a material and important difference to low income families in Scotland, including addressing the long-term growth in the use of pre-payment meters as well as the number of consumers who could save money by switching tariff. We expect this meeting with the energy companies to be the first of a series of meetings and we will work collaboratively with energy suppliers and consumer groups to explore ways of helping low income households reduce their energy bills.

We will also continue to engage with the UK Government and Ofgem to secure effective regulation of the changing energy market, including monitoring and evaluating implementation of the remedies following the CMA’s energy market investigation, the smart meter roll out and the sub-sea cable replacement programme. Where specific areas of concerns are identified, including those highlighted by both groups, we will work with the relevant authority to shape and influence policy and regulation where appropriate.

We agree with both groups that local authorities and housing associations should promote and support initiatives by new energy providers, like “Our Power”, that seek to provide cheaper energy specifically to vulnerable customers within the community. We support innovation in non-traditional business models in the retail market and encourage local authorities and others to consider developing a wider range of options of energy supply, including district heating schemes.

Although the existing market does provide scope to save money by switching, many consumers do not do so. We want a fair deal for *all* Scottish consumers and are taking forward a number of actions to help promote the benefits of engaging in the energy market. We are taking into account the specific barriers that consumers in rural areas may face. For example, we have recently rolled out an impartial supplier-switching support service through a partnership between Home Energy Scotland and the social enterprise Citrus Energy which is available to anyone who contacts Home Energy Scotland. Advisors from Citrus Energy are experienced and knowledgeable on issues concerning many rural householders, including options for those who use restricted meter types, such as Dynamically Teleswitched meters. We are also currently looking at the merits of collective switching models, including collective

purchasing of unregulated fuels like heating oil, as a means to increasing engagement, with a particular focus on disengaged and offline consumers. We will build on learning from this, as well as the 'HES Homecare' initiative, set out in Chapter 5, which is being piloted in two rural areas. We are committed to continuing to recognise rural dimensions and will be held to account on that by ensuring the Scottish Fuel Poverty Forum includes rural representation.

We recognise that suppliers and network operators will offer additional free services to a range of vulnerable consumers through the Priority Services Register, such as priority support in an emergency or additional help to understand their bills. However, the proportion of customers on the PSR is significantly lower in Scotland than in the rest of Great Britain (under 11% compared to 13-14% for Wales and England), which would suggest there are households eligible for support from their supplier who aren't receiving it. We will work with suppliers to explore how this is being addressed.

The advice services that consumers have access to will have a critical role in guiding those who need additional support through the range of choices that will be available to them. We continue to encourage the uptake of smart meters and agree with the Strategic Working Group that access to additional data from smart meters could be useful in helping people understand their energy use and therefore the impact on their bills. We are currently considering options for Home Energy Scotland to use this data (within data protection constraints) to allow for more tailored advice and support to be provided to consumers.

## **Actions**

The Scottish Government is committed to the following actions:

- Further to the meeting with energy companies in December 2016 we will work collaboratively with energy companies to identify and deliver practical solutions and outcomes to support low income households;
- We will make strong representations to the UK Government and Ofgem to ensure that particular issues and barriers faced by consumers in Scotland are recognised and addressed in regulation;
- We will closely monitor the implementation and effectiveness of the CMA's package of remedies to ensure they address failures in the energy market;
- Further to the session with the Fuel Poverty Forum, Ofgem and the CMA to identify synergies in approaches to tackling fuel poverty in February 2017, we will continue to review the progress of the implementation of measures and convene a further session in 2018.
- We will continue to support the development of robust new business models that offer reduced costs to energy consumers, through existing support mechanisms;
- We will continue to support impartial switching through the partnership between Home Energy Scotland and Citrus Energy to help consumers get the best deal on their energy bill;

- We will ensure continued tailored advice and support is provided to those considering switching to smart meters as part of the Home Energy Scotland advice provision; and
- We will work with suppliers and Ofgem to ensure vulnerable households are on their supplier's Priority Services Register so they can access the full range of support available.

## Chapter 4 – Energy Performance

The two groups highlighted that improving the energy performance of homes can have a significant impact on fuel poverty and made a number of recommendations for the Scottish Government including:

- SEEP should have a central objective to eliminate poor energy performance of a property as a driver of fuel poverty, including all properties of fuel poor households to be upgraded to at least an EPC band C by 2025;
- Introduce regulations for a minimum standard of energy performance at the point of sale and rental for the private housing sector;
- Use new powers over supplier obligations to ensure that the Energy Company Obligation supports the objectives of SEEP;
- Influence the next iteration of the Reduced data Standard Assessment Procedure (RdSAP) assessment methodology so that it properly reflects the range of climate conditions and other characteristics in rural and urban parts of Scotland;
- Ensure SEEP grant and loan funding is made available to support the costs of essential building repair and improvement works;
- Change the criteria for the HEEPS: Warmer Homes Scotland scheme 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;
- 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; and
- Ensure that programmes are capable of delivering the rates of grant funding support required to fully meet the potentially higher costs of installs, particularly in rural and remote Scotland.

This Chapter addresses the following recommendations:

### Strategic Working Group Recommended Actions

SWG 24	SWG 25	SWG 26	SWG 27	SWG 28	SWG 29	SWG 30	SWG 31	SWG 32
-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------

### Rural Fuel Poverty Task Force Recommended Actions

TF 8	TF 9	TF 38	TF 39	TF 40	TF 42	TF 43	TF 44	TF 52
---------	---------	----------	----------	----------	----------	----------	----------	----------

\*please refer to Annex A of this report for full details of each recommended action

## What the working groups said

The Strategic Working Group set out an aim “to virtually eliminate poor energy performance as a driver of fuel poverty” noting that, to achieve that “it is vital to significantly expand the number of homes in which energy efficiency measures are installed”.

In that respect, the Strategic Working Group made recommendations that focussed on how energy performance should be factored into the delivery of current and future programmes. The Group recommended that Scotland’s Energy Efficiency

Programme should have a central objective to eliminate poor energy performance of properties as a driver of fuel poverty. This includes setting a target that all properties of fuel poor households should be upgraded to at least an EPC band C by 2025. The Group made clear that this should not be a maximum ambition and it should be considered whether SEEP should go beyond an EPC band C. The Group advised that SEEP should meet householders' needs, be targeted on those properties for which energy efficiency is the main driver for fuel poverty (mainly rural properties), ensure the best use of public funds and build on the Scottish Government's current energy efficiency programmes (HEEPS).

The Rural Fuel Poverty Task Force also addressed the energy efficiency of dwellings, with a particular concern about the assessment methodologies used to determine the energy performance of a building. The Task Force recommended making changes to the RdSAP to better reflect climate conditions and other characteristics in rural and urban parts of Scotland. It recommended that the Scottish Government works with protocol organisations to improve the consistency of assessments and that assistance is provided to organisations who are interested in becoming accredited assessors. The Task Force also recommended that SEEP considers support for any essential building repairs that are required before energy efficiency measures can be installed and that there be a review of eligible measures for existing energy efficiency programmes to ensure particular rural and off-gas issues are taken into account.

Both groups asked the Scottish Government to do more about the energy performance of private sector housing, including introducing regulations for a minimum standard of energy efficiency. The Task Force felt any regulations should be accompanied by a new scheme for private sector landlords which would support and incentivise them to bring their rented properties up to an affordable warmth level. Both groups also recommended that the Scottish Government uses innovative approaches to funding, including the use of newly devolved powers over the Energy Company Obligation, to ensure a holistic approach to the development and delivery of energy efficiency programmes.

## **What the Scottish Government is doing**

Scottish Ministers announced in June 2015 that energy efficiency would be a national infrastructure priority, to be delivered through Scotland's Energy Efficiency Programme. SEEP is a co-ordinated programme to improve the energy efficiency of homes and buildings in the commercial, public and industrial sectors. Its vision is that "Scotland's buildings are near zero carbon by 2050 and that this is achieved in a way that is socially and economically sustainable".

We are committed to investing more than half a billion pounds for SEEP over the next four years, to improve energy efficiency and reduce fuel poverty through, setting out a clear commitment with substantial annual public funding. SEEP will be an unprecedented, large-scale, long-term programme across all parts of Scotland. It will make our homes warmer and places of work more comfortable, promote more affordable energy for consumers, help to tackle fuel poverty, improve competitiveness of the Scottish economy, create substantial market and supply chain opportunities, and contribute to meeting our climate change targets.

As part of the development of SEEP we have specific workstreams exploring a number of the recommendations made by the Groups around energy performance, including:

- a workstream looking at the assessment mechanisms used to measure the energy performance of buildings;
- one looking at advice and support provision, with a view to deciding what is likely to be required for both the domestic and non-domestic sectors;
- a finance workstream looking at ways to attract private sector investment into energy efficiency; and
- a workstream looking at regulations and standards.

There will be various consultations on different areas of SEEP that explore these issues in more detail and allow us to further develop our thinking. The first of these, concerning the programme and policy design of SEEP<sup>3</sup>, was published recently alongside the wider draft Energy Strategy Consultation.

We will also be consulting shortly on minimum energy efficiency standards for homes in the private rented sector. The consultation will propose a minimum standard, linked to the EPC rating of the property, and will seek views on a range of issues, such as when the standard would apply and what the level of energy performance should be.

In addition, as part of SEEP, we will consult on phased regulation of other existing buildings to bring them up to higher energy efficiency standards as well as look at financial incentives. And we will consult on new heat regulations to support the development of heat networks. We have published a timetable for these consultations as part of the climate change plan and wider draft energy strategy consultation.

Improving the energy efficiency of properties is an important step in tackling fuel poverty, but a one-size-fits-all target, such as EPC band C, may not be appropriate for something as diverse as the housing stock, let alone offices, shops and industrial sites. However, as indicated in the draft Climate Change Plan, through SEEP we will be significantly scaling up the installation of energy efficiency measures, like wall and loft insulation, so that by 2032 all homes, where technically feasible, are insulated to appropriate levels. We are continuing to model options for the design and delivery of SEEP and will engage with a wide range of stakeholders in assessing them, including as part of the wider consultation on the draft Energy Strategy.

---

<sup>3</sup> <https://consult.scotland.gov.uk/energy-and-climate-change-directorate/scotlands-energy-efficiency-programme>

## **Actions**

The Scottish Government is committed to the following actions:

- We will continue to develop SEEP as a co-ordinated programme to improve the energy efficiency of homes and buildings in the commercial, public and industrial sectors and to decarbonise their heat supply;
- We will continue to explore assessment mechanisms used to measure energy performance and consider how these should be taken forward in SEEP;
- We will consult on various strands of SEEP throughout the course of 2017 including on programme and policy design, regulation and standards in the private rented sector and heat regulations; and
- Following the above consultations, we will further develop target-setting as part of SEEP, including the role of minimum standards in private sector housing.

## Chapter 5 – Energy Use: Using heating and energy saving technology

Alongside costs, income and energy performance, both groups highlighted that how people use the energy in their homes has a significant impact on fuel poverty and made a number of recommendations for the Scottish Government, including:

- The new fuel poverty strategy should acknowledge and address how people use energy in their homes as the fourth driver of fuel poverty;
- Conduct research to understand the best approaches for support and engagement on the use of heating and energy saving technologies;
- Support a single contact number for consumers concerned about any aspect of delivery of energy efficiency measures in their homes provided by the public sector or through energy suppliers obligated by the public sector;
- Contract Home Energy Scotland to further develop its existing third-party portal service to ensure that it delivers to all rural and remote areas; and
- Commission a comprehensive ‘Energycarer’ pilot to assess the effectiveness of high quality, in-home, locally delivered, holistic support.

This Chapter addresses the following recommendations:

### Strategic Working Group Recommended Actions

SWG 33	SWG 34	SWG 35	SWG 36	SWG 40	SWG 49
-----------	-----------	-----------	-----------	-----------	-----------

### Rural Fuel Poverty Task Force Recommended Actions

TF 31	TF 32	TF 33	TF 34	TF 36	TF 41	TF 45
----------	----------	----------	----------	----------	----------	----------

\*please refer to Annex A of this report for full details of each recommended action

## What the working groups said

The Strategic Working Group set out its views that how people use energy in their homes should be seen as a fourth driver of fuel poverty and considered in the development of a new long-term strategy. The Strategic Working Group recommended that the new fuel poverty strategy should have household energy needs and how people use fuel at its centre, i.e. a person-centred rather than property-centred approach.

Both groups stressed the importance of addressing energy use in order to effectively tackle fuel poverty. The Strategic Working Group recommended that further research is commissioned on energy use, including what kind of advice and support is required, to inform the forthcoming fuel poverty strategy.

The Strategic Working Group highlighted its support for the existing one stop shop approach to energy advice available through Home Energy Scotland, but asked the Scottish Government to build on this by expanding what is offered to consumers and partners. The Rural Fuel Poverty Task Force specifically recommended a pilot (‘Energycarer’) to test the effectiveness of home delivered advice and support to

those who need it. Both groups recommended that support should be provided by Home Energy Scotland in collaboration with local and national partners to ensure the needs of each household is met.

The Task Force indicated that this could be facilitated by the further roll out of the Home Energy Scotland referral portal, in particular to NHS partners. The Task Force also suggested there should be further links between the portal and Priority Services Registers and recommended further work with Ofgem to make this more effective.

Both groups recommended further data sharing and a more joined-up approach between programmes and partners, specifically around HEEPS, to ensure that the appropriate support is provided to the householder both before and after installation of energy efficiency measures. This will help people to better understand what new measures will be installed and how to use them, thereby avoiding examples of fuel bills increasing because households don't understand how to use, for example, their new heating system. The Task Force also recommended further sharing of the advice and support mapping undertaken by the Energy Saving Trust.

## **What the Scottish Government is doing**

The Scottish Government agrees that how people use the energy in their homes is key to ensuring everyone lives in a warm, energy efficient home. Helping people to understand their energy consumption, and providing advice on how to reduce it, will form a significant part of SEEP.

We are already funding Home Energy Scotland, a one stop shop to provide energy advice, and we review this service annually to ensure it is fit for purpose and delivering on the Scottish Government's priorities. This includes sharing information with partners and putting in place the necessary data sharing agreements to ensure those who need help get the most appropriate support.

Work to design SEEP includes looking at how people use their energy, and new tools will be developed to help review and monitor energy consumption. As highlighted in Chapter 3, we will look to use the rollout of smart meters as an opportunity to help people better understand how energy is used in their home and encourage energy efficient behaviour. The data we gather from this work will feed into future advice and support provision as the programme develops. Encouraging and supporting people to use their homes more efficiently cannot be achieved overnight. SEEP is a 15 to 20 year programme and this is likely to be a commitment which will be met in the medium term.

Vulnerable householders will need additional support to that offered through the telephone hotline. HES currently offers home visits to vulnerable householders, and the Scottish Government has been considering how this work could be expanded. To this end, we are launching 'HES Homecare', a SEEP pilot based on the Task Force's recommendation for an Energycarer pilot. This will be delivered by HES and will be reviewed after one year.

As set out in Chapter 2, frontline workers in communities, who can readily identify householders who would benefit from help, will require continued support for the

development of new skills and training. Home Energy Scotland is already undertaking outreach work, providing free training to local partners and raising awareness of the service available. This outreach will increase the provision of advice and support in our communities and enhance the partnership approach to delivering support where it's needed most.

SEEP will also include the provision of advice to users on how best to use the measures installed – keeping people and their needs at the centre of efforts to tackle fuel poverty.

## **Actions**

The Scottish Government is committed to the following actions:

- We will ensure that the new fuel poverty strategy, considers which drivers are most relevant to different households to ensure everyone lives in a warm, energy efficient home;
- We will consider, through SEEP, how to best provide advice and support on energy consumption and energy use in the home and the development of tools to review and monitor energy use;
- We will continue to undertake ongoing monitoring and refocusing of the activities of Home Energy Scotland on an annual basis;
- We will launch a HES Homecare pilot in February 2017 for a one year period to assess the benefits – and costs – of providing an area-based, home-delivered outreach service for vulnerable households; and
- We will ensure that the Home Energy Scotland fuel poverty awareness training is delivered to partners as required and will continue to develop the HES referral portal to increase the number of users.

## Chapter 6 – Accountability and Scrutiny

Both working groups stressed the importance of robust monitoring and evaluation of the development and delivery of the forthcoming fuel poverty strategy. They made a number of recommendations for the Scottish Government around accountability and scrutiny including:

- Work with local authorities and other stakeholders to design and implement accountability arrangements for national and local government and other agencies working in collaboration on fuel poverty;
- Establish robust and transparent scrutiny arrangements to oversee progress of the new fuel poverty strategy;
- Explore ways in which protection could be improved for consumers using unregulated fuels;
- Establish a monitoring and evaluation framework for the new fuel poverty strategy and for SEEP and report results regularly;
- Set up a cross-departmental ministerial group to lead the new fuel poverty strategy
- Properly monitor and assess the practical effectiveness of fuel poverty / affordable warmth programme outcomes;
- Further develop rural fuel poverty proxies to enable better assessment of the effectiveness of spend; and
- Cost the new fuel poverty strategy based on requirements to meet its desired outcome and make adequate resources (funding and capacity) available at a national and local level on a multi-year basis.

This Chapter addresses the following recommendations:

### Strategic Working Group Recommended Actions

SWG 45	SWG 46	SWG 47	SWG 48	SWG 50	SWG 51	SWG 52	SWG 53	SWG 54	SWG 55	SWG 56
-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------

### Rural Fuel Poverty Task Force Recommended Actions

TF 3	TF 4	TF 5	TF 6	TF 7	TF 10	TF 37	TF 51
---------	---------	---------	---------	---------	----------	----------	----------

\*please refer to Annex A of this report for full details of each recommended action

## What the working groups said

The Strategic Working Group recommended there should be collaboration, in both local and national government, to design and implement accountability arrangements. The Strategic Working Group recommended that the fuel poverty strategy should be set on a statutory basis, including targets and requirements to measure progress. The Group also recommended wider scrutiny of the overall approach to poverty reduction, including fuel poverty, and that this should be delivered through a cross-ministerial working group that would scrutinise delivery and require annual reporting from Ofgem. This collaborative approach should be matched at a local level. It also recommended that the Fuel Poverty Forum has an important ongoing role but that its role and remit are reviewed.

Both groups recommended that current monitoring arrangements are widened to include the consumer experience of fuel poverty programmes; to look further at consumer protection issues, particularly around District Heating and unregulated fuels; and to review the mechanisms by which eligibility for Scottish Government programmes is assessed to ensure those most in need are prioritised. The Strategic Working Group recommended that the new Consumer Scotland Agency should play a key role in terms of consumer protection.

The Task Force further recommended that the Scottish Government puts in place measures to better assess the effectiveness of spend and delivery of anti-fuel poverty outcomes in rural Scotland. This includes 3-yearly publication of the Minimum Income Standards in Rural Scotland; expansion of the Scottish Index of Multiple Deprivation to better reflect rural circumstances; development of new modelling matrices with the UK Government; and publication of rural proxies around fuel poverty.

The Strategic Working Group recommended that the new fuel poverty strategy is fully costed for delivery and is financially feasible for equitable delivery throughout Scotland.

## **What the Scottish Government is doing**

We recognise that monitoring and evaluation is an important aspect of the forthcoming fuel poverty strategy and will consult on this as part of our wider consultation on the strategy later this year. We encourage all interested parties to engage in that consultation to inform the strategy.

Fuel poverty encompasses a wide range of policy areas and we agree that there should be a joined up approach to tackling the issues. We will convene a summit of relevant Ministers with an interest in these issues in autumn 2017 to harness opportunities for joint-working across portfolios and inform development of the fuel poverty strategy.

The Minister for Local Government and Housing has been regularly attending meetings of the Fuel Poverty Forum and wishes to continue that engagement. In addition, we will work with the current Chair to review the Forum's future role. This will include considering what changes need to be made to the Forum's remit to ensure it is well-positioned to monitor progress on tackling fuel poverty and the actions set out in this response. The Forum will also have an active role in the review of the fuel poverty definition, development of the strategy and setting of a new target.

As part of the development of SEEP we have specific workstreams exploring many of the issues set out by the groups in relation to accountability and scrutiny, including monitoring and evaluation and delivery of programmes. The consultation on SEEP that forms part of the draft Energy Strategy will give an initial opportunity for stakeholders to comment on the shape of how these areas are developed.

We recognise the importance of appropriate data, and action has already been taken in recent months that will resolve some of the concerns set out relating to how relevant some of the methodologies are to real life. For example, we published a tool in October 2016 called '[The likelihood of being fuel poor in rural Scotland](#)' which helps address the Task Force's recommendation on further developing rural fuel poverty proxies.

## **Actions**

The Scottish Government is committed to the following actions:

- We will include, in the consultation on the Fuel Poverty Strategy, detailed proposals for monitoring and evaluation;
- We will convene a summit of Ministers from across Scottish Government in autumn 2017 as part of our development of a new Fuel Poverty Strategy;
- The Minister for Local Government and Housing will continue to engage with the Fuel Poverty Forum; and
- We will review the role and remit of the Fuel Poverty Forum to ensure it is well-positioned to monitor progress on tackling fuel poverty and the actions set out in this response.

## Conclusion

The Scottish Government is committed to tackling fuel poverty and we welcome the reports of the Strategic Working Group and the Rural Fuel Poverty Task Force and their recommendations for how we might address this issue going forward.

We want our new fuel poverty strategy to tackle poverty and inequality – that includes ensuring rural households can expect the same support that is offered to householders in urban areas. We also agree that the new strategy must not only address the four drivers of fuel poverty, but be person-centred and go beyond improving the energy efficiency of buildings.

In order to address many of the recommendations set out by the groups, we will work with partners at both a national and local level. We are not starting from scratch, but we will build on the achievements we have made to date which have led to over a million measures having been installed in over a million homes since 2008. We believe partnership working will ensure the successful delivery of our existing and emerging programmes, and will have a crucial role in the development of a new fuel poverty strategy.

The Fuel Poverty Forum will play an important role in this partnership working including monitoring progress on tackling fuel poverty and taking forward the actions set out in this response and holding Scottish Government and our delivery partners to account for their delivery.

## Timeline

Further detail on key milestones over the coming year are set out below.

### **February – Summer 2017**

Review of fuel poverty definition including gathering evidence and consulting with stakeholders

### **Spring – October/November 2017**

Preparation of draft Fuel Poverty eradication strategy

### **Autumn 2017**

Publication of draft eradication strategy for consultation – this will include plans for Warm Homes Bill legislation

## Fuel Poverty Reports – Recommended Actions

### Fuel Poverty Strategy

<b>SWG 1</b>	Vision p21: The Scottish Government should place the new fuel poverty strategy firmly within the government's plans to tackle poverty and inequalities
<b>SWG 2</b>	Vision p23: The Scottish Government should involve people who are experiencing fuel poverty in the development of the new fuel poverty strategy, and in its delivery and evaluation. The experience of the Poverty Truth Commission would be useful in this respect.
<b>SWG 37</b>	Collaborative partnerships p56: Local partnerships that are focused on improving wellbeing should be developed and resourced to take a lead responsibility for ensuring the eradication of fuel poverty in their areas. They should be coordinated through Community Planning Partnerships and work with national services, such as Home Energy Scotland, as required. Funding for prevention and early intervention should be ring-fenced to support this approach.
<b>SWG 38</b>	Collaborative partnerships p58: The Scottish Government should work with local government, NHS and other agencies to take a more radical and innovative approach to data sharing to identify the fuel poor and those at risk of fuel poverty in order to trigger fuel poverty assessments.
<b>SWG 39</b>	Collaborative partnerships p59: Partnership work at the operational level should be supported by strategic leadership, co-ordinated across portfolios, in central and local governments and be given recognition in the National Performance Framework.
<b>SWG 41</b>	Governance p66: A review of the current fuel poverty definition is required and warranted due to concerns that the current definition is too broad and impedes targeting on those most in need.
<b>SWG 42</b>	Governance p68: A new definition should focus on the desired outcome – affordable and attainable warmth and energy use that supports health and wellbeing; acknowledge fuel poverty as a manifestation of poverty and inequalities in society; and be easy to understand and measure.
<b>SWG 43</b>	Governance p69: The Scottish Government should commission a review by independent, academic experts as soon as possible with a clearly defined timetable for completion. The Fuel Poverty Forum should give input to the final research brief and drafts of the review documents.
<b>SWG 44</b>	Governance p70: The review process should result in a new definition and target with a statutory basis. The Scottish Government should provide for transitional arrangements using the current definition while the review of the definition is underway, so as not to delay progress on helping the fuel poor.
<b>TF 1</b>	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.

<b>TF 2</b>	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.
<b>TF 29</b>	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.’
<b>TF 30</b>	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.

## Incomes

<b>SWG 3</b>	Incomes p24: National and local governments should enhance existing efforts to maximise benefits through working with a wider range of local partners who understand the challenges of applying for benefits and the stigma of self-identifying as “poor”.
<b>SWG 4</b>	Incomes p25: The Scottish Government should review devolved welfare and social security policies to ensure they are aligned with fuel poverty eradication and make recommendations to the UK Government to do the same with reserved welfare policies.
<b>SWG 5</b>	Incomes p26: The National Infrastructure Priority on energy efficiency and its cornerstone programme, Scotland’s Energy Efficiency Programme, should be designed to maximise economic and social benefits for local communities with appropriate targets set for the creation of training places and job opportunities for local people.
<b>SWG 7</b>	Incomes p27: Support for local community energy projects, in particular the Community and Renewable Energy Scheme (CARES), and the Local Energy Challenge Fund, should be continued and extended.
<b>SWG 10</b>	Energy costs p30: The Scottish Government should explore potential solutions to support people on low incomes to afford sufficient energy for healthy living through their new social security powers.
<b>SWG 11</b>	Energy costs p31: Routine assessment of need for additional fuel poverty support should apply to all recipients of Winter Fuel Payments and Cold Weather Payments.
<b>SWG 12</b>	Energy costs p31: The Scottish Government should review the delivery of the Winter Fuel Payment and consider the pros and cons of potential changes to its eligibility, how it is paid and what it is used for.
<b>SWG 13</b>	Energy costs p32: The Scottish Government should maintain the Cold Weather Payment with minor changes including: take account of exposure to wind and damp; link payments to the fuel poverty programme, and make the payment a discount off bills rather than a cash payment.
<b>TF 46</b>	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.

<b>TF 50</b>	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.
<b>TF 53</b>	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.

### Making Energy Costs Affordable

<b>SWG 6</b>	Incomes p27: The Scottish Government should include fuel poverty alleviation as a central objective in the new Scottish Energy Policy, working to create affordable and secure energy supplies through the development of local energy systems, creating and sustaining local jobs and businesses.
<b>SWG 8</b>	Energy costs p29: The new fuel poverty strategy should include direct support to the fuel poor, or those at risk of fuel poverty, on managing their energy, switching to the best tariff, ensuring correct billing, and debt relief.
<b>SWG 9</b>	Energy costs p30: The Scottish Government should work with Ofgem and the energy suppliers to ensure the Competition and Markets Authority remedies on metering are implemented without delay, and their impact in Scotland monitored and evaluated accordingly.
<b>SWG 14</b>	Energy costs p33: The Scottish Government should use the newly devolved powers in relation to the Warm Home Discount to better target support on those most in need and improve efficiency of delivery.
<b>SWG 15</b>	Energy costs p33: The Scottish Government should maintain the Warm Home Discount Industry initiatives, with parameters amended to enable innovation and complement SEEP and the fuel poverty programme.
<b>SWG 16</b>	Energy costs p34. In the longer term, the Scottish Government should work with the UK Government to explore the possibility of an alternative approach to the current “universal price plus rebates” system to “Customer Differentiated Pricing” (CDP).
<b>SWG 17</b>	Energy costs p35: The Scottish Government should identify specific measures to support customers in rural and off-gas grid areas who suffer from higher energy prices than the rest of Scotland.
<b>SWG 18</b>	Energy costs p35. The Scottish Government should use existing and new powers and work with Ofgem, energy suppliers and network operators and their respective industry bodies to explore the full scope of what can be done to alleviate fuel poverty.
<b>SWG 19</b>	Energy costs p37: The Scottish Government should use every opportunity to influence the UK Government and work with Ofgem to ensure regulation of the GB energy market addresses fuel poverty.
<b>SWG 20</b>	Energy costs p37: The Scottish Government should work with energy suppliers, energy advice networks, and the UK Government to explore best use of smart meter energy data to reduce fuel poverty while ensuring consumer protection.

<b>SWG 21</b>	Energy costs p38: The Scottish Government should support development of more choices of affordable energy supplies and work with local authority partners to set realistic and ambitious targets for every local authority area in this regard.
<b>SWG 22</b>	Energy costs p39: Scottish Government should work with the UK Government and Ofgem to remove or overcome barriers to community energy including access to finance, capacity building, grid constraints, complex licensing requirements, upgrades to transmissions systems and priority for connections
<b>SWG 23</b>	Energy costs p40: Ofgem should include fuel poverty alleviation as a criterion for innovation funding for network operators, ensure adequate take-up in Scotland, and consider applications for wider partnerships of stakeholders.
<b>TF 11</b>	The Task Force supports the remedy proposed made by the Competitions and Marketing Authority ( <a href="#">Summary of AECs and remedies report</a> , 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.
<b>TF 12</b>	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.
<b>TF 13</b>	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. ( <a href="#">Summary of AECs and remedies report</a> , June 2016, para 20.25 a)
<b>TF 14</b>	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.
<b>TF 15</b>	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.
<b>TF 16</b>	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.
<b>TF 17</b>	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.
<b>TF 18</b>	SG to promote, support through advice line information and grant-incentivise collective buying clubs for domestic oil and LPG.
<b>TF</b>	SG to promote and grant-incentivise the development and uptake of District

<b>19</b>	Heating Schemes in those instances where they can deliver affordable warmth outcomes for consumers.
<b>TF 20</b>	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.
<b>TF 21</b>	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).
<b>TF 22</b>	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.
<b>TF 23</b>	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 <i>all</i> tariffs charged by suppliers of <i>all</i> domestic fuels in <i>all</i> 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.
<b>TF 24</b>	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.)
<b>TF 25</b>	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.
<b>TF 26</b>	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.
<b>TF 27</b>	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.
<b>TF 28</b>	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.
<b>TF</b>	Ofgem to include in their annual reports on the retail energy market, the

<b>35</b>	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.
<b>TF 47</b>	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.
<b>TF 48</b>	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.
<b>TF 49</b>	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.

## Energy Performance

<b>SWG 24</b>	Energy performance p42: The SEEP Programme should have a central objective to eliminate poor energy performance of a property as a driver of fuel poverty throughout all of Scotland including rural areas.
<b>SWG 25</b>	Energy performance p43: The SEEP Programme should include a milestone towards achieving this anti-fuel poverty aim, with all properties of fuel poor households upgraded to at least an EPC band C by 2025 with five-yearly targets set for progress towards EPC band B thereafter.
<b>SWG 26</b>	Energy performance p44: The SEEP Programme should consider the use of higher standards and incentives to promote new and "deep-retrofit" low energy homes in the social and private housing sector to help eradicate fuel poverty, reducing climate emissions as well as producing other benefits such as jobs and health and wellbeing.
<b>SWG 27</b>	Energy performance p45: Producing the SEEP Programme should be designed and implemented according to key criteria provided in this report including meeting households' needs, targeted approach, and best use of public funds, all building on current Home Energy Efficiency Programmes for Scotland (HEEPS).

<b>SWG 28</b>	Energy performance p45: The SEEP Programme should be targeted at those properties for which the energy efficiency is the main driver for fuel poverty, with additional weighting on extreme fuel poverty. This will result in, for example, a greater focus on rural and remote rural properties which are disproportionately represented against these criteria. Clear measurement of performance is required.
<b>SWG 29</b>	Energy performance p47: Introduce regulations for a minimum standard of energy performance at the point of sale and rental for the private housing sector. Such regulation will be an important driver towards eradicating fuel poverty and should be introduced as soon as possible
<b>SWG 30</b>	Energy performance p47: Regulations should be designed to protect vulnerable households, and be accompanied by appropriate funding and advice to support compliance.
<b>SWG 31</b>	Energy performance p48: The Scottish Government should use its new powers in relation to the Energy Company Obligation (ECO) to ensure that ECO supports the objectives of the National Infrastructure Priority on energy efficiency and its cornerstone programme SEEP. This will involve a holistic approach to programme management, using different sources of funding to minimise the cost of getting the maximum energy efficiency measures to eradicate fuel poverty.
<b>SWG 32</b>	Energy performance p49: The Scottish Government should explore the costs and benefits of approaches which would integrate ECO investment into the SEEP programme and include stakeholders, along with Ofgem and energy suppliers, in these discussions.
<b>TF 8</b>	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: <ul style="list-style-type: none"> <li>• 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"> <li>○ effects of draughts and wind-driven rain on heat loss and fabric condition;</li> <li>○ room-in-roof and wall types;</li> <li>○ consideration of opportunities to recommend more than one type of cost-effective heating solution; and</li> <li>○ 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.</li> </ul> </li> </ul>
<b>TF 9</b>	SG to encourage relevant protocol organisations to ensure consistency in the production of such improved RdSAP/EPC reports through assessor training.
<b>TF 38</b>	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.
<b>TF 39</b>	SG also 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.
<b>TF 40</b>	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.
<b>TF 42</b>	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.
<b>TF 43</b>	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).
<b>TF 44</b>	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.
<b>TF 52</b>	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.

### Energy Use: Using heating and energy saving technology

<b>SWG 33</b>	How energy is used p51: The new fuel poverty strategy should acknowledge and address a fourth driver to fuel poverty which is how people use energy in their homes.
<b>SWG 34</b>	How energy is used p51: The Scottish Government should conduct research to understand the best approaches for support and engagement on the use of heating and energy saving technologies.
<b>SWG 35</b>	How energy is used p52: The new fuel poverty strategy should have the household's energy needs, and how they access and use fuel at the centre. Any interventions should be based around their particular needs.
<b>SWG 36</b>	How energy is used p53: The new fuel poverty strategy should include the participation of local, trusted organisations which provide wider support to householders on the use and management of heating systems.
<b>SWG 40</b>	Collaborative partnerships p60: Local agencies should put in place training and skills development that support front line staff to identify challenges people face in sustaining good health and wellbeing, including signs of fuel poverty or the risk of fuel poverty, and make appropriate referrals to specialist advice and support services.
<b>SWG 49</b>	Governance p76: The Scottish Government should support a single contact number for consumers concerned about any aspect of delivery of energy efficiency measures in their homes provided by the public sector or through energy suppliers obligated by the public sector
<b>TF 31</b>	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.
<b>TF 32</b>	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 referred to appropriate fuel poverty advice and support agencies for the practical care measures they need.
<b>TF 33</b>	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.
<b>TF 34</b>	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."
<b>TF 36</b>	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.
<b>TF 41</b>	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.
<b>TF 45</b>	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.

## Accountability & Scrutiny

<b>SWG 45</b>	Governance p72: The Scottish Government should work with local councils and other stakeholders to design and implement accountability arrangements for national and local government and other agencies working in collaboration on fuel poverty (e.g. poverty, health, energy and housing). The arrangements should include a statutory basis for the fuel poverty strategy, including targets with requirements to measure progress.
<b>SWG 46</b>	Governance p72: Establish robust and transparent scrutiny arrangements to oversee progress of the new fuel poverty strategy so as to enhance trust and credibility.
<b>SWG 47</b>	Governance p74: The existing Fuel Poverty Forum should be given an important transitional role to any new arrangements for advice and scrutiny and should oversee the development of the new fuel poverty strategy.
<b>SWG 48</b>	Governance p75: The future Consumer Scotland Agency should have a particular duty to consider the needs of fuel poor consumers and take actions to address fuel poverty.
<b>SWG 50</b>	Governance p76: Monitoring and evaluation of the consumer experience of fuel poverty programmes is essential to confirm that high standards are

	consistently met during programme delivery.
<b>SWG 51</b>	Governance p77: The Scottish Government should explore ways in which protection could be improved for consumers using unregulated fuels, particularly including those using district heating as well as traditional off gas fossil fuels.
<b>SWG 52</b>	Governance p80: A monitoring and evaluation framework should be established for the new fuel poverty strategy and for SEEP and results should be reported to the fuel poverty advisory and scrutiny body on a regular basis. It should be developed at the start in partnership with the bodies that are delivering the programme.
<b>SWG 53</b>	Governance p81: The new fuel poverty strategy should be led by a cross-departmental ministerial group, making fuel poverty eradication a clear component of the health, communities, inequalities, housing, social security and energy portfolios, with one cabinet secretary accountable to deliver the strategy.
<b>SWG 54</b>	Governance p82: The cross-portfolio approach should be matched at the local level through local wellbeing partnerships with strong leadership from Community Planning Partnerships, local authorities and Health and Social Care Partnerships.
<b>SWG 56</b>	Governance p83: The Scottish Parliament should request an annual strategy and work plan for Ofgem's activities in Scotland, addressing particular Scottish issues and concerns, including fuel poverty. Ofgem should be recognised as a key contributor to the new fuel poverty strategy.
<b>SWG 55</b>	Governance p82: The new fuel poverty strategy should be costed based on requirements to meet its desired outcome – affordable and attainable warmth and energy use for everyone in Scotland – and adequate resources (funding and capacity) made available at a national and local level on a multi-year basis.
<b>TF 3</b>	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.)
<b>TF 4</b>	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 <sup>4</sup> . This will ensure the final product becomes a recognised national dataset.
<b>TF 5</b>	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.
<b>TF 6</b>	UK Gov't 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.
<b>TF</b>	SG's Community Analytical Services to further develop rural fuel poverty

<b>7</b>	proxies. This will enable them to better assess the effectiveness of spend and delivery of anti-fuel poverty outcomes in rural Scotland.
<b>TF 10</b>	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.
<b>TF 37</b>	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.
<b>TF 51</b>	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.



Scottish Government  
Riaghaltas na h-Alba  
gov.scot

© Crown copyright 2017

**OGL**

This publication is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. To view this licence, visit [nationalarchives.gov.uk/doc/open-government-licence/version/3](http://nationalarchives.gov.uk/doc/open-government-licence/version/3) or write to the Information Policy Team, The National Archives, Kew, London TW9 4DU, or email: [psi@nationalarchives.gsi.gov.uk](mailto:psi@nationalarchives.gsi.gov.uk).

Where we have identified any third party copyright information you will need to obtain permission from the copyright holders concerned.

This publication is available at [www.gov.scot](http://www.gov.scot)

Any enquiries regarding this publication should be sent to us at  
The Scottish Government  
St Andrew's House  
Edinburgh  
EH1 3DG

ISBN: 978-1-78652-800-1 (web only)

Published by The Scottish Government, March 2017

Produced for The Scottish Government by APS Group Scotland, 21 Tennant Street, Edinburgh EH6 5NA  
PPDAS261849 (03/17)

W W W . G O V . S C O T