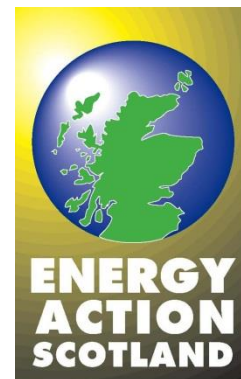


Written Evidence on the Scottish Government Draft Budget 2015-16

Submitted by Energy Action Scotland

To the Economy, Energy and Tourism Committee of the Scottish Parliament



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Introduction

Energy Action Scotland is the Scottish charity with the remit of ending fuel poverty. It has been working with this remit since its inception in 1983 and has campaigned on the issue of fuel poverty and delivered many practical and research projects to tackle the problems of cold, damp homes. Energy Action Scotland has made input to both the Scottish and the UK Governments on energy efficiency programme design and implementation.

Energy Action Scotland welcomes the opportunity to give evidence to the Economy, Energy and Tourism Committee as part of its scrutiny of the Scottish Government's Draft Budget 2015-16.

Comment

Energy Action Scotland is providing this short paper on the Draft Budget 2015-16 solely in relation to those areas which address fuel poverty.

While welcoming the on-going financial commitment by the Scottish Government to address fuel poverty, Energy Action Scotland is disappointed that the allocated finances will not provide the level of support required if the statutory duty under the Housing Act 2001 to eradicate fuel poverty, as far as is reasonably practicable, by November 2016 is to be achieved.

In 2006, with the target date still 10 years away, Energy Action Scotland published figures that showed that a year on year budget of £200 million was required (£2 billion by 2016) to increase the level of energy efficiency of Scottish homes to a standard where they would be insulated against rising fuel costs and be affordable to heat and run in energy terms. This figure was endorsed some time later by the Economy, Energy and Tourism Committee during one of its inquiries into fuel poverty.

Over most of the ensuing time period, this recommended level of annual expenditure has not been achieved. It is only recently that the Scottish Government has set out to secure this level of funding by aiming to lever in funds from the GB-wide Energy Company Obligation programme. It is worthy of note that the Energy Company Obligation was intended to form approximately two thirds of the suggested £200 million and that recent changes to the Energy Company Obligation have meant that this will now not be achievable over the remaining years until the 2016 target date.

The Cabinet Secretary has stated in his Draft Budget narrative that "100,000 energy efficiency measures (have been installed) in Scotland between January 2013 and June 2014". However, Energy Action Scotland cannot comment on this figure as no substantive reports on progress of the Scottish Government's Home Energy Efficiency Programmes for Scotland have been made available either to the Scottish Fuel Poverty Forum, on which Energy Action Scotland sits, or publicly. Clarity on the amount of Energy Company Obligation funding levered in to Scotland is also lacking. The scheduled progress report on the Scottish Fuel Poverty Statement (as required by the Housing Act) is not expected to be published until the end of November and the next Scottish House Condition Survey fuel poverty figures are not expected to be published until early December. However, it is Energy Action Scotland's instinct that both reports will show that fuel

poverty is rising rather than falling, and certainly not falling at the rates that will see it eradicated by 2016.

Energy Action Scotland has at no point suggested that the full £200 million per annum figure first used in 2006 should all come from the Scottish Government. Nonetheless, successive government reports such as there have been have failed to show the levels of funding actually spent in any financial year. Equally, the figures reporting the number of measures installed fail to adequately demonstrate the impact they have made on fuel poverty. For example, providing a hot water tank jacket to a home will count as a measure installed in a home, but it will not be sufficient on its own to take that household out of fuel poverty.

As it stands, the Draft Budget 2015-16 will not tackle fuel poverty to the level required to meet the 2016 target; it will not stop financially disadvantaged families being asked to make substantial contributions to Scottish Government grants to have measures fitted to their homes, financial contributions that they cannot afford to make. This is a stand-still budget and not one designed to compensate for the reductions in the availability of funding from other sources, the Energy Company Obligation in particular. It will not enable a substantial increase in the energy efficiency of fuel poor homes.

The Cabinet Secretary states that the “Latest statistics show that in mid-2012, 74,000 fewer households (a drop of 3.4 percentage points) were in fuel poverty than in October 2011, with improved energy efficiency contributing two-thirds of the fall.” Energy Action Scotland acknowledges the positive impact that improvements in domestic energy efficiency make and levels of fuel poverty would undoubtedly have been higher had the Scottish Government programmes and grants not been in place. However, what the Draft Budget does not acknowledge is that since that time energy prices have continued to rise and will ultimately lead to more households being driven into fuel poverty.

Energy Action Scotland notes that the area-based fuel poverty schemes are expected to fund the installation of up to 35,000 energy efficiency measures across Scotland and the new national scheme is to help up to 3,000 households, thus accounting for 38,000 homes. But with the reduction in funding for energy efficiency measures from the Energy Company Obligation, the quoted figure of 100,000 homes to be assisted will not, in Energy Action Scotland’s opinion, be achieved with the level of funding now available.

Energy Action Scotland also acknowledges that in addition to the Home Energy Efficiency Programmes for Scotland, there continues to be funding for the Warm Homes Fund. The Warm Homes Fund has provided grant support to social landlords for feasibility studies and loans to deliver renewable energy schemes such as district heating and wind turbines, working alongside wider Scottish Government schemes such as the Community and Renewable Energy Scheme (CARES) and the District Heating Loan Fund. Again, while this is a welcome commitment of funding, publicly published details of expenditure, outputs and impact in relation to fuel poverty are lacking.

Energy Action Scotland wishes to see the Scottish Government review the forthcoming Budget commitment with a view to significantly increasing the amount of funding available for all energy efficiency and fuel poverty programmes in Scotland. It also urges the Scottish Government to conduct a full cost analysis of funding that will be required to reach the 2016 target and in doing so set out plans to achieve that statutory duty.

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