

## **Scottish Fuel Poverty Advisory Panel: Advice to Scottish Ministers re Scottish Fuel Poverty Strategy Revision 2023/24**

### **Energy Action Scotland response**

Energy Action Scotland is the Scottish third sector organisation dedicated to ending fuel poverty. Energy Action Scotland has been working with this remit since its inception in 1983 and has campaigned on the issue of ending fuel poverty and delivered many practical as well as research projects to tackle the problems of cold, damp homes. Energy Action Scotland works with both the Scottish and UK Governments to develop policy and on energy efficiency programme design and implementation. Energy Action Scotland welcomes the opportunity to respond to this consultation.

Energy Action Scotland's response focuses primarily on those areas that it considers may impact most on fuel poor and vulnerable consumers. Energy Action Scotland is not a health organisation, but we are concerned about the health and wellbeing impacts of living in fuel poverty and that respiratory and cardiovascular conditions which are exacerbated by living in a cold, damp home make up a high proportion of Scotland's excess winter deaths, which are linked to living in fuel poverty.

A household is considered fuel poor in Scotland if the household's fuel costs are more than 10% of its income and what is remaining is not enough to maintain an acceptable standard of living.<sup>1</sup> Fuel poverty is driven by four main issues, these being high energy costs, low disposable incomes, poor energy efficiency of homes and how energy is used in the home.

We believe that the Scottish Fuel Poverty Strategy and any attendant delivery action plans should provide a clear pathway that can meet the interim 2030 target of no more than 15% and the 2040 target of no more than 5% of households in fuel poverty. A revision is necessary to reflect changing societal issues arising from the legacy of the height of the COVID pandemic and the current energy cost fuelled cost-of-living crisis.

We welcome an opportunity to contribute our thoughts and feedback on the recent work of the Scottish Fuel Poverty Advisory Panel within the context of its advice on the revision of the Scottish Fuel Poverty Strategy published in December 2021.

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<sup>1</sup> Fuel Poverty (Targets, Definition and Strategy) (Scotland) Act 2019

## **Background to our response**

During the energy crisis, and throughout the pandemic, vulnerable energy consumers have been exposed to some of the most negative impacts in the energy market. Whether it is prepayment customers finding it harder to top up during the pandemic (having to leave their house when the UK Government is advising all to stay at home), or financially vulnerable households falling into debt during the cost-of-living crisis, millions of individuals and households are being impacted. In Scotland it is estimated<sup>2</sup> that over 900,000 households, over 35% are living in fuel poverty and over 700,000 households are in extreme fuel poverty. This is changing as energy costs and government policy support move, but with high energy costs set to endure for some considerable time, according to forecasts from Cornwall Insights, Scotland looks set to remain at around 1 in 3 households in fuel poverty throughout 2023/24 and 2024/25.

Households' stress is at an incredible level, the pressures on advice, advocacy services and the third sector have geometrically increased, and even greater burdens are placed on public services including health and fire & rescue.

Energy Action Scotland agrees that the 6 areas of recommendation identified by the panel are all important considerations in the current environment where fuel poverty is fluctuating around that incredibly high level of over 1 in 3 households in Scotland. Fluctuating levels of fuel poverty as energy costs, changes to housing costs and income levels are fed into models. Other interventions such as energy efficiency could have transformational impacts but are not making sufficient inroads to fuel poverty levels. We believe that collectively there must be a recognition other temporary support such as crisis payments, and they have been incredibly important for those that received them, cannot and do not shift the fuel poverty figures by any material amount. Government budgets are coming under considerable pressure, resources are reducing whilst need remains high and unrelenting. Strategic direction and more radical solutions are necessary if progress is to be made. Choices are at the heart of the issue, but we are confident that if the right choices are made real progress will be result.

## **Energy Efficiency**

We agree that there must be a ramping of energy efficiency afforded to make significant changes to help those living in the least efficient homes especially where those households have low incomes or high energy consumption associated with conditions, older age, young children, or disability that necessitates additional power consumption and a need for higher temperatures for longer hours.

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<sup>2</sup> Scottish Government, Scottish House Condition Survey 2021, published May 2023  
<https://www.gov.scot/publications/scottish-house-condition-survey-2021-key-findings/pages/3-fuel-poverty/>

We are concerned that the additional costs associated with higher power consumption for essential medical equipment or other equipment such as mobility scooters, stair lifts, etc are not factored into the fuel poverty definition and measurement. We remain concerned that this underrepresented the experiences of these households as their income levels through state benefits may artificially improve their fuel poverty position given the limited energy factors that contribute to the calculations of the Scottish House Condition Survey.

There has been a hiatus in the delivery programme for Warmer Homes Scotland during 2023/24 which has come at the worst possible time for those that might otherwise have benefitted from the summer window to make major improvements to the lowest efficient homes during the summer months of 2023. Similarly, the area-based schemes have for several years underspent budget allocations and there is concern that these previous commitments may not catch up as time passes.

Thousands more homes and more lives could have been better prepared for the price shocks of 2022 and now enduring at incredibly high levels in 2023 onwards. Changes to the Energy Company Obligation (ECO 4) and the introduction of the Great British Insulation Programme may bring about a better focus on the worst homes and people needing help the most but the more intensive nature of it will result in fewer households making progress than with previous programmes. Overall spending on energy efficiency has fallen in real terms whilst the scale of change required remains enormous.

We have welcomed uplifts in grant funding for energy efficiency measure and for NetZero heating systems especially the uplift for rural communities but appreciate that the number of installations is challenging when the availability of a skilled workforce and the capacity of installers to meet compliance regimes is far from sufficient.

### **Advice and Advocacy**

We agree with the panel that there needs to be greater emphasis on advice and advocacy. How services across Scotland are funded is inconsistent that there is far from an equitable level of support available either geographically or demographically. With approximately 1 in 4 households in extreme fuel poverty and people generally struggling with energy costs, energy debt and other consumer debt, the 'sector' is in a permanent state of crisis. Even the agencies that are involved in government funded work require to augment their income to provide anything like the level of support that some households need. Intensive support is necessary to help people in the most difficult of circumstances. Local and specialist organisations are often the most trusted source of help for people, yet they continue to have to be creative in how they attract income that allows them to carry out this vital work.

## **The Fuel Insecurity Fund**

The fund has undoubtedly provided welcome relief for those that have benefitted from its budget delivered through the agencies appointed by the Scottish Government. It should, of course, not be required to exist, but given the rapid pace of change and the impact on households it has been valuable.

We are disappointed that the panel did not consider the context of the fund in relation to Scotland's growing social security provision. In 2022/23 Scotland introduced the Winter Heating Payment and continues to provide the Child Winter Heating Payment and is now consulting the deployment of the Winter Fuel Payment. All those state payments have the potential to support fuel poor households and are within the devolved responsibility of the Scottish Government. It is vitally important that where policy meets practical delivery that Government maximises the opportunity. It is not clear that it is necessarily true for these payments or for the Winter Fuel Payment to come that maximising the fuel poverty reduction impact is a guiding principle or a material consideration. The panel has recommendations on modelling, and it would be good practice if the same logic were applied to the application of funding to achieve better outcomes.

## **Social Tariff**

Energy Action Scotland supports calls for a lower cost energy tariff or social tariff to be made available to low income and other qualifying households. We believe that could have a significant impact in the relative affordability of energy and could reduce fuel poverty levels significantly. However, even if a social tariff afforded a 50% reduction against the Ofgem Energy Price Cap regulated value it would return costs to 2020 levels when approximately 1 in 4 households were in fuel poverty. A social tariff would provide vital reductions for households and is important in the context of wider changes required across a strategy.

The panel are also right to identify the complex nature of the energy system as experienced by households. The smart meter rollout remains disappointing in the pace of change. Our northern electricity network distribution area has further limits arising from its load managed status and is an area where many households have restricted metering arrangements and limited options to move tariff or supplier. In our estimate only 28% of 'rural' local authority households have a smart meter. It is as low as 7% in the most remote parts of Scotland. This varies considerably from the 43% for Scotland as a whole and the 53% for GB. Whilst a meter cannot lift a person out of fuel poverty it is a material consideration in how a social tariff might be deployed across eligible households. Older technology will hinder this ability, reduce its effectiveness and impact.

## **Focus on health**

We are in full agreement with the panel that there needs to be a greater focus on health in relation to fuel poverty. We have long referenced the need for this to be considered at a fundamental level. The Warm Home Prescription project of the Energy System Catapult which was brilliantly supported by SCARF in the North East of Scotland is an example of where different areas can work better together. GP Deep End practices have similarly provided an important conduit for support for people struggling to cope but are threatened by the removal of Community Links Workers where Health & Social Care Partnerships are being forced to make cuts, regardless of their impact on the most vulnerable. It highlights for us the importance of bringing together evidence and data to better target support. During the height of the COVID pandemic government priorities shifted and shifted quickly. The legacy of that time is not being reflected now. Social Security Data, NHS Data, Energy Supplier Data is not being shared in ways that protect and support the most vulnerable. There has been some limited data sharing to provide the Energy Bills Support Scheme but more needs to be done to identify and target support to those in greatest need.

Official indicators of the impact of fuel poverty and health are weak. Excess winter mortality is a relative value and is relative to summer mortality, yet it is currently the best reference for deaths arising from fuel poverty (when applying a proxy from an authority such as the World Health Organisation). We are reliant on proxy values for the costs to the NHS of people living in cold damp homes contributing to health declines. Our own investigation of the number of patients collected by ambulance services with symptoms consistent with hypothermia showed a significant rise in winter 2022/23 over a comparable winter 2019/20 suggesting costs that could have been avoided or that other patients could have been prioritise or experienced shorter wait time.

It isn't clear what the level of strategic readiness planning is for winter 2023/24 when it appears that high energy costs will impact negatively on the health and wellbeing of the population and put greater pressure on the NHS.

## **Energy Summits**

Energy Action Scotland stood with the Poverty Alliance in calling for the first Energy Summit in 2022 and we welcomed the leadership shown by the then First Minister that ensured that energy suppliers and charities were able to make some improvements in the experiences of households in Scotland during 2022/23.

We recognise and appreciate that there are huge issues to be addressed in areas that are reserved to Westminster. We support calls that will ensure that Scottish households are treated fairly and that address the failings in our energy system. We would urge, as the panel does, that Scottish Government Ministers and officials do all that they can to advocate for a fairer energy market for customers in Scotland.

The follow-up working groups, running since early summer 2023, to the First Minister's Energy Summits in 2022 hosted by Scottish Ministers have provided a good opportunity to explore in more detail vulnerability and rural challenges. Solutions and areas for development have been identified. Energy Action Scotland supports regular dialogue continuing and momentum being built that can enable the Scottish Government funded programmes to engage and support more fully the broader third sector in Scotland. There is a huge amount to be gained by closer and complementary delivery. We support moves to continue the work of the groups on at least an ad hoc basis.

Associated with these summits and working groups for us was the First Minister's Poverty Summit in May 2023 which brought together the breadth of the third sector to meet with political leaders of all parties and to hear first-hand, the powerful accounts of the lived experience of people enduring poverty. The lived experience work in energy could similarly add greatly to understanding. The Scottish Government's earlier commissioned work on fuel poverty lived experience was welcome but we believe that this could have been a considerably more impactful piece of work if it had greater breadth and depth.

### **Scottish Fuel Poverty Strategy revision process**

We agree with the panel that there needs to be a structured approach taken to any revision. In our view opportunities were missed to re-engage with the consultees prior to the publication of the strategy at the end of 2021. The gap between the close of that strategy consultation period and its eventual publication was long and COVID had, in no small part, changed perspectives. Recognising that the current strategy is a product of that time, we believe that there is merit in revisiting the evidence submitted as part of that process, particularly the input of the expert group. The prevailing conditions in 2019/20 were such that there may be areas where decisions were taken that need active reconsideration.

We strongly support the need for a full equalities impact assessment to ensure that all factors are being considered. We believe that disabled people or people with long term or medical conditions that necessitate the use of powered equipment may be underrepresented and potentially deprioritised within programmes of support when their actual circumstances would suggest that they may be a higher priority.

It is highly likely given the amplification of issues arising from incredibly high energy costs that engagement with stakeholders from a broader spectrum of issues and interests is likely to bring greater insight to the revision or refocussing of the strategy. We'd be happy to support the Scottish Government with engagement with that broader engagement during 2023/24 including the opportunity for the Scottish Fuel Poverty Advisory Panel to engage through workshops at our conference on 23-24 November 2023.

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