



SPECIAL REPORT ON FUEL POVERTY



SCOTTISH PARLIAMENT ELECTION 2016

Scottish Parliament Election 5 May 2016

Fuel poverty is defined as having to spend more than 10% of income on domestic fuel to heat and power the home to an adequate level. Around 845,000 - ie 1 in 3 - Scottish households are currently affected. Fuel poverty results in both debt and cold, damp homes that can cause poor health, discomfort and misery – often forcing the choice between heating rooms or cooking a hot meal.

There are three main causes of fuel poverty: poor energy efficiency of the home, high price of domestic energy, and low disposable household income. Responsibility for addressing the causes of fuel poverty lies with different levels of Government. However the Scottish Government has a statutory duty under the Housing (Scotland) Act 2001 to end fuel poverty, as far as is reasonably practicable, by November 2016.

Energy Action Scotland is the national charity with the sole aim of ending fuel poverty across the whole of Scotland. As the election approaches, Energy Action Scotland has asked the five main Scottish parties to respond to questions on how they would eradicate fuel poverty in Scotland. The responses from the Scottish Conservative, Scottish Green, Scottish Labour, Scottish Liberal Democrat and SNP parties form this report.

Questions

1. The target to end fuel poverty by November 2016, which was set out in the Housing Act (Scotland) 2001, is unlikely to be met. Will your party reset the target or give details of a roadmap of how to go about eradicating fuel poverty in Scotland?
2. How would your party guarantee that spending on fuel poverty continues to be a priority for the Scottish Government?
3. In September 2015, the Scottish Government chose to delay the consultation on the Regulation of Energy Efficiency in Private Sector homes (REEPS) and said that the consultation instead would take place in the next parliamentary session. What importance does your party place on setting such regulations and how would your party progress this?
4. How will your party use the devolved powers over the Energy Company Obligation (ECO) and welfare powers, such as the Winter Fuel Payment, Cold Weather Payments and the Warm Home Discount which are coming through the Scotland Bill, to end fuel poverty?
5. Fuel poverty is a cross-cutting issue and requires a mix of universal and targeted programmes to meet the varied situations of the fuel poor. Please detail the departments and sectors your party would involve to achieve this mix in your response to fuel poverty.
6. Do you have any additional comments in relation to how your party would tackle fuel poverty in Scotland?

Scottish Conservative Party

- 1. The target to end fuel poverty by November 2016, which was set out in the Housing Act (Scotland) 2001, is unlikely to be met. Will your party reset the target or give details of a roadmap of how to go about eradicating fuel poverty in Scotland?**

One of our key priorities outlined in our Scottish Parliament 2016 manifesto is energy efficiency, which is one of the key determinants of fuel poverty. We know that around 65% of Scotland's properties today are rated EPC D or worse - the figure rising to 80% in rural Scotland. This has knock-on effects on fuel poverty, which in rural areas stands at 50%. Scottish Conservatives therefore believe we should have an ambitious energy efficiency target and aim for all properties to achieve an EPC C or better rating by the end of the next decade.

- 2. How would your party guarantee that spending on fuel poverty continues to be a priority for the Scottish Government?**

As part of our energy efficiency plan we have suggested a transformative investment of around £1bn over the next Parliament. We would like to see the share of the Capital DEL budget going on energy efficiency schemes to increase year on year to reach 10% by 2020/21 - this would mean around £340m for energy efficiency in that year alone. We know the capital budget is due to increase by around 14% in real terms over the next 5 years - Scottish Conservatives have made energy efficiency our priority and will press the Scottish Government on this too.

- 3. In September 2015, the Scottish Government chose to delay the consultation on the Regulation of Energy Efficiency in Private Sector homes (REEPS) and said that the consultation instead would take place in the next parliamentary session. What importance does your party place on setting such regulations and how would your party progress this?**

Our priority for the next election is to argue for transformative levels of capital investment into energy efficiency to provide a range of grants and loans under locally-delivered schemes in cooperation with local authorities, the private and third sectors. We are currently unconvinced by the need for further regulation, but we will be following the consultation closely.

- 4. How will your party use the devolved powers over the Energy Company Obligation (ECO) and welfare powers, such as the Winter Fuel Payment, Cold Weather Payments and the Warm Home Discount which are coming through the Scotland Bill, to end fuel poverty?**

The Energy Company Obligation (ECO) could unlock further investment into energy efficiency and we will look to do just that. In our 2016 manifesto we make it clear that we will want to protect both Cold Weather Payments as well as the Winter Fuel Payment, although changes to when in the year WFP's are paid do merit consideration.

- 5. Fuel poverty is a cross-cutting issue and requires a mix of universal and targeted programmes to meet the varied situations of the fuel poor. Please detail the departments and sectors your party would involve to achieve this mix in your response to fuel poverty.**

Whilst energy efficiency is the key plank of our approach to fuel poverty, there are broader measures that do have an effect. Firstly, energy prices remain too high. We have consistently argued energy generation should be based on three key principles - security of supply, affordability and decarbonisation. This requires a mixed energy policy, without an overt reliance on one type of generation and with ongoing support for sunrise technologies. Scottish Conservatives are the only party that believes our existing nuclear capacity should be protected for the long-term and the only party which believes that, subject to local planning consent, unconventional gas extraction should be pursued. Secondly, providing more employment opportunities - especially across our rural businesses - and improving productivity would both have a direct impact on fuel poverty. Our manifesto includes a range of policies in pursuit of these goals, from a business rates freeze through additional rural business support to skills and infrastructure improvements.

- 6. Do you have any additional comments in relation to how your party would tackle fuel poverty in Scotland?**

Tackling fuel poverty will take time and will require a concerted effort across several policy areas. With cross-party consensus, however, we will make progress.

Scottish Green Party

- 1. The target to end fuel poverty by November 2016, which was set out in the Housing Act (Scotland) 2001, is unlikely to be met. Will your party reset the target or give details of a roadmap of how to go about eradicating fuel poverty in Scotland?**

Over one third of people in Scotland are in fuel poverty; this is a national disgrace and we need a bold approach to meet the challenge of ending fuel poverty once and for all. Green MSPs will continue to make energy efficiency a national priority, calling for the expansion of area-based retrofitting schemes and pushing the boundaries of newly devolved powers to design a Scottish fuel poverty scheme funded by the largest energy companies. We will push for all homes to achieve an Energy Performance Certificate of Band C by 2025 and support the introduction of minimum energy efficiency standards at the point of sale or rent. Some current schemes are over-complicated (for customers and for suppliers) – we'll push to streamline the processes for getting access to funding and enhance the national advice service currently provided by Energy Saving Trust.

We will also introduce a not-for-profit repair service to make it easier for people to make the necessary improvements to their homes to increase energy efficiency. This could be done by existing housing associations, or a network of local services, including local authority companies, housing associations, and voluntary agencies. We would also look to provide financial support for repair work so that people can carry out essential repairs and improvements at an affordable rate. We will press for the removal of VAT on building repairs, and we will propose targeted help with financing repairs – for example, energy efficiency grants for low income households, interest-free loans paid back through an incremental increase on property tax, or options to defer paying repair costs until the property is sold.

- 2. How would your party guarantee that spending on fuel poverty continues to be a priority for the Scottish Government?**

Scottish Greens will continue to place pressure on the next Scottish Government to ensure that fuel poverty remains a top priority. We will support measures to improve the energy efficiency of homes and measures to increase the rate of retrofitting. We see this as an issue that is important in its own right, but also one which helps to achieve wider government priorities, such as climate challenge targets, increasing disposable income available for households to spend, reducing child poverty, improving health outcomes and others. Accordingly, fuel poverty must be recognised as a priority by any government which seeks to practice implementing coherent and joined-up policy.

- 3. In September 2015, the Scottish Government chose to delay the consultation on the Regulation of Energy Efficiency in Private Sector homes (REEPS) and said that the consultation instead would take place in the next parliamentary session. What importance does your party place on setting such regulations and how would your party progress this?**

The Scottish Greens believe that we must have better regulation of energy efficiency in the private sector. As the energy efficiency of buildings and homes improves the demand for energy will decrease – both from traditional fossil fuel sources and

renewables. This will contribute to Scotland achieving its emissions targets. Our 2016 manifesto makes a commitment for our MSPs to call for high efficiency standards to deliver net zero carbon new buildings by 2030, and we will push for the rate of retrofitting to be accelerated to ensure that all existing properties also achieve Band C by 2025.

4. How will your party use the devolved powers over the Energy Company Obligation (ECO) and welfare powers, such as the Winter Fuel Payment, Cold Weather Payments and the Warm Home Discount which are coming through the Scotland Bill, to end fuel poverty?

Scottish Greens believe that we can push the boundaries of newly devolved powers to design a Scottish fuel poverty scheme funded by the largest energy companies through the Energy Company Obligation. This scheme would address retrofitting, maintenance standards and delivering new projects such as district heating.

5. Fuel poverty is a cross-cutting issue and requires a mix of universal and targeted programmes to meet the varied situations of the fuel poor. Please detail the departments and sectors your party would involve to achieve this mix in your response to fuel poverty.

We would involve finance, enterprise environment and innovation, health and social care, and communities departments. We would include the energy, building and construction sectors in plans to address fuel poverty. We would also look to include national advice organisations such as Shelter, Chartered Institute of Housing, and the Energy Savings Trust. Housing associations as well as private house builders must also be involved in discussions, as must local government.

6. Do you have any additional comments in relation to how your party would tackle fuel poverty in Scotland?

We see this as a key issue that has implications for health and social justice as well as wider environmental concerns. It must have a correspondingly high priority in any programme of government.

Scottish Labour Party

- 1. The target to end fuel poverty by November 2016, which was set out in the Housing Act (Scotland) 2001, is unlikely to be met. Will your party reset the target or give details of a roadmap of how to go about eradicating fuel poverty in Scotland?**

No one should need to live in a hard-to-heat draughty home. That's why tackling fuel poverty will be a high priority for a future Scottish Labour Government.

The last Labour-led Government set an ambitious target to eradicate fuel poverty by 2016. Disappointingly, that target will not be met. But Scotland must not give up on ending fuel poverty. If elected to government after the election, Scottish Labour would welcome discussion with Energy Action Scotland and others on the next steps and ambitions that should be set to tackle fuel poverty in Scotland.

Labour would introduce a Warm Homes Act that would establish higher standards in the private sector as well as setting the framework for district heating in our communities.

The other side of the fuel poverty issue is household incomes, and Labour are committed to taking action there too through the establishment of a living wage commission, and other measures to promote fair work and full employment.

- 2. How would your party guarantee that spending on fuel poverty continues to be a priority for the Scottish Government?**

The SNP chose to cut the fuel poverty budget in the recent Scottish budget, a measure which is short-sighted. Tackling fuel poverty is important for families and for our commitments to tackle climate change.

Cutting budgets is a consequence of passing on the austerity budgets of George Osborne and the Tories, if we want to make different choices on spending we need to make different choices on how we raise income.

Scottish Labour would make a different choice, we will ask the richest 1% to pay a little more so that our communities can have the resources they need.

We will deliver a ground-breaking Scottish Warm Homes Act. This will help deliver the changes we need to see in planning and building regulations to tackle fuel poverty.

- 3. In September 2015, the Scottish Government chose to delay the consultation on the Regulation of Energy Efficiency in Private Sector homes (REEPS) and said that the consultation instead would take place in the next parliamentary session. What importance does your party place on setting such regulations and how would your party progress this?**

Good progress has been made in driving up standards in the public and social sectors, but the challenge remains in the private rented sector. Our Warm Homes Act would help to tackle that.

Our act will overhaul planning and building regulations so Scots can take advantage of home-grown sustainable heating technologies and place a duty on landlords to improve properties and address fuel poverty. Our plan will create jobs, tackle fuel poverty and mean we live up to our aspirations to be a world leader in tackling climate change.

We will also introduce a charter - similar to that in the social rented sector – to drive up standards in the private rented sector.

4. How will your party use the devolved powers over the Energy Company Obligation (ECO) and welfare powers, such as the Winter Fuel Payment, Cold Weather Payments and the Warm Home Discount which are coming through the Scotland Bill, to end fuel poverty?

Scottish Labour has been clear – we will use the new powers of our parliament. As part of that, we would look at the contribution those powers can make to tackle fuel poverty. We will protect winter fuel payments and cold weather payments. We will work with energy companies to explore ways in which Warm Home Discount can be fairly applied and whether there is a need for a distinctive Scottish approach. We believe in a 'civic energy' future - a future that grows local schemes to produce green energy for local use. We will support businesses and communities, in islands and rural areas, in towns and cities, including those people currently off-grid, to reduce their energy demand, stimulating the development of commercially viable energy reduction.

5. Fuel poverty is a cross-cutting issue and requires a mix of universal and targeted programmes to meet the varied situations of the fuel poor. Please detail the departments and sectors your party would involve to achieve this mix in your response to fuel poverty.

You are right, fuel poverty is a cross-cutting issue, in terms of tackling it there is work to be done in improving energy efficiency of homes, ensuring consumers have access to fair energy tariffs, and of course tackling poverty and inequality which is at the root of many peoples' lived experience of fuel poverty. Labour have committed to implementing all 15 of the recommendations from the Scottish Government's Independent Advisor on Poverty and Inequality.

We are committed to building 60,000 affordable homes, including 45,000 for social rent by Councils, housing associations and co-ops, we will create a new skills agency to help people get the skills they need to gain fulfilling work, we will establish a Living Wage Commission, to drive up wages in the private sector and will never award public contracts to organisations that don't pay their workers fairly, all of which will make an important contribution to tackling fuel poverty. All of Labour's cabinet would be involved in aspects of delivery, and we will always work with organisations like Energy Action Scotland to ensure we are making effective progress.

6. Do you have any additional comments in relation to how your party would tackle fuel poverty in Scotland?

Governments face choices about how to tackle significant social issues - poverty and fuel poverty in particular aren't necessarily concerns that sway public opinion at election time. For the people who live with the effects of fuel poverty, impacts on health, educational attainment, and the capacity to provide a safe and secure future for their

family are daily concerns. They are entitled to a government that does more than just talks sympathetically about the problem while doing little in practice. Scottish Labour believes that a more equal society is better for everyone in it, that the concerns of the marginalised are the concerns of us all. That's why tackling poverty will always be a central concern for a Scottish Labour Government. That's why the last time Labour were in government fuel poverty was a priority, and that's why the target was set. We want government to use the power that they have and make the choice to act on fuel poverty.

Scottish Liberal Democrat Party

- 1. The target to end fuel poverty by November 2016, which was set out in the Housing Act (Scotland) 2001, is unlikely to be met. Will your party reset the target or give details of a roadmap of how to go about eradicating fuel poverty in Scotland?**

Earlier this year, Scottish Liberal Democrats used our annual opposition day debate at the Scottish Parliament to highlight this very issue.

Frustratingly, the SNP refused to acknowledge that it will miss its statutory target to abolish fuel poverty by November 2016, even though a third of households are affected and the latest annual statistics showed “no real change” in its rate. It’s time for a fresh strategy.

At this election the Scottish Liberal Democrats have set out costed plans in our manifesto on how we can make real progress against the continuing ambition to eradicate fuel poverty.

We will build more warm homes, firmly establish improving the energy efficiency of homes as a national infrastructure project and put the focus on renewable heat. This will be achieved by adopting the first ever industrial heat strategy, promoting combined heat and power, using waste heat more effectively and developing geothermal heat from disused coalmines.

- 2. How would your party guarantee that spending on fuel poverty continues to be a priority for the Scottish Government?**

Scottish Liberal Democrats propose to create a Fit For The Future Investment Fund. It will deliver more than £200 million more each year to tackle fuel poverty and fund our plans to improve the energy efficiency of homes and businesses.

In addition, investment from this fund will also help enable us to build 50,000 affordable, warm homes during the next Parliament, 40,000 of which will be for social rent.

The Fit for the Future Investment Fund will be solidly funded by using a proportion of the Scottish Parliament’s borrowing powers and through a more robust procedure for redeploying budget underspends into projects that are waiting for the green light.

We won’t repeat the mistake that the SNP made of reducing the amount being spent on tackling fuel poverty by 13%, just days after returning from the landmark climate change talks in Paris.

- 3. In September 2015, the Scottish Government chose to delay the consultation on the Regulation of Energy Efficiency in Private Sector homes (REEPS) and said that the consultation instead would take place in the next parliamentary session. What importance does your party place on setting such regulations and how would your party progress this?**

We will restart the review cancelled by the Scottish Government in 2015.

We will introduce new building standards for greater energy efficiency with an ongoing plan to reflect the experience in Denmark. Standards there increased incrementally over decades, ensuring that future home owners and tenants benefit from substantially warmer and cheaper-to-heat homes.

4. How will your party use the devolved powers over the Energy Company Obligation (ECO) and welfare powers, such as the Winter Fuel Payment, Cold Weather Payments and the Warm Home Discount which are coming through the Scotland Bill, to end fuel poverty?

We will use the new powers transferring to the Scottish Parliament to shape the Energy Company Obligation in order to combine support from power companies and the Scottish Government for homeowners and sitting tenants to make their homes warmer through grants.

Liberal Democrats are determined to build a Scottish welfare system that provides a better link between social security benefits and services provided by the government and local councils. We want to see a welfare system that is underpinned by respect for the dignity of individuals, is accessible, fair and suited to the needs of Scotland.

The best way to achieve this is through establishing a system that has cross-party support and which commands the full confidence of claimants and the organisations and services that support them.

5. Fuel poverty is a cross-cutting issue and requires a mix of universal and targeted programmes to meet the varied situations of the fuel poor. Please detail the departments and sectors your party would involve to achieve this mix in your response to fuel poverty.

Scottish Liberal Democrats will use the full range of measures in the Scottish Government's toolkit to tackle fuel poverty.

For example, we will invest in infrastructure including 50,000 new warm homes and energy efficiency measures, alongside catch-up zones to tackle fuel poverty in remote and island areas which have fallen behind and need more flexibility in the installation requirements.

We will extend the right of GPs to social prescribing, including home insulation, if they judge it will help the health and wellbeing of an individual.

We will phase in a new regulation to make sure all newly-let properties achieve energy rating C, in order to reflect that landlords have the capital asset and resources to make the investment, whereas tenants do not. New social housing, built using public money, will need to incorporate renewable energy systems.

We will give the power to local authorities to tackle fuel poverty in their areas through better planning for district heating, renewable energy technology in new social housing and good energy performance in new buildings.

These are just some of the range of actions that we will take across government to address fuel poverty.

6. Do you have any additional comments in relation to how your party would tackle fuel poverty in Scotland?

This election is an opportunity to make Scotland the best again. Tackling fuel poverty and creating warmer homes is at the heart of our plans to make sure Scotland finally meets its world-leading climate change targets, improve public health and ensure that everyone can reach their potential.

Scottish National Party

- 1. The target to end fuel poverty by November 2016, which was set out in the Housing Act (Scotland) 2001, is unlikely to be met. Will your party reset the target or give details of a roadmap of how to go about eradicating fuel poverty in Scotland?**

The SNP is committed to the statutory target of eradicating fuel poverty and have used the powers within our control to achieve this. But we should acknowledge that not all levers are within our powers including above-inflation price increases by energy companies. The fuel poverty rate for 2014 would have been around 9.5% if fuel prices had risen in line with inflation between 2002 and 2014. Our efforts have stopped it increasing further.

- 2. How would your party guarantee that spending on fuel poverty continues to be a priority for the Scottish Government?**

The SNP in government invested over half a billion pounds since 2009 to tackle fuel poverty and energy efficiency. We have delivered 900,000 energy efficiency measures since 2008 – nearly one in three households. The share of homes rated EPC band C and above has increased by 71% since 2010, and 11% in the last year. This is a record to be proud of and we will build on that in the next parliamentary term.

The UK Government are only spending money raised by supplier obligations and nothing from the general pot. In the next year alone the SNP will spend over £103m to install energy efficiency measures in a further 14,000 homes - a major investment at a time of UK Government cuts. We will make £14m available to pilot energy efficiency programmes in business, public buildings, and community projects next year which will then be rolled out further from 2018 under our Scotland's Energy Efficiency Programme.

- 3. In September 2015, the Scottish Government chose to delay the consultation on the Regulation of Energy Efficiency in Private Sector homes (REEPS) and said that the consultation instead would take place in the next parliamentary session. What importance does your party place on setting such regulations and how would your party progress this?**

We will consult on introducing standards for owner occupied houses to reach energy efficient standards and make a mix of grants and low cost loans available to carry out this work. We will also consult on regulating energy efficiency in the private rented sector to ensure tenants are getting the best value for the money they spend on bills. Low cost loans will be available for landlords to carry out this essential work which will add to the value of their property and tackle high levels of fuel poverty in this sector.

- 4. How will your party use the devolved powers over the Energy Company Obligation (ECO) and welfare powers, such as the Winter Fuel Payment, Cold Weather Payments and the Warm Home Discount which are coming through the Scotland Bill, to end fuel poverty?**

Energy efficiency is now a National Infrastructure Priority, and we have created Scotland's Energy Efficiency Programme (SEEP) to improve the energy efficiency of Scotland's buildings over the next two decades – both domestic and non domestic. We will ensure SEEP's fuel poverty measures are targeting those people living in poverty and low income to focus on lifting them and keeping them out of fuel poverty. We will examine how we can use our new flexibilities over the Warm Homes Discount and ECO to help us with these aims.

5. Fuel poverty is a cross-cutting issue and requires a mix of universal and targeted programmes to meet the varied situations of the fuel poor. Please detail the departments and sectors your party would involve to achieve this mix in your response to fuel poverty.

An SNP Government would work with stakeholders to review the fuel poverty action plan and make new links with other areas important to the issue of fuel poverty and energy efficiency including health, geography, and rurality.

6. Do you have any additional comments in relation to how your party would tackle fuel poverty in Scotland?

We have a record on energy efficiency to be proud of, but we recognise there is more to do to tackle fuel poverty and energy efficiency. By making our homes more energy efficient we can reduce bills, help reduce emissions, and contribute to our climate change targets being reached whilst also making Scotland healthier by making homes warmer, especially for children and older people. That will remain the focus of an SNP Government in the next parliamentary term.

This isn't the only way we can tackle fuel poverty - we will also work to cut costs for people and maximise incomes – continuing our aim to tackle inequalities and create a fairer Scotland.

An SNP Government will maintain the current eligibility for the Winter Fuel Payment. In addition we will extend it to families with children in receipt of highest care component of DLA. This move will help up to 17,000 children who are in need of additional support, and the quarter of this group who live in fuel poverty.

Currently 122,000 households including 80,000 pensioners can pay some of the highest fuel costs because they are off grid leading to 65% of those off-grid being fuel poor. So we will also make payments early to those who are off grid to take advantage of lower prices.

We will introduce a programme of financial health check-ups aimed at those on low incomes to help ensure they are on the right energy tariffs and have access to bank accounts.

An SNP Government will also organise a summit with utility companies to look at what they can do to provide best rates available for low income families and reduce need for prepayment meters. We will also promote the Our Power social enterprise energy model for councils and housing associations across Scotland to help keep costs down for tenants in social rent.



This report was produced by Energy Action Scotland.

Energy Action Scotland is the national charity working for warm, dry homes.

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