

Consumer Futures Unit

Fuel poverty in Scotland

Achieving affordable warmth for all

Background

- ▶ Everyone requires energy to maintain good health and wellbeing.
- ▶ Fuel poverty is defined in Scotland as existing if a household is required to spend more than 10% of its income in order to maintain a satisfactory heating regime. If a household is spending more than 20% of its income on heating it is in 'extreme' fuel poverty.
- ▶ There is a correlation between income poverty and fuel poverty, but the former is not a prerequisite for the latter. Fuel poor households are found in all income bands, meaning many households have to juggle high energy costs with other essential needs, such as food, clothing and transport.
- ▶ The energy performance of Scottish homes and household incomes has been increasing, but so too have energy costs. By 2015 fuel prices were more than 2.5 times (170%) their 2003 level.
- ▶ A lack of consumer awareness about how to use energy more efficiently, combined with the poor energy performance of many homes, means that many Scottish households continue to live in fuel poverty.

Key issues

- ▶ Rates of fuel poverty in Scotland have remained broadly similar between 2009 (34%) and 2015 (31%).
- ▶ A recent 4% drop in the rate of fuel poverty in Scotland between 2014 and 2015 was largely attributed to a reduction in the price of domestic fuels, though improvements in the energy efficiency of housing and increased household incomes were also factors.
- ▶ The energy efficiency of homes and non-domestic buildings has been designated a National Infrastructure Priority in Scotland. Delivered by Scotland's Energy Efficiency Programme (SEEP) this will seek to reduce energy bills, fight fuel poverty and tackle climate change.
- ▶ Two short-life independent expert groups (the Scottish Fuel Poverty Strategic Working Group and Scottish Rural Fuel Poverty Taskforce) set up by the Scottish Government have made evidence-based recommendations on how fuel poverty can be ended in Scotland.
- ▶ From 2018 the Scottish Parliament will acquire additional devolved powers that will allow the Scottish Government to decide how the Energy Company Obligation (ECO) and related fuel poverty schemes and benefits are designed and delivered in Scotland.

DRIVERS OF FUEL POVERTY

Household income
Price of energy
Energy performance of homes
How energy is used

31%
of Scottish households
are fuel poor


54%
of Scottish households
in electrically-heated
homes are in fuel poverty

70%
of Scottish households
living in properties with
lowest energy rating
(EPC F-G) are fuel poor

Key Recommendations

- ▶ A new statutory fuel poverty strategy should be developed to identify a clear roadmap for the ending fuel poverty in Scotland. This should include a revised target date, with clearly defined milestones, and specific actions that will address all four drivers of fuel poverty.
- ▶ Fuel poverty should be treated as a cross-departmental issue, to be tackled collaboratively with national and local agencies. The Scottish Government should make clear how it plans to make use of newly devolved powers to ensure that supplier obligations and other powers are delivering for Scotland.
- ▶ Consumers should be at the heart of Scotland's energy policy, including Scotland's Energy Efficiency Programme. This should include access to appropriate advice about energy, energy efficiency and the support available, including routes for redress when things go wrong.
- ▶ We welcome the Scottish Government's response to the recommendations in the reports of the Scottish Fuel Poverty Strategic Working Group and the Scottish Rural Fuel Poverty Taskforce and look forward to more detail on the specific actions it plans to take forward.
- ▶ The Competition and Markets Authority (CMA) investigation into the GB energy market highlighted where energy consumers are being failed. The remedies they have proposed are welcome, but it is essential that the Scottish and UK governments work with the CMA, Ofgem, suppliers and other key intermediaries to ensure that the most vulnerable consumers are supported to fully engage in the GB energy market.

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The Consumer Futures Unit puts consumers at the heart of policy and regulation in the energy, post and water sectors in Scotland. Part of Citizens Advice Scotland, we research and gather evidence, which we use to improve outcomes for consumers.



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