

The Cost of Keeping Warm: *Lived Experience of Energy and Vulnerability in Scotland Pilot*

Policy Briefing

June 2024

Scotland's Citizens Advice Network empowers people in every corner of Scotland through our local bureaux and national services by providing free, confidential, and independent advice. We use people's real-life experiences to influence policy and drive positive change. We are on the side of people in Scotland who need help, and we change lives for the better.

Introduction

This policy briefing provides a summary of findings and policy recommendations made in *The Cost of Keeping Warm: Lived Experience of Energy and Vulnerability in Scotland Pilot* report¹. The research and policy analysis of Citizens Advice Bureau (CAB) client's lived experiences of fuel poverty provided necessary and sought after evidence of consumer detriment and factors that drive fuel poverty and cause or exacerbate vulnerability, and set out how the policy context in Scotland is distinct to the rest of the UK.

In December 2022, for the first time on record, gas and electricity advice overtook Universal Credit as the single largest type of advice provided by the network in Scotland. In 2023/24, CABs gave **101,070** pieces of energy advice with the average client energy-related debt around **£2,300** (£3,047 in remote and rural areas alone). Demand for fuel advice and fuel debt advice continues to be a major concern for the network.

Key findings

- ▶ The cost of living and energy crises have pushed increasing numbers of people into fuel poverty.
- ▶ Fuel poverty cannot be effectively addressed in isolation from vulnerability.
- ▶ Advisers agreed upon eight drivers of fuel poverty in Scotland: vulnerability, housing, supplier challenges, energy set-up, financial support, regulation, move to net zero, and affordability.
- ▶ Vulnerability encapsulates temporary or permanent circumstances that have the potential to inhibit a person's right to represent or protect their own interests in a way that could lead to detriment or increase a person's chances of experiencing detriment.
- ▶ Rural consumers in Scotland pay a 'rural premium', are more exposed to fuel poverty and more susceptible to falling into a vulnerable situation, particularly in the Highlands & Islands.
- ▶ Lack of supplier customer support is a primary hurdle to financial relief and drives fuel poverty.
- ▶ 'Fabric-first' approaches to eradicating fuel poverty (improving a home's energy efficiency) don't adequately meet the needs of low-income, fuel poor consumers, wherever this does not address broader, intersecting issues relating to an individual's ability to heat their home.
- ▶ The variance in Scotland's housing stock and complexity of need requires an individualised, holistic approach when assessing energy efficiency upgrades.

¹ Citizens Advice Scotland, *The Cost of Keeping Warm: Lived Experience of Energy and Vulnerability in Scotland Pilot*, June 2024.

- The installation of low-carbon technology is not a priority for those focused on immediate financial support in the face of the energy crisis and this extends to wider views on the transition to net zero.
- Many of the same issues behind the lack of infrastructure in place needed to aid a smooth and effective just transition to net zero, such as adequate housing, are also the main drivers of fuel poverty.

Key stats: Q3/4 2023/24

- The CAB network gave 62,583 pieces of advice on regulated fuel, and 5,462 pieces of advice on fuel debts.
- There has been an 11% increase in total debt for gas and a 9% increase in average debt per client since last year.
- The average client in debt with their gas provider had £1,464 in debt.
- Fuel vouchers are consistently the most common area of energy advice and demand increased by 32% on the previous year.
- Discretionary credit for prepayment meters saw the most notable increase in advice provision with a 55% increase since the same time last year.
- Clients from the most economically deprived areas (SIMD 1) were 43% more likely to seek energy advice than any other type of advice.
- Clients with a health condition or disability were 69% more likely to receive energy advice than advice more generally.
- There was a 22% increase in clients from accessible and remote small towns seeking advice on fuel vouchers.

Further analysis

1. Income and affordability

For many, the cost of living crisis no longer demands a decision be made between heating or eating. The decision has been taken out of their hands; they can't afford either.

" 95% of my clients are in fuel poverty." – CAB adviser

Insufficient income plays a primary role in driving fuel poverty. People are pushed into vulnerable circumstances due to the shortcomings of social security support, social stigma, and government intervention that fails to tackle the root cause of poverty.

" I'm a student, I was reluctant to use the heating... my immune system is not as good

as it was before I'd moved in." – Patrick

2. Housing and energy efficiency

There are three main housing-related drivers of fuel poverty: building type and poor housing quality; retrofit responsibility and landlord behaviour; and affordability of energy efficiency measures. Many of Scotland's homes have solid stone walls which are energy inefficient and susceptible to the build-up of damp due to high levels of rainfall. Many homes don't meet the tolerable standard and solutions to this ought to be considered 'step 1' before retrofitting.

" There's no fireplace here as it's a new build so I bought an electric fire with a bulb, I've never used the fire part, but it gives you the illusion of being warm." - Eilidh

Social housing tenants aren't responsible for upgrades and many tenants report issues with landlords around basic repairing issues, making

net zero measures feel unattainable. Fundamentally, costly energy efficiency upgrades are simply not in the list of priorities for people in vulnerable circumstances needing crisis support.

3. Urban and rural

The common issues particular to rural clients are 1) higher cost of living 2) increased likelihood to fall outwith the gas grid and 3) accessibility of services. In comparing fuel poverty challenges in Scotland to the rest of the UK, there is some commonality, however, these issues are intensified for many consumers particularly in rural Scotland.

“The real difference [to the rest of the UK] is how remote some locations are, for people in the islands in particular, the number of challenges are multiples of households in remote English towns.” – CAB adviser

Rural clients pay a ‘poverty premium’ on essential items like food, travel, and fuel. Lack of accessibility refers not only to energy provider’s customer services, but to fuel vouchers, digital infrastructure, and heat pump installation.

“It’s because you’re rural, they forget about you, but it’s not how it should work.” – Laila

Two-thirds of rural Scotland fall outside the coverage of the gas grid and must turn to alternative, more expensive heating sources. As gas is one of the cheapest forms of commercial fuel, lack of access to this financially viable option for low-income households is a determinant of vulnerability.

4. Just transition to net zero

“You can hardly get them out to do a repair here, never mind anything else.” – Eilidh

The key feature of a just transition, as according to advisers, involves protecting consumers in vulnerable circumstances so as to avoid pushing more people into fuel poverty. Advisers raised several factors as barriers to reaching net zero, including high cost of low-carbon technologies; net zero as a long-term issue where emergency short-term support is of higher priority; access to suppliers who can install low carbon heating systems; understanding of low-carbon and complex technologies; and the rise of energy scams.

“[I’ve] never heard of net zero.” – Kate

Importantly, low-income, just as it’s a foundational driver of fuel poverty, is also a barrier to accessing low carbon technologies essential to a just transition to net zero.

Policy recommendations

- › The introduction of a social tariff in the UK energy market
- › Reinstate the Home Heating Support Fund or similar alternative
- › A mass debt write-off scheme for people experiencing inescapable energy debt
- › Move to net zero to prioritise the reduction of harm on fuel poor households
- › Strengthen effective regulation of the energy market through enforcing tighter controls of energy suppliers
- › Close scrutiny of companies advertising green measures in the retrofitting market
- › A targeted funding approach for Scotland that is calculated using fuel poverty levels