



## Scottish Parliament debate on fuel poverty 23/1/13 – An Existing Homes Alliance briefing

<http://www.existinghomesalliancescotland.co.uk/>

The Existing Homes Alliance Scotland (ExHA) is a coalition of environmental, anti-poverty, consumer, housing and building organisations who believe that urgent action is required to transform Scotland's existing housing stock in order to help tackle both fuel poverty and climate change<sup>1</sup>.

As Parliament will be aware recent figures showed an increase in the incidence of fuel poverty to 29% at the end of 2011<sup>2</sup>. While much of this is driven by soaring energy prices the most rational response within the developed context is an even greater focus on energy efficiency interventions. Evidence of this can be seen in the social rented sector where, due to energy efficiency improvements, fuel poverty levels decreased by 2% over the past year. Indeed, without the demand-led and area-based energy efficiency schemes, funded by the Scottish Government, it is clear the incidence of fuel poverty would be much higher and even more susceptible to changes in income and price.

### 1. A National Retrofit Programme

ExHA welcomes the Scottish Government's development of National Retrofit Programme (NRP) to deliver energy efficiency improvements in existing housing.

#### Aims

We believe the aims of an NRP should be to achieve the Scottish Government's three key targets in this area: specifically, to remove Scots households from fuel poverty by 2016; cut carbon emissions from homes by 42% by 2020; and to achieve a 12% reduction in energy use by 2020. We call for these targets to be adopted as the underpinning aims of the NRP and used both to shape its development and measure its progress<sup>3</sup>.

Given the importance of the NRP to both climate change and fuel poverty targets we believe it is vital that an open and inclusive process is established to help steer its strategic development and monitor its effectiveness and look forward to hearing the Government's intent in relation to this.

#### Area-based approaches

We believe that an area-based approach to delivering energy efficiency measures is cost effective and efficient and welcome developments here.

However, it is clearly fundamental that the most deprived and/or fuel poor areas, both urban and rural, are tackled first in order to realise the greatest potential impact upon fuel poverty,

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<sup>1</sup> **Steering Group:** Association for the Conservations of Energy, Consumer Focus Scotland, Chartered Institute of Housing, Energy Saving Trust, WWF Scotland, Energy Action Scotland, Scottish Federation of Housing Associations, Scottish Building Federation, Verco  
**Supporters:** Age Scotland, Changeworks, National Insulation Association, Scottish Energy Installers Alliance, Shelter Scotland, Scottish and Northern Ireland Plumbing Employers' Federation.

<sup>2</sup> Scottish Government (2012), *Scottish House Condition Survey Key Findings 2011*. Available at <http://www.scotland.gov.uk/Publications/2012/12/4995/6>

<sup>3</sup> <http://www.existinghomesalliancescotland.co.uk/news/national-retrofit-strategy>

and that for those in areas worst affected by poverty non-means tested schemes should be considered.

### **Demand-led schemes**

Moreover, we believe there is a clear need for the continuation of a national demand-led scheme, such as the Energy Assistance Package, to support those not likely to get help from area-based schemes for some years.

## **2. Resources**

It is vital to provide sufficient levels of grant funding, low interest loans and other incentives to enable landlords and owners to upgrade and retrofit their homes. We believe that more resources are required and point to the recent WWF report *Mind the Gap* which called for a doubling of current Scottish Government funding for energy efficiency schemes to £130m per year in order for it to reach its climate change targets<sup>4</sup>.

An NRP must also co-ordinate and assess all available funding streams, including Green Deal and ECO, and identify and seek to address any gaps in terms of access to finance.

Private household finance could also be levered in through the use of reliefs related to a home's energy performance through the proposed Land and Building Transaction Tax (LBTT) which will replace Stamp Duty from April 2015<sup>5</sup>.

## **3. Minimum Standards**

However, ExHA believes that funding and incentives alone are not sufficient to drive the required change. Utility companies found that under the CERT scheme there were instances where home owners and private landlords would not take up offers of free home insulation that would have substantially reduced bills.

Alongside this it is clear that fuel poor households are concentrated in the worst performing properties. Of those living in homes with a 'poor' energy rating 58% are fuel poor, while just 26% of those living in properties rated 'good' suffer fuel poverty.

We therefore believe that a system of regulation, with minimum standards set for houses in all sectors, must go hand in hand with a well-funded NRP if Scotland is to address fuel poverty and meet its carbon emission targets<sup>6</sup>.

Evidence of the effectiveness of setting minimum standards is clear from the social rented sector, where energy efficiency standards set in the Scottish Housing Quality Standard (SHQS) have helped drive a significant improvement in the energy efficiency of social rented homes. This drove a drop of 2% in fuel poverty in social housing over the past year, in spite of rising fuel prices and the low incomes of tenants of social landlords. Housing associations and co-operatives now have the most energy efficient homes in Scotland<sup>7</sup>.

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<sup>4</sup> [http://scotland.wwf.org.uk/what\\_we\\_do/press\\_centre/?6274/Dramatic-increase-in-funding-needed-to-cut-fuel-poverty](http://scotland.wwf.org.uk/what_we_do/press_centre/?6274/Dramatic-increase-in-funding-needed-to-cut-fuel-poverty)

<sup>5</sup> <http://www.existinghomesalliancescotland.co.uk/uploaded/files/LBTT%20ExHA%20response%20final.pdf>

<sup>6</sup> <http://www.existinghomesalliancescotland.co.uk/news/minimum-standards>

<sup>7</sup> Scottish Government (2012), *Scottish House Condition Survey Key Findings 2011*. Available at <http://www.scotland.gov.uk/Publications/2012/12/4995/6>

The Scottish Government is proposing to set an Energy Efficiency Standard for Social Housing by 2020. EXHA welcomes this, believing it will continue to drive higher energy efficiency standards and cut fuel poverty.

The Scottish Government also recently consulted on a Sustainable Housing Strategy which looked at energy efficiency in housing of all tenures and included consideration of the possibility of regulating for minimum standards in the private sector (private rented and owner occupied). The Scottish Government now plans to set up a working group to look at setting minimum standards for energy efficiency in the private sector. ExHA also welcomes this as we believe minimum standards are key to improving energy efficiency and cutting fuel poverty, and the private sector makes up 76% of Scotland's housing<sup>8</sup>.

We welcome the consideration of minimum standards, and call for firm proposals to be developed by 2014 with standards in place by 2015 or 2016 at the latest. We believe the standards should be harmonised with the social housing standards from 2020 onwards.

## Summary

ExHA therefore supports the approach of the Scottish Government in developing a National Retrofit Programme.

We believe this programme must be aimed at delivering fuel poverty, climate change and demand reduction targets. It must also include an area-based approach which prioritises low-income areas. It should also coordinate all other relevant policies and spending and maintain a national demand-led approach, while its strategic direction should be developed in consultation with stakeholders.

Adequate finance must be identified and schemes developed to fill the gaps identified in the recent WWF report.

Regulation and legislation should also be developed to lever in private householder finance through, for example, the introduction of minimum standards for private sector housing, delivered in conjunction with the financial support alluded to above, and a system of tax reliefs delivered through the LBTT.

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<sup>8</sup> Scottish Government (2012), Housing Statistics for Scotland, Key Information and Summary Table. Available at <http://www.scotland.gov.uk/Topics/Statistics/Browse/Housing-Regeneration/HSfS/KeyInfoTables>