

Scottish Parliament Fuel Poverty Debate – 27 January 2016

Existing Homes Alliance Briefing

Key points

- **35% of households in Scotland are currently living in fuel poverty** (845,000 households), with no progress having been made from the last year. It is clear the Scottish Government's target for eradicating fuel poverty will be missed, with less than a year to go to the statutory deadline.
- Improving the energy performance of Scotland's poor-quality housing stock is a fundamental solution to tackling fuel poverty and is the cause of fuel poverty over which the Scottish Government has the most powers.
- Around **85% of Scotland's existing homes will still be inhabited in 2050**. This highlights the need for a major focus on the existing housing stock if we are to tackle fuel poverty.
- The Scottish Government has committed to taking a 'National Infrastructure Priority' approach to improving energy efficiency, which has been welcomed by the Alliance, but no overall objective has yet been set. **More than 50 civic and business organisations are calling for an objective of supporting all homes to reach at least a 'C' Energy Performance Certificate (EPC) standard by 2025.**
- **The Scottish Government are planning to cut their fuel poverty/energy efficiency spending by 13% in their Draft Budget 2016/17.** The Existing Homes Alliance is calling on the Scottish Government to reverse that decision and create a budget that begins to reflect the new infrastructure commitment and is sufficient to deliver existing programmes and trial new approaches.

Levels of fuel poverty in Scotland

Latest figures, from the Scottish House Condition Survey (SHCS) 2014¹, showed that an unacceptable number of households in Scotland continue to live in fuel poverty. These **latest figures showed 34.9% or around 845,000 households were fuel poor** and 9.5% were living in extreme fuel poverty. The figures showed no improvement from the previous year (2013).

The latest figures also show Scotland's fuel poor are disproportionately living in cold, leaky homes. 73% of households with the worst performing Energy Performance Certificate (EPC) ratings of F and G are fuel poor.

There are three main causes to fuel poverty, poor energy efficiency of the building, low disposable household income, and high fuel prices. Of these three main areas, energy efficiency is the area where Scottish Government has fullest powers. Tackling fuel poverty through improved energy efficiency protects householders from fluctuations in fuel costs and is a 'fabric first' approach.

¹ <http://news.scotland.gov.uk/News/No-real-change-in-fuel-poverty-in-2014-2068.aspx>

Though the housing stock is improving, the UK is still the ‘cold man [woman and child] of Europe’ according to recent research by the Association of Conservation of Energy² – despite the fact that we have amongst the lowest energy prices, we rank 14 out of 16 in terms of fuel poverty and affordability of space heating.

Commitments to invest in new housing stock is of course welcome, however the slow turnover of the housing stock in Scotland means, despite these new commitments, that around 85% of existing buildings in Scotland will still be inhabited in 2050. Therefore, if we are to successfully tackle fuel poverty and reduce carbon emissions from Scotland’s housing sector, there must be a major programme of investment and policies that tackles the poor state of Scotland’s existing homes.

Health impacts of fuel poverty

Spending time in a cold, damp house can aggravate conditions such as heart disease, strokes and flu and increase the risk of mental health problems³. And there’s an increased risk of illness and death among older people, young children and those with a disability⁴.

Recent official statistics showed that 4,060 more people died during the last winter (2014/15), compared to the average for the rest of the year⁵. **This seasonal difference (or ‘excess winter deaths’) was at the highest level it has been for 15 years**, despite it not being a particularly cold winter. Theresa Fyffe of the Royal College of Nursing said of the figures:

“It’s indefensible that cold, hard-to-heat homes continue to leave the most vulnerable in our society at the mercy of cold weather each winter.”⁶

The National Institute of Health and Care Excellence recommended that as a minimum, properties should be raised to an EPC band C and ideally to a band B to help reduce the risk of death and ill health associated with living in a cold home⁷.

National Infrastructure Priority

In June 2015 the Scottish Government committed to making the improvement of energy efficiency a ‘National Infrastructure Priority’⁸. This announcement was warmly welcomed by the Existing Homes Alliance, and the Alliance is represented on a group that is developing the new programme:

“This announcement should lead to the step-change in ambition and scale that is required if we want everyone to live in warm, affordable and low carbon homes. Making energy efficiency a National

² Still the cold man of Europe – briefing, November 2015, ACE. Note separate figures not available for Scotland.

³ Fuel Poverty Evidence Review, Scottish Government <http://www.gov.scot/resource/0039/00398798.pdf>

⁴ Building the Future: The economic and fiscal impacts of making homes energy efficient, Energy Bill Revolution, 2014

⁵ <http://www.nrscotland.gov.uk/news/2015/winter-mortality-in-scotland-2014-15>

⁶ “Scottish ‘excess winter deaths’ - worst figures in more than a decade prompt warm homes call” <http://bit.ly/200INbb>

⁷ <http://www.nice.org.uk/guidance/ng6/resources/excess-winter-deaths-and-morbidity-and-the-healthrisks-associated-with-cold-homes-51043484869>

⁸ Scottish Government press release, June 2015 <http://news.scotland.gov.uk/News/Climate-changeaction-heats-up-19c8.aspx>

Infrastructure Priority should, in our view, mean that the Scottish Government is working to upgrade all homes to a C energy standard by 2025.”

Alan Ferguson, Chair of Existing Homes Alliance, 9th June 2015⁹

A joint statement¹⁰, signed by more than 50 high-profile civic and business organisations, has welcomed the National Infrastructure Priority. **However, no clear objectives or ambition for the programme have yet been set by the Scottish Government.** Along with the 50+ organisations, the Existing Homes Alliance is of the view overall goal of the project should be for all housing to reach a minimum of an Energy Performance Certificate (EPC) band C by 2025, with an interim milestone of 70% of homes to meet EPC band C by 2020. This means at least 127,000 homes would be upgraded every year between now and 2025, which we estimate could be four times the current numbers helped through the existing HEEPS programme.

The Existing Homes Alliance calls on the Scottish Government to commit to an overall objective for the National Infrastructure Priority of supporting all homes in Scotland to reach an EPC ‘C’ band or higher by 2025.

Draft Budget 2016/17

The Existing Homes Alliance was disappointed to see that the Scottish Government’s Draft Budget 2016/17 proposes to cut fuel poverty/energy efficiency funding by 13%, despite the forthcoming fuel poverty target, missed climate change targets and the new National Infrastructure Priority commitment¹¹.

The Draft Budget 2016/17 sets out a 13.2% cut in fuel poverty/energy efficiency expenditure, in comparison to what the Scottish Government expects to spend during the current financial year:

Fuel Poverty/Energy Efficiency Draft Budget for 2015-16	Fuel Poverty/Energy Efficiency Final Budget for 2015-16 ¹²	Fuel Poverty/Energy Efficiency Draft Budget for 2016-17 ¹³
£89m	£119m	£103.3m

The Existing Homes Alliance believe that next year’s energy efficiency budget needs to be sufficient to maintain existing programmes and should begin to reflect the new National Infrastructure Priority

⁹Alliance welcomes National Infrastructure Priority commitment

<http://existinghomesalliancescotland.co.uk/news/alliance-welcomes-national-infrastructure-priority-commitment/>

¹⁰No one in Scotland living in a hard-to-heat, draughty home by 2025 <http://bit.ly/1Ms1AE9>

¹¹<http://existinghomesalliancescotland.co.uk/news/fuel-poverty-budget-call/>

¹²The Scottish Government have told the Scottish Parliament that they will spend £119m on Fuel Poverty/Energy Efficiency in the current financial year (2015/16) – e.g. Aileen McLeod MSP told the Parliament on the 15th December 2015, “Since 2009, the Government has allocated more than half a billion pounds to a range of fuel poverty and energy efficiency programmes, with a budget of £119 million in the current financial year.” (Official record here: <http://bit.ly/1mXYKwl>). Further background to this figure from the Scottish parliament Information Centre (SPICE) is available in this briefing to the Economy, Energy & Tourism Committee: <http://bit.ly/1WawAee> (page7).

¹³The Draft Budget 2016/17 sets out that the Scottish Government will spend £103.3m in 2016/17 on Fuel Poverty/Energy Efficiency. Page 86: <http://www.gov.scot/Resource/0049/00491140.pdf>.

commitment. The Scottish Government appear to agree, saying that they will deliver existing programmes and trial new approaches¹⁴. **As the Scottish Government works with the Parliament to redraft its budget over the coming months, they should find the cash to improve upon their Draft Budget so that the Scottish Government can deliver on its commitments.**

The Existing Homes Alliance is of the view that the final budget for 2016/17 should reflect the commitment to making energy efficiency a national infrastructure priority and should be sufficient to maintain and enhance current programmes, compensate for cuts in UK policies and programmes, and to fund pilots to test new approaches.

¹⁴ See the Scottish Government's refreshed Infrastructure Investment Plan, page 84: <http://bit.ly/1QWU0CQ>,