

Fuel Poverty – Concerns and Solutions

Background

The Existing Homes Alliance (ExHA) is a broad coalition of housing, environmental, anti-poverty, energy advice and industry organisations arguing for an ambitious programme of low-carbon refurbishment of Scotland's homes, along with incentives, support and regulations aimed at tackling fuel poverty and cutting greenhouse gas emissions. Enhanced efforts are also required to tackle the other drivers of fuel poverty – income, energy costs, and how energy is managed in the home.

The imperative

More than a quarter of Scottish households are still living in fuel poverty – similar to the proportion who faced cold homes a decade ago – and over a million homes fall below the energy efficiency standard needed for our health. All political parties agree this is unacceptable in a modern, wealthy country.

Change isn't coming fast enough – for the people living in cold, damp homes and to meet climate change targets. And with a new Climate Change Bill expected to set even more challenging targets to meet the requirements of the Paris Climate Agreement, it is even more important for our homes to be made highly energy efficient and either powered by affordable low carbon heat or made 'low carbon ready'.

Benefits:

Fuel Poverty: Raising all homes to a higher energy performance standard will lift households out of fuel poverty and mean fewer people are at risk of falling into fuel poverty.

Household bills: More energy efficient homes mean lower energy bills, with savings estimated at over £400 pa.¹

Health: It would be a practical, preventative approach to addressing health and well-being, thereby reducing costs to the NHS of up to £80m pa. Spending time in a cold, damp house can aggravate conditions such as heart disease, strokes and flu and increase the risk of mental health problems. And there's an increased risk of illness and death among older people, young children and those with a disability.²

Climate emissions reduction: The housing sector is responsible for 20% of Scotland's carbon emissions and plays a critical role in meeting climate change targets.

Jobs and the economy: This investment would mean a net increase in jobs of 8-9000 per year³ – jobs spread around every part of Scotland, unlike other infrastructure investments. It would be a 'value for money' project – creating more jobs and benefits for the wider economy than spending the same on major infrastructure or on tax breaks.

¹Building the Future: The economic and fiscal impacts of making homes energy efficient, Energy Bill Revolution, 2014

²Ibid.

³ Economic impact of improving the energy efficiency of fuel poor households in Scotland, 2014, Consumer Futures Scotland.

Energy security: Scotland's economy and its households would be less vulnerable to energy price fluctuations and less dependent on imports and fossil fuels.⁴

The potential

We know that people living in more energy efficient homes are less likely to be in fuel poverty. Only 13% of households living in dwellings rated good in terms of energy efficiency were fuel poor compared with 69% living in dwellings with a poor energy performance.⁵

In Scotland, and indeed the UK, there are massive untapped energy savings which, if achieved, could help to address fuel poverty: a recent study found cost-effective improvements in home energy efficiency and low carbon heating could reduce energy demand by 25% over the next 20 years - equivalent to the annual output of six nuclear power stations the size of Hinkley Point C.⁶

Fuel Poverty (Targets, Strategy and Definition) Bill and Draft Fuel Poverty Strategy

The Fuel Poverty (Targets, Strategy and Definition) Bill was published in June 2018. The Bill is part of an overall effort from government to end fuel poverty and inequalities in Scotland and supports efforts to tackle, report on and measure fuel poverty. The Bill contains the following key provisions:

- a new statutory definition of fuel poverty that focusses on low income households.
- a statutory target that no more than 5% of households will live in fuel poverty by 2040.
- a statutory requirement to publish a fuel poverty strategy and report on progress every five years.

The Strategy builds on the fuel poverty work to date and is underpinned by the following:

- The principle of social justice and equality, irrespective of whether individuals live in urban or rural Scotland, and taking a people first approach to delivery
- Addressing all four drivers of fuel poverty: income (earnings and benefits), energy costs, poor energy efficiency, and how energy is used in the home
- Overseen by Ministers and delivered via partnership structures at a local level.

The Bill and Strategy are closely aligned with the Energy Efficient Scotland Route Map, which is committed to removing poor energy performance as a driver of fuel poverty and gives priority to fuel poor households.

Conclusion

This year is an unprecedented opportunity to create bold and innovative approaches to ensure this is the last generation of Scottish households to suffer from fuel poverty. We urge government, business and stakeholders to work together to achieve this aim.

For our more detailed briefings on Energy Efficient Scotland and the Fuel Poverty Bill, along with our Declaration on the future of Scotland's existing homes please visit our website:

www.existinghomesalliancescotland.co.uk

Join us

If you would like to know more or become a supporter, please contact us at info@existinghomesalliance.co.uk.

⁴ UK CCC 2017 Energy Prices and Bills – impact of meeting carbon budgets

⁵ SHCS 2017 Key Findings

⁶ UKERC (2017) *Unlocking Britain's First Fuel*, <http://www.ukerc.ac.uk/news/unlocking-britains-first-fuel.html>