



What you need to know: Fuel Poverty Strategy 2021

Background

The [Fuel Poverty \(Targets, Definition and Strategy\) \(Scotland\) Act 2019](#) required the Scottish Government to develop a strategy setting out how statutory targets to reduce fuel poverty will be met.

The 2019 Act sets out an overarching target that **in 2040, as far as is reasonably practicable, no household in Scotland should be living in fuel poverty**. In any case, no more than five percent of households should be living in fuel poverty, no more than one percent living in extreme fuel poverty, and the fuel poverty gap should be no more than £250. Interim targets for 2030 and 2035 are also included.

The previous definition of fuel poverty, that a household has to spend more than 10 percent of income on fuel, is also updated to take into account **income left after fuel costs** based on a minimum income standard.

The Scottish Government has also committed to reach net-zero carbon emissions by 2045 which will involve improving the energy efficiency of homes and the majority of households having to switch to low or zero-emissions heating systems.

While improving energy efficiency can help to reduce the amount of energy required, some low-emissions heating systems can be more expensive to use and this will need to be taken into account when considering how to tackle fuel poverty.

The [Heat in Buildings Strategy](#) (HiBS) published in October 2021 states that **“We will only take forward actions where they are found to have no detrimental impact on fuel poverty rates, unless additional mitigating measures can also be put in place.”** And this principle is welcome.

The fuel poverty strategy

[Tackling fuel poverty in Scotland: a strategic approach](#) (the Strategy) aims to tackle all four drivers of fuel poverty - poor energy efficiency of the home; low household income; high energy prices; and how energy is used in the home.

It sets actions which will contribute to reducing fuel poverty and target resources at those most at risk. A full list of the actions is included in this briefing at Appendix 1. The following sections summarise the

main elements of the Strategy.

Understanding fuel poverty: rates and impact

In developing the Strategy, the Scottish Government carried out analysis of fuel poverty data to identify characteristics of households likely to be at risk. An evidence review of the impact of living in fuel poverty was also undertaken as well as new Lived Experience Research with people from across Scotland.

The latest [fuel poverty statistics](#) published in 2019 estimate that 24.6 percent of households in Scotland (613,000) were living in fuel poverty. But we know that the pandemic has increased this number and the [increasing cost of fuel](#) and other essentials is having a significant impact on low income households.

The Strategy includes commitments to build on existing fuel poverty data, including input from different communities with lived experience of fuel poverty, particularly Gypsy /Travellers. More work is also required to understand how fuel poor households use energy in their homes e.g. prioritising spend, rationing use and self-disconnection.

Improving homes – minimum standards

The Scottish Government aims to ensure that every home in Scotland, regardless of tenure, reaches at least EPC C (where technically feasible and cost effective) by 2033. The Strategy repeats the commitment to introduce regulations requiring private rented homes to achieve EPC C by 2028 and to bring forward a review of regulations for the social rented sector as soon as possible following [recommendations from ZEST](#).

The Scottish Government is considering regulation of owner occupied homes and will consult separately on the regulatory approach for mixed tenure buildings.

The Strategy estimates that achieving EPC C for fuel poor households will cost around £3 billion. However, meeting climate change targets will also require the installation of low or zero-emissions heating systems costing up to £6 billion for fuel poor households.

Recognising that fuel poor households may require more support, the Scottish Government aims to maximise the number of fuel poor homes attaining EPC B by 2040. This could cost an additional £4 billion based on existing fossil fuel heating systems, or £5 billion if allowing for low or zero-emissions heating.



The Strategy repeats the commitment to remove poor energy efficiency as a driver of fuel poverty with resources to be targeted towards those more likely to be at risk of fuel poverty. These include people with poor health, people in hard to treat homes such as mixed tenure tenements, people who rent their homes, people living in remote rural areas and Gypsy/Traveller communities.

Support for those at risk of fuel poverty

The Strategy will continue to build on existing schemes to improve homes – [Warmer Homes Scotland](#) (WHS) which will be replaced by a new scheme, [Area Based Schemes](#) (ABS) and [Home Energy Scotland](#) (HES) funding and advice services.

The replacement for WHS will be flexible, providing measures appropriate to each property and allowing the inclusion of new technologies as they become available. It is suggested that this will ensure support is available for properties in remote and island areas which can be more difficult and expensive to upgrade. Further enabling measures (such as help to clear lofts and asbestos removal) could be delivered through WHS and a new 'Help to Improve' policy approach.

The Strategy includes a commitment to review eligibility for WHS and ABS to ensure the schemes are aligned with the new fuel poverty definition and can be accessed by those who need support.

The [Social Housing Net Zero Heat Fund](#) supports social landlords to improve the fabric of existing buildings and take a fabric first approach to energy efficiency measures where it can be demonstrated that this will lead to a reduction in fuel bills. Learning from this scheme will be applied to WHS and ABS.

The Strategy also makes reference to the levy funding available through the [Energy Company Obligation](#) (ECO) and [Warm Homes Discount](#), both reserved to the UK Government. It is suggested that the available funding should be combined into a single Fuel Poverty Scheme for Scotland but this would require consent from the UK Government.

Advice and support

It is essential that people understand how to make the best use of existing systems in their home and can access advice about other options such as switching supplier, installing energy efficiency measures and about financial support that is available. The Scottish Government will continue to invest in HES, ensuring that the service is more accessible and provides specialist advice tailored to household needs.

Data sharing and partnership working between agencies such as HES, Social Security Scotland, health and others also needs to be improved.

Local strategies

Local authorities will be key delivery partners and Local Heat & Energy Efficiency Strategies (LHEES) will set out the long term plans for decarbonising heat and removing poor energy efficiency as a driver for fuel poverty in each area. The Scottish Government will support the development of LHEES for each local authority to be in place by the end of 2023.

Other measures

The Strategy outlines a number of improvements to social security and employment that would help to increase household income, making it easier for people to cover essentials like energy bills.

The Scottish Government is calling for the UK Government to take action to reduce the difference in unit process between gas and electricity, which can be more expensive for many households. Restricted meters (where customers have access to reduced rates e.g. off-peak, but may have fewer tariff options) and higher costs of prepayment meters were also raised as issues to be addressed by the UK Government.

Monitoring and reporting

Progress will be monitored by a new statutory public body, the Scottish Fuel Poverty Advisory Panel. The Panel, Scottish Government and other key stakeholders will develop a monitoring framework to be published in 2022. A progress report will be published every three years including further steps that need to be taken and a revised Strategy will be published by 2026.

The CIH View

We welcome the publication of the Strategy, every person in Scotland should have a home that is fit for purpose and affordable to heat. However, we have concerns about the costs involved in improving homes and who will be expected to pay for the work.

As the Scottish Government has acknowledged, there is some conflict between reducing fuel poverty and reaching climate change targets which will require the installation of low or zero-emissions heating systems that can be costly to install and run. We welcome the commitment to a 'just transition' to net-zero but achieving this aim will require significant investment from the Scottish Government to support improvements across all tenures to avoid pushing more people into poverty through increased energy costs or increased rents required to pay for installations.

Appendix 1 – Fuel Poverty Strategy Actions

This section lists all of the Scottish Government Actions set out in the Fuel Poverty Strategy.

Understanding fuel poverty

Theme: Research

Action 1: Working with the Scottish Fuel Poverty Advisory Panel, we will explore the opportunities to carry out further lived experience research and build on our existing evidence base.

Theme: Consultation

Action 2: We will consult with people with lived experience of fuel poverty when making any new regulations under the Fuel Poverty Act.

Making homes warmer and cheaper to heat

Theme: Heat in Buildings programmes

Action 3: We will continue to invest in Warmer Homes Scotland and our Area Based Schemes to maximise the number of households in fuel poverty achieving a level of energy efficiency equivalent to EPC C by 2030 and EPC B by 2040.

Action 4: Over the next five years, we will deliver an increasing number of ‘whole house’ retrofits to fuel poor households and will adopt a ‘zero emissions first’ approach.

Action 5: We will explore how to better identify potential projects and increase take up by fuel poor households for our Area Based Schemes.

Action 6: We will continue to provide funded support to households in fuel poverty, helping them to install energy efficiency measures through Warmer Homes Scotland, the scheme that replaces it, and our Area Based Schemes.

Action 7: Those in fuel poverty will continue to be supported as one of the key priorities within appropriate schemes of our Heat in Buildings programme.

Action 8: In 2022, we will undertake research with members of the Gypsy/Traveller community who have lived experience of fuel poverty to better understand how we can reflect their needs in Warmer Homes Scotland, the scheme that replaces it, and our Area Based Schemes.

Action 9: We will ensure that the replacement scheme for Warmer Homes Scotland continues to provide support to those fuel poor households who face the greatest health risks of staying in a cold home.

Action 10: We will continue to provide enabling measures, such as assistance with loft clearances, asbestos removal, the installation of fuel storage tanks and the removal of failed cavity wall insulation, to help facilitate energy efficiency improvements.

Action 11: Working with the Scottish Fuel Poverty Advisory Panel, we will seek to ensure that eligibility criteria for our Area Based Schemes and the new scheme to replace Warmer Homes Scotland, are

aligned with the updated fuel poverty definition and continue to target assistance to those that need it most.

Action 12: We will explore the development of a fuel poverty assessment tool.

Action 13: We will apply the learnings from projects funded by the Gypsy/Traveller Accommodation Fund or undertaken as part of ABS Special Projects that seek to improve the energy efficiency of Gypsy/Traveller accommodation to Warmer Homes Scotland, the scheme that replaces it and our Area Based Scheme.

Action 14: We will continue to monitor whether our investment helps households to maintain an adequate indoor temperature and will supplement this with increased qualitative feedback from the households we support.

Action 15: We will seek to identify Social Housing Net Zero Fund projects which have been successful in reducing energy bills for those in fuel poverty and share the learning with the wider social housing sector as well as applying it to Warmer Homes Scotland, the scheme that replaces it and our Area Based Schemes.

Theme: Regulations and standards

Action 16: We will work with Historic Environment Scotland to consider what further specific provisions of exemptions may be needed within regulations in meeting requirements for decarbonisation of their heat supply and reducing their demand for heat.

Action 17: We will consult on a regulatory approach for mixed-tenure buildings which would see them required to reach a good level of energy efficiency, equivalent to EPC C, where technically feasible and cost effective, and install a zero-emissions heating supply.

Action 18: We will introduce regulations requiring private rented sector properties to meet a minimum standard equivalent to EPC C, where technically feasible and cost effective, by 2028.

Action 19: We will regulate for all buildings across tenures to achieve a good level of energy efficiency by 2033 and use zero-emissions heating (and cooling) by 2045, where within our legal competence.

Action 20: We will reform the existing EPC assessment process so that it includes three indicators so that it is compatible with both our fuel poverty and our climate change targets.

Action 21: We will introduce a new tenure-neutral Housing Standard which will ensure that our homes, both new and existing, achieve the same levels of energy efficiency.

Action 22: We will work with social housing



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stakeholders to respond to the Zero Emissions Social Housing Taskforce report and recommendations and bring forward the review of EESSH2 as quickly as possible.

Action 23: We will introduce new energy standards for new homes in 2021 and 2024, taking into account the response to our consultation.

Theme: Strategic approach

Action 24: We will work with local authority partners and wider stakeholders to introduce LHEES for all local authority areas by the end of 2023.

Action 25: We urge the UK Government to review levy funding for the Energy Company Obligation and the Warm Homes Discount and work with Scottish Ministers so that these can be combined as a single, flexible Scottish Fuel Poverty scheme, as provided for in the Scotland Act.

Improving access to affordable energy

Theme: Levies

Action 26: We urge the UK Government to rebalance environmental and social obligation costs (levies) on energy bills to reduce the premium that is paid for by customers who use electric heating.

Action 27: We published our research into the impacts of rebalancing levies and charges on electricity and gas supplies alongside our Heat in Buildings Strategy and we will further consider the potential options for reviewing levies and the impacts these may have on fuel poor households.

Theme: Tariffs

Action 28: We will continue to press for customers with pre-payment meters to access similar tariffs to direct debit customers.

Action 29: Ensure our lived experience research with fuel poor Gypsy/Travellers includes examination of energy prices on some local authority sites with a view to better understand the particular challenges facing Gypsy/Traveller communities.

Theme: Renewable and storage technologies

Action 30: We will continue to monitor the effectiveness of new technologies in demonstration projects and incorporate the learning into our delivery schemes to maximise the benefit for fuel poor households.

Action 31: We will act on the evidence from current research to understand the cost effectiveness of thermal, electrical storage and rooftop solar photovoltaics to support households to reduce bills. Where this proves effective we will consider support for them through Warmer Homes Scotland, the scheme that replaces it, and our Area Based Schemes.

Theme: Promoting consumer engagement

Action 32: We will ask Consumer Scotland to consider tracking the impact of decarbonisation on households as part of their future workplan.



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Action 33: We will continue to work with BEIS, Ofgem, Smart Energy GB and the wider energy market to ensure Scottish consumers are considered and can access the benefits of smart meters as the roll out continues, particularly representing the interests of those at highest risk of fuel poverty.

Making it easier to use energy effectively

Theme: Research

Action 34: Working with the Scottish Fuel Poverty Advisory Panel, we will explore opportunities to carry out further research to understand how people in fuel poverty with different protected characteristics use energy in the home to ensure our approach promotes equality of outcomes

Raising household incomes

Theme: Improving the social security system

Action 35: We will share the learning from the Financial Inclusion Universal Pathway Quality Improvement Collaborative to strengthen partnership working between income maximisation services and health settings.

Action 36: We will explore how data sharing could enhance support from Home Energy Scotland to provide fuel poor households with a benefits check.

Action 37: We urge the UK Government to reconsider its decision to cut Universal Credit by £20 per week.

Action 38: We will explore how a Minimum Income Guarantee could offer those on low incomes safety, security and dignity, which will impact on fuel poverty by raising the level of income available for households to meet their reasonable energy needs.

Theme: Providing financial support

Action 39: We urge the UK Government to review levy funding for the Energy Company Obligation and the Warm Homes Discount and work with Scottish Ministers so that these can be combined as a single, flexible Scottish Fuel Poverty scheme, as provided for in the Scotland Act [also covered under the Strategic Approach theme of poor energy efficiency].

Action 40: We will deliver our replacement benefit for Winter Fuel Payment on a like-for-like basis.

Action 41: We will replace the Cold Weather Payment with a new annual payment of £50 for all low income households who are currently eligible to receive the Cold Weather Payment during cold spells, providing greater certainty and consistency for around 400,000 people in Scotland.

Action 42: We will double the value of the Scottish Child Payment to £8- every four weeks from April 2022.



Theme: Reducing household costs

Action 43: We will expand universal free school meal provision in primary schools and special schools and deliver alternate free school meals support for all eligible children in holiday periods.

Action 44: We will deliver 110,000 energy efficient, affordable homes by 2032 – at least 70 percent of which will be in the social rented sector and 10 percent in our remote, rural and island communities – which will ensure homes are affordable as well as warmer and cheaper to heat.

Action 45: We will produce a Rented Sector Strategy and include any legislative aspects in a Housing Bill in this parliamentary term which will support renters in ensuring their housing costs are affordable and levels of fuel poverty in the rented sector are reduced.

Action 46: We will provide free bus travel to all young people aged 21 and under, which will impact on fuel poverty by ensuring household incomes can be used to meet reasonable energy needs.

Action 47: We will continue to mitigate the 'bedroom tax; until we are able to abolish it, which will impact on fuel poverty by ensuring household incomes can be used to meet reasonable energy needs.

Theme: Increasing income from employment

Action 48: We will continue to roll out a Fair Work First approach across the public sector, which will help ensure households have adequate levels of income to meet their reasonable energy needs.

Action 49: We will continue to encourage more employers in Scotland to pay the Real Living Wage, which will help ensure households have adequate levels of income to meet their reasonable energy needs.

Action 50: We will continue to encourage more employers in Scotland to achieve Living Hours Accreditation, which will help ensure households have adequate levels of income to meet their energy needs.

Advice and support

Theme: Delivery schemes

Action 51: We will continue to fund Home Energy Scotland to provide advice and support on how to reduce energy bills and make homes warmer and cheaper to heat.

Theme: Social security

Action 52: We will continue to work together to develop effective referral routes between Home Energy Scotland and Social Security Scotland and share best practice to ensure fuel poor households are getting full access to the support to which they may be entitled.

Theme: Measuring outcomes

Action 53: We will work with key stakeholders, including local authorities, COSLA, and the Scottish Fuel Poverty Advisory Panel to develop an outcomes framework that we will publish in 2022.

Theme: Reporting

Action 54: Working with key partners, including the Scottish Fuel Poverty Advisory Panel, we will develop a reporting format that will set out the progress we have made in reaching the fuel poverty targets. We will report every three years, with the final report being published no later than 2042.

Theme: Review

Action 55: We will keep this Strategy under review and will revise it at least every five years, with the first review taking place no later than 2026.