



Association for the
Conservation of Energy

Fuel Poverty

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**Friends of
the Earth
Scotland**

parliamentary briefing

Summary comments : Friends of the Earth Scotland have been involved in the fuel poverty debate for many years, and are members of the Scottish Executive's Fuel Poverty Forum. We welcome the large reductions in the number of households in fuel poverty as reported in the Scottish Housing Condition Survey 2002. However, without substantial improvements in the overall energy efficiency of Scotland's homes, the cut in the level of those living in fuel poverty is unlikely to be sustained since both fuel prices and income are likely to fluctuate. The Scottish Executive have pledged to eradicate fuel poverty. In order for this to be delivered and sustained in the long run there *must* be a much greater effort to bring Scotland's housing stock up to the highest standards of energy efficiency.

Scotland's fuel poverty figures

Scotland has targets to reduce fuel poverty by 30% by 2006 and eradicate it by 2016. The 1996 Scottish Housing Condition Survey (SHCS) indicated that 35% (738000) of households were in fuel poverty. By 2002 this had fallen to 13% (286,000).

Factors affecting fuel poverty

The extent of fuel poverty is determined by three factors : fuel prices, household income and energy efficiency. Of these three factors, energy efficiency is the most easily influenced by the Scottish Executive. The SHCS 2002 indicated that about half of the change from 1996 can be attributed to increases in household income, 35% to decreased fuel prices and only 15% to improvements in energy efficiency of the stock.

• **Income** : A reliance on income as a means to tackle fuel poverty is questionable as the population is forecast to get older, and income levels likely to fluctuate along with fluctuations in the

economy. It is predicted that between 2002 and 2018 the percentage of the population of pensionable age will increase by 10%.

• **Fuel prices** : Between 1992 and early 2004 fuel prices steadily fell due to various factors such as price regulation and competition. During 2004, however there has been a stream of rises in domestic fuel prices, with fuel suppliers rising their prices by as much as 11% for electricity and 18% for gas. Energy consultancy firm Ilex recently predicted that gas and electricity bills could go up a further 10-15% next year. The SHCS estimated that for every 5% increase in average fuel price, 30,000 households would be returned to fuel poverty. The Scottish Executive recently encouraged Scotland's three largest fuel supply companies to offer a social tariff so that people on pension credit shouldn't have to pay more than 10% of their income on fuel. While this may be laudable, persuasion is the only mechanism available to the Scottish Executive to influence fuel prices.

• **Energy Efficiency** : The Scottish Executive must focus on bringing Scotland's housing stock up to the highest possible energy efficiency standards. Through various measures the median NHER (National Home Energy Rating) of Scotland's Housing stock has increased from 4 to 6. This progress must be maintained and built on.

Existing schemes and their limitations

• **Warm Deal and Central Heating Programme** : 200,000 homes have been insulated through the Warm Deal Programme, and central heating and insulation have been installed in over 41,000 homes through the Central Heating programme. While the SHCS 2002 indicated that only 15% of the reduction in the numbers of fuel poor were due to energy efficiency improvements, these figures did not include the

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effects of the Central Heating programme which started in 2001, and which has been effective in raising energy efficiency ratings. Recent research shows that as a result of Central Heating Programme improvements the mean NHER rating of houses in fuel poverty increased from 3.31 to 6.87, with the percentage of dwellings scoring less than 4 falling from 66.4% to only 5.5%. The Central Heating improvements removed 87.2% of the previously fuel poor households from fuel poverty. Yet the SHCS and the recent research project on the Central Heating Programme show that these programmes alone will not eradicate fuel poverty.

- **Hard to Heat Homes** : Homes are hard to heat if they are of solid wall construction, have no access to mains gas, or have no loft space. 647,280 properties (29% of the Scottish total) have no cavity walls and therefore cannot have cavity wall insulation installed, and 158,000 have non-pitched roofs and so cannot have loft insulation installed. Such homes have not been addressed to date through existing schemes, and new measures will be needed to address these properties. The Scottish Executive should aim to do this in the most sustainable and environmentally friendly manner, including encouraging the use of small scale renewable technologies to provide energy.

- **The rush for gas** : The Warm Front has been made more flexible in order to enable local authorities to use the funding for a wider range of housing improvements, including community heating projects, work to support the extension of the gas network, renewable programmes that tackle fuel poverty and support for fuel switching (for example, solid fuel to gas). The Scottish Executive should be ambitious and take this opportunity to push forward more environmentally friendly schemes such as domestic renewable schemes and community heating projects as opposed to simply using the money to extend the gas network.

Other initiatives

- **The Scottish Housing Quality Standard** sets an aspiration that households across all tenures should have an NHER of 5 or more by 2015. The Scottish Housing Condition Survey 2002 indicated that over 2 million houses fail this standard. This aspirational standard is to be welcomed, but the experience with the Home Energy Conservation Act has shown that aspi-

ration targets don't work. Mandatory targets should be set for domestic energy efficiency, and more money provided to local authorities to achieve their targets. Furthermore, while the SHQS aspires to an NHER energy efficiency rating of 5 (SAP 50), in England the plan is to achieve a SAP rating of 65 – a level where they consider there to be a minimal risk of any household being in fuel poverty. The Scottish Executive should be aiming at least as high as our neighbours.

- **Private Housing Bill** : The proportion of households in the private rented sector living in extreme fuel poverty is more than double that of any other tenure. Due to issues relating to property management and ownership those living in the private rented sector are the most difficult people to reach with energy efficiency grants, advice and other forms of assistance. For these reasons, it is essential that the forthcoming Private Housing Bill includes ambitious measures to tackle housing in this sector. For the first time it is proposed to include a thermal efficiency component in the Tolerable Standard which is welcome, but the proposed level is an NHER of only 2. The Scottish Executive has to set more stringent requirements than this if it is serious in tackling fuel poverty. The Private Housing Bill should also take the opportunity to include minimum energy performance levels in any private landlord registration scheme.

- **Building standards** : While new build standards are reasonable in Scotland, the Scottish Executive needs to be far more ambitious in its application of building regulations to existing stock at the point of renovation. At current rates of building and renovation it will take approximately 100 years for Scotland's building stock to reach current energy efficiency levels for new build. Building standards also need to be better enforced since research shows that compliance levels are low.

- **Energy Efficiency Strategy** : We welcome the Executive's announcement of their plans for an energy efficiency strategy. We encourage them to use this opportunity not just to restate what they are currently doing on energy efficiency, but to re-evaluate priorities and be willing to design ambitious new schemes to improve the energy efficiency of Scotland's housing. Targets must underpin this strategy.