



The Scottish Fuel Poverty Statement



August 2002



SCOTTISH EXECUTIVE

Making it work together

MINISTERIAL FOREWORD

For too many Scottish households, fuel poverty is a harsh fact of life. They are forced to choose between staying warm or spending their money on other basic necessities, such as food and clothing – a choice that no household should be forced to make.



Cold, damp homes are also a breeding ground for chronic illnesses such as asthma, and self-confidence cannot flourish in households where it is a constant struggle simply to stay warm.

Fuel poverty blights the environment as well as individual lives. Homes with poor energy efficiency waste valuable resources, and experience has shown that installing insulation and improving the thermal quality of housing benefits the environment, as well as boosting the quality of peoples' lives.

Fuel poverty is simply not acceptable in a 21st century Scotland – that is why we have said we will work to end it by 2016. We are already making good progress.

- Since 1999 we have improved more than 140,000 homes under the Warm Deal which means that we have already met and surpassed our Programme for government target.
- Since 2001 we have installed almost 10,000 central heating systems under our Central Heating Programme and by 2006 all elderly people and local authority and housing association tenants will have central heating.

But there is more to do. In this statement we lay out how we are going to build what we have already achieved so that fuel poverty becomes a thing of the past.

We cannot do this on our own however, which is why we have established close working relationships with our partners in the public, private and voluntary sector. Initiatives such as the new Community Energy Partnerships in Dundee and Lanarkshire may well prove to be a model for the rest of Scotland. And the Fuel Poverty Advisory Group – which draws its membership from the public, private and voluntary sectors is working hard to end fuel poverty in Scotland.

Together we are determined to end the misery caused by fuel poverty and create the conditions where all Scots can afford to enjoy the comforts of a warm, dry home.

A handwritten signature in black ink that reads "Hugh Henry". The signature is written in a cursive, slightly slanted style.

Hugh Henry, MSP
Deputy Minister for Social Justice

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A summary of this publication is available free of charge in Braille, audio tape, large print format, Arabic, Bengali, Chinese, Gaelic, Punjabi and Urdu. To request a copy of the summary or further copies of this document, please contact Paul McGrath, Area 1G, Victoria Quay, Edinburgh, EH6 6QQ.
This document is also available on the Scottish Executive website at www.scotland.gov.uk

1 INTRODUCTION

1.1 This is the Scottish Executive's Fuel Poverty Statement published under section 88 of the Housing (Scotland) Act 2001. In it we explain what we mean by fuel poverty, discuss its causes and say what we have done and will do to eradicate fuel poverty in Scotland within fifteen years.

1.2 The statement has been prepared following a public consultation conducted between March and May of this year¹. It reflects and develops the approach set out in the UK Fuel Poverty Strategy which was published in November 2001².

1.3 The Statement draws on advice provided by the Fuel Poverty Advisory Group which was established earlier this year to advise on our forward strategy. The Group consists of representatives of key stakeholders in this area, including those from the public, private and voluntary sectors. The members of the Group are listed in Annex C.

Overview

1.4 The statement is structured as follows:

Chapter 2 identifies the causes of fuel poverty and its effects, in particular, on vulnerable groups such as the elderly, those with a disability or long-term illness and families with children.

Chapter 3 sets out the Scottish Executive's definition of fuel poverty.

Chapter 4 considers the circumstances of those in fuel poverty in Scotland and the relationship between fuel poverty and household type, tenure, domestic energy efficiency and income.

Chapter 5 gives an account of the main developments since 1996, the year of the most recent Scottish House Condition Survey, which are likely to have reduced the number of households in fuel poverty in Scotland.

Chapter 6 says how the Scottish Executive, together with our partners in the public, private and voluntary sectors, will work to eradicate fuel poverty in Scotland.

Chapter 7 sets out the delivery and outcome milestones for the fuel poverty statement.

¹ The responses to that consultation can be viewed at the Library at Saughton House and on the Scottish Executive website at www.scotland.gov.uk

² The UK Fuel Poverty Statement is available from the DTI and on the DTI website at <http://www.dti.gov.uk/energy/fuelpoverty/index.htm/>

2 UNDERSTANDING FUEL POVERTY

The Causes of Fuel Poverty

2.1 Scotland's climate is different in many ways to the rest of the United Kingdom. Weather in the North of Scotland can be harsh and extreme. On the east and west coasts, weather is milder than in the North of Scotland, but the east suffers cold North Sea winds and the west can be very wet. These conditions make it particularly important that households in Scotland are able to heat their homes adequately.

2.2 Fuel poverty – not being able to heat a home to an acceptable standard at a reasonable cost – is caused by a combination of factors. Three of the most significant are household income, the cost of fuel, and energy efficiency of the home.

Income

Low household income is the first major factor that can contribute to fuel poverty. The costs of heating a property form a greater proportion of total income for those on low incomes. The relationship between fuel poverty and low incomes is illustrated in Figure 4 in Chapter 4.

Fuel costs

Fuel costs are the second major factor that can affect the numbers of people suffering from fuel poverty. Higher prices reduce the affordability of fuel. Prices of different types of fuels can vary considerably, and the availability of different fuels in different areas, and of different types of heating systems, can affect the ability of consumers to exercise choice.

Energy efficiency

The energy efficiency of the home is the third major factor that can result in fuel poverty. The thermal quality of the building and the efficiency of the heating source determine the amount of energy that must be purchased to heat the home adequately.

2.3 As well as these three main factors, other variables can also contribute to fuel poverty and its effects. For example, the presence of dampness in homes is often related to energy efficiency, but is also linked to an increased prevalence of bronchial illness and other health disorders.

2.4 Under-occupation can contribute to fuel poverty. It can occur because children previously resident in the household have grown and left the family home, or because a spouse has died or left. There are often good reasons for people not to move to a smaller home, for example, the existence of strong local ties which we know have beneficial effects on people's health and well-being.

2.5 All of these variables can change over time. For example, somebody who retires from work, or who stops work to have a baby can see a fall in their income. Deterioration in the condition of a person's house can cause its energy efficiency rating to fall. Fuel prices change over time, and vary for different types of fuel. This means that fuel poverty is not a static phenomenon. People can move in and out of fuel poverty as their circumstances change, and both our strategy and our methods

of monitoring progress must reflect this fact. We are committed to developing our understanding of the groups of households who are likely to move in and out of fuel poverty, and this is reflected in our work programme set out in Chapter 6.

The effects of fuel poverty

2.6 Fuel poverty has a negative impact on individuals, households, and communities. For individuals and households, the main negative impact of fuel poverty is its damaging effects on quality of life and health. The effects are both direct and indirect. Illnesses such as influenza, heart disease and strokes are all exacerbated by cold, and cold homes can also promote the growth of fungi and number of dust mites – often linked to conditions such as asthma.

2.7 Less directly, households that have to spend a high proportion of their income on fuel have to compensate in other parts of their family budgets. This can lead to poor diet, or reduced participation in social and leisure activities, both of which can also impact on health and quality of life. These negative effects of fuel poverty can be particularly significant for vulnerable groups.

The impact of fuel poverty on vulnerable groups

2.8 **Older people:** older householders are particularly vulnerable to the effects of fuel poverty. The resistance of householders aged 60 years or more to respiratory disease falls at lower temperatures, and low temperatures can also cause raised blood pressure. These factors can contribute to increased deaths from coronary thrombosis and other circulatory causes during winter. The vulnerability of older people to the effects of cold is not just physiological. Older people tend to spend more time in the home than people of working age, and this could also make them more vulnerable to the effects of fuel poverty, although it is also important to note that the relationship between indoor temperatures and ill-health is a complex one.

2.9 **People with a disability or a long-term illness:** fuel poverty may worsen the ill-health and suffering of those who are disabled or who have a long-term illness. It may make existing problems worse, lengthen recovery times, and may make it more difficult for carers to look after acutely or chronically sick people.

2.10 **Young people and children:** children are particularly vulnerable to respiratory conditions such as asthma, which have been linked to cold and damp homes. There is also evidence to suggest that cold homes can increase the time taken to recover from other illnesses and this can affect a child's education, leading to them taking more time off school. Overcrowding, caused by families having to remain in heated areas of the home can also adversely affect the education of young people.

3 DEFINING FUEL POVERTY

3.1 Section 95 of the Housing (Scotland) Act 2001 defines “fuel poverty” as being a household living in a home which cannot be kept warm “at reasonable cost.” This is helpful as a general definition, but we need something more precise for the purpose of tracking progress in tackling fuel poverty.

Definitions of Fuel Poverty used in the UK Fuel Poverty Statement

The UK Fuel Poverty Strategy published in November 2001 recommends that the numbers of households suffering fuel poverty in England should be displayed using two main definitions. These are as follows:

- A household is in fuel poverty if, in order to maintain a satisfactory heating regime, it would be required to spend more than 10% of its income (*including* Housing Benefit or ISMI) on all household fuel use;
- A household is in fuel poverty if, in order to maintain a satisfactory heating regime, it would be required to spend more than 10% of its income (*excluding* Housing Benefit and ISMI) on all household fuel use.

In both of these definitions, a ‘satisfactory heating regime’ is defined as one that achieves 21°C in the living room, and 18°C in the other occupied rooms.

Although figures for England will be displayed using both of these definitions, targets have been set using the first definition.

3.2 The analysis of the 1996 Scottish House Condition Survey also used two definitions:

- A household is in fuel poverty if it needs to spend 10% or more of income *on all fuel use* in order to heat the dwelling to an acceptable standard. In this case, ‘income’ means the income of the head of household and partner net of tax plus any benefit payments and income from other sources, such as non-state pensions, alimony and maintenance payments;
- A household is in fuel poverty if it needs to spend 10% or more of income *on heating only* in order to heat the dwelling to an acceptable standard. In this case, ‘income’ means the income of the head of household and partner net of tax plus any benefit payments and income from other sources, such as non-state pensions, alimony and maintenance payments.

3.3 The Scottish Fuel Poverty Advisory Group discussed what definition should be used. On the basis of these discussions, we believe that there are clear advantages in maintaining consistency with the approach taken in the UK Fuel Poverty Strategy. We agree that no worthwhile distinction can be made between fuel used for heating and hot water and that used for other, equally essential purposes.

3.4 We have therefore adopted the following definition of fuel poverty in Scotland:

A household is in fuel poverty if, in order to maintain a satisfactory heating regime, it would be required to spend more than 10% of its income (including Housing Benefit or Income Support for Mortgage Interest) on all household fuel use.

3.5 We acknowledge the arguments that were made by some members of the Advisory Group and in the consultation that the definition should exclude Housing Benefit and Income Support for Mortgage Interest. The impact of this would be to exclude part or all housing costs for some (but not all) low income households. We were not persuaded by the arguments for this being the definition of fuel poverty, but agree that data should also be collected using this definition. Our presumption is that decreases or increases in the number of households that are in fuel poverty will be similar against each definition, that is, they will move in parallel.

3.6 Within the definition that we plan to use to set out targets and milestones, the following points would apply:

- The definition of a **'satisfactory heating regime'** would use the levels recommended by the World Health Organisation. For elderly and infirm households, this is 23°C in the living room and 18°C in other rooms, to be achieved for 16 hours in every 24. For other households, this is 21°C in the living room and 18°C in other rooms for a period of 9 hours in every 24 (or 16 in 24 over the weekend); with two hours being in the morning and seven hours in the evening.
- **'Household income'** would be defined as income before housing costs, to mirror the definition used in the UK Households Below Average Income (HBAI) Statistics (set out in Annex B).

The impact of income, price and energy efficiency on fuel poverty

The examples below provide some illustrations of the possible impact of changes in a single variable – income, price or energy efficiency – on a household's experience of fuel poverty based on the definition above.

Person A – in fuel poverty

Person A has a net income of £100 per week and is paying £12.50 a week in fuel bills. He lives in a two bedroom home in Fife with an NHER rating of 3. In order to take Person A out of fuel poverty, one of the following would need to happen:

- An increase in income of at least 25% to take his weekly income to more than £125 a week;
- an improvement in the energy efficiency rating of his home of at least 1.6 points to take the NHER rating to 4.6 or more; or
- a reduction in fuel prices of at least 20% to take his weekly fuel bill to below £10 a week.

Person B – not in fuel poverty

Person B has a net income of £160 a week, and is paying £15 a week in fuel bills. She lives in a three bedroom home in Paisley with an NHER rating of 7. The following changes would make Person B fall into fuel poverty:

- A fall in income of more than 6.25% to take her weekly income to below £150 a week;
- a reduction in the energy efficiency rating of her home of at least 0.5 points to take the NHER rating to 6.5 or less³; or
- an increase in fuel prices of at least 6.6% to take her weekly fuel bills to more than £16 a week.

³ A reduction in NHER due to changes in the fabric of a dwelling is unusual, but could possibly be caused by changes such as a loft extension in which the main heating system is not installed in the extension, or the addition of a conservatory with an open area for access to the dwelling. NHER rating is more likely to cause someone to move into fuel poverty when they move to a different house with a lower NHER rating.

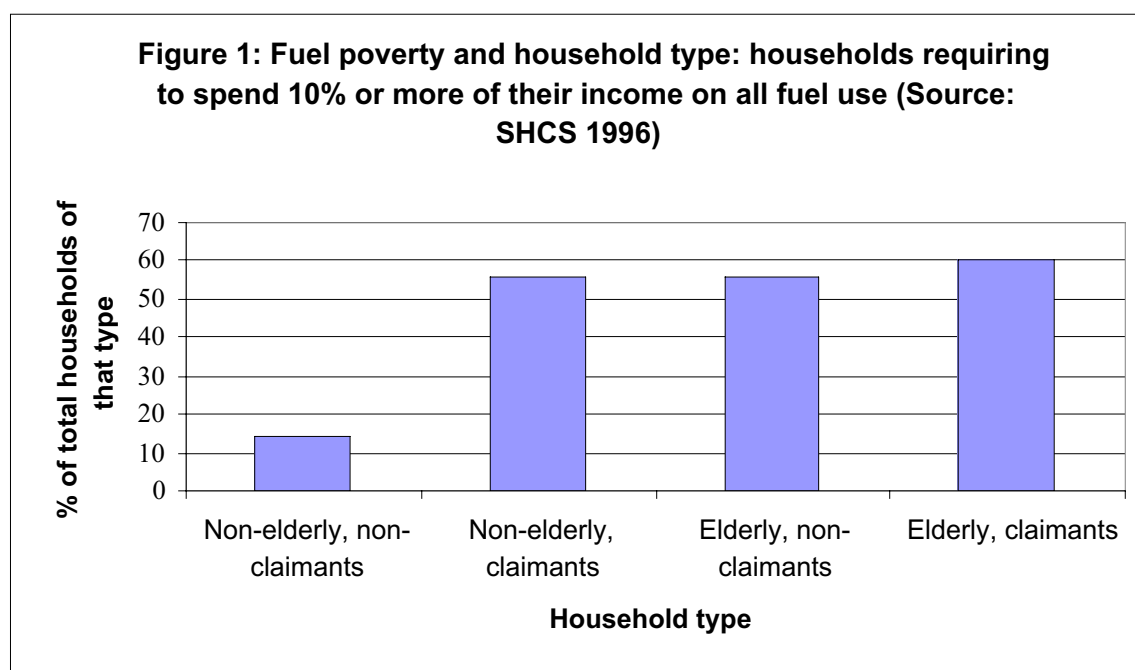
4 FUEL POVERTY IN SCOTLAND

Who are the fuel poor in Scotland?

4.1 The 1996 Scottish House Condition Survey is the primary source of information about the prevalence of fuel poverty in Scotland. The survey is a large, nationally representative study in Scotland in which comprehensive information about both households and their dwellings is collected. For the first time in Scotland, the 1996 Scottish House Condition Survey collected information about the thermal quality of dwellings, so allowing a comprehensive assessment of the nature of fuel poverty in Scotland to take place.

4.2 Using a definition of fuel poverty based on the number of households that need to spend 10% or more of income on all fuel use, the Scottish Household Condition Survey analysis tells us that 738,000 households in Scotland (or 35%) were estimated to be in fuel poverty in 1996. Of these, 178,000 (or 8%) could be described as suffering extreme fuel poverty, requiring to spend over 20% of their income on fuel use.

4.3 Despite the difficulties with obtaining regular accurate data about the numbers of people experiencing fuel poverty in Scotland, the 1996 Scottish House Condition Survey provides a relatively comprehensive overview. However it is also important to note that there may be hard to reach groups or 'hidden' groups of people experiencing fuel poverty – such as those who are entitled to income-related benefits, but who are not claiming those benefits or those who are just above the threshold for income-related benefits.



4.4 Figure 1 shows the proportion of Scottish households of each type experiencing fuel poverty, with 'claimant' in this context referring to those in receipt of

Warm Deal eligible benefits⁴. It shows high rates of fuel poverty across three of the four groups. As the graph shows, the non-elderly, non-claimant group of households was, in 1996, the only type of household in which less than half were in fuel poverty. The actual numbers of households in each group are shown in Table 1, below.

Table1:Fuel poor by household groups: households requiring to spend 10% or more of their income on all fuel use. (Source: SHCS, 1996)

Household type	Households requiring to spend more than 10% income on all fuel use (000s)
Non-elderly, non claimants	167
Non-elderly, claimants	239
Elderly, non-claimants	183
Elderly, claimants	150

Fuel Poverty and tenure

4.5 The highest rates of fuel poor households in 1996 were to be found within public rented housing, where 50% of all households (or 339,000) were experiencing fuel poverty. The second highest rates of fuel poverty were be found within the private rented sector, where 47% of all households (a total of 76,000) were experiencing fuel poverty.

4.6 The lowest rates were found amongst owner-occupiers, where 24% of households were experiencing fuel poverty, although this proportion does represent a total number of households of 288,000. These trends are shown in Figure 2 and actual numbers in each group are shown in Table 2.

⁴ The Warm Deal eligible benefits are Attendance Allowance, Council Tax Benefit, Disability Living Allowance, Disability Working Allowance, Disabled Person's Tax Credit, Family Credit, Housing Benefit, Income-Based Jobseeker's Allowance, Income Support, Industrial Injuries Disablement Benefit (which includes Constant Attendance Allowance), War Disablement Pension (which includes the mobility allowance or Constant Attendance Allowance) and Working Families' Tax Credit.

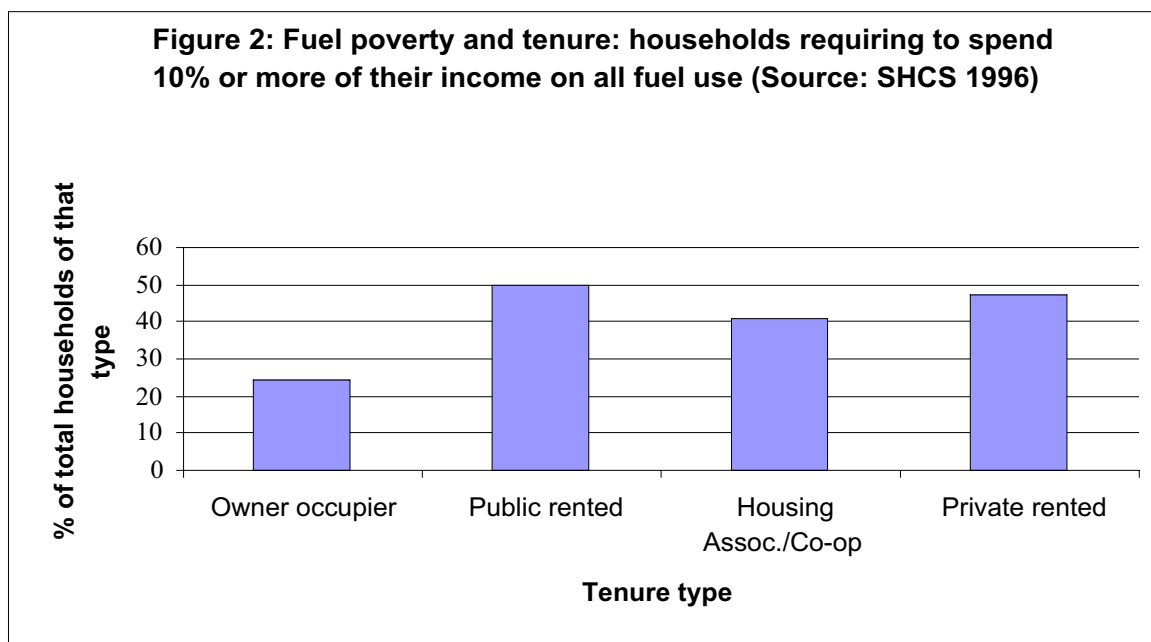


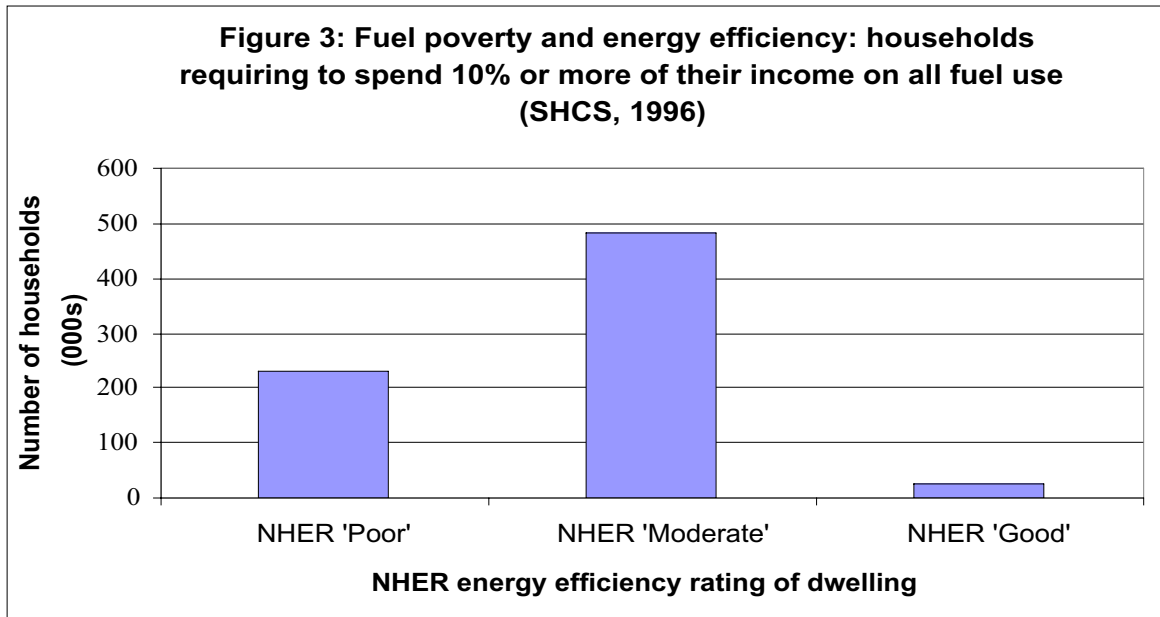
Table 2: Fuel poverty and tenure: households requiring to spend 10% or more of their income on all fuel use. (Source: SHCS, 1996)

Tenure type	Households requiring to spend more than 10% income on all fuel use (000s)
Owner-occupier	288
Public rented	339
Housing Association / housing co-op	36
Private rented	76

Fuel Poverty and energy efficiency of homes

4.7 As well as telling us about the types of people living in fuel poverty, the 1996 Scottish House Condition Survey also provides more information about the type of properties that the fuel poor occupy. One important aspect of this is the energy efficiency of dwellings. Energy efficiency is measured in the Scottish House Condition Survey using the 'National Home Energy Rating' (NHER). This is based on the total energy costs per square metre of floor area required to achieve a standard heating regime. It should be noted that NHER total energy costs include costs for space and water heating, lighting and standard domestic appliances. The NHER of a property is assessed on a scale of 0-10, with 0 being extremely poor and 10 being extremely good.

4.8 As Figure 3 shows, very few of Scotland's fuel poor live in housing with good energy efficiency profiles. The high numbers of people in fuel poverty living in dwellings with 'moderate' ratings reflect the fact that most of the housing in Scotland has such a rating. However it is notable that just under 4% of Scotland's fuel poor live in dwellings with good energy efficiency profiles.



Fuel Poverty and income

4.9 The 1996 SHCS data showed that fuel poverty was strongly related to household income. At that point in time, almost 90% of households with weekly income of less than £100 were found to be in fuel poverty. For households with weekly income of greater than £200, the incidence of fuel poverty was very low. This is illustrated in Figure 4 and the actual numbers in each group are given in Table 3.

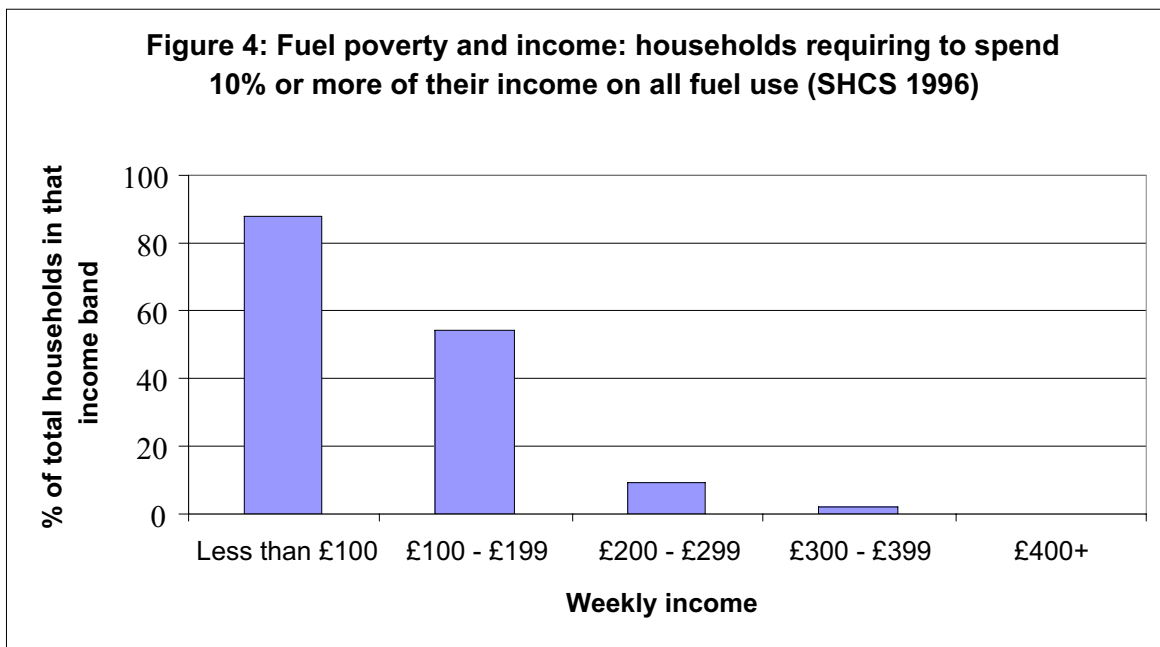


Table 3: Fuel poverty and tenure: households requiring to spend 10% or more of their income on all fuel use. (Source: SHCS, 1996)

Weekly income band	Households requiring to spend more than 10% income on all fuel use (000s)
Less than £100	312
£100 - £199	382
£200 - £299	39
£300 - £399	5
£400 +	0

Improving our information about fuel poverty in Scotland

4.10 More recent data about the prevalence and nature of fuel poverty in Scotland will be collected in the latest Scottish House Condition Survey, which is currently underway. However, this data will not be available until 2003, and until then, it is difficult to assess the extent of the problem and the impact of measures that have been introduced in recent years. Chapter 6 explains how we intend to rectify these difficulties in future years.

5 KEY DEVELOPMENTS SINCE 1996

5.1 Since 1996, there have been a number of developments at both UK and Scottish level which are likely to have had an impact on the overall number of households in fuel poverty in Scotland. Once the results of the 2002 Scottish House Condition Survey become available in 2003, it will be possible to quantify the impact that these measures have had. In the meantime, some of the key factors which are likely to have affected the numbers of people in fuel poverty in Scotland are set out in this chapter.

Employment and Income Measures

5.2 Reducing worklessness and increasing employment rates are key factors in the drive to create social justice and to reduce poverty. The importance of low income as a causal factor in the experience of fuel poverty means that measures that tackle unemployment and low income should have had an impact on the numbers in fuel poverty. Since 1997, both the UK government and the Scottish Executive have put in place a range of measures to tackle employment and income issues.

Tackling unemployment and low income

The achievement of full employment by providing opportunities for all those who can work is one of the Scottish Executive's key targets for the achievement of social justice. Together with our partner organisations we are:

- Helping unemployed people to find work through our adult training programme, **Training for Work**, which aims to help people improve their work-related skills through the provision of appropriate training and structured work activity;
- Targeting young people through our **Skillseekers** training programme, which aims to provide young people with a valid work-based route to skills and qualifications.

We are working in partnership with the UK Government to:

- Deliver a comprehensive welfare to work programme through the **New Deals**, which are targeted at unemployed people on benefits, with specific activity focusing on young people, lone parents, people suffering long-term unemployment, people with disabilities, and those aged over 50;
- Address the problems in areas of high unemployment in a targeted way through our **Action Team for Jobs**, which operate in East Ayrshire, West Dunbartonshire, the Highlands and Islands, Glasgow, Dundee and North Lanarkshire.

Deliver a range of tax and benefit measures designed to ensure that everyone can take advantage of employment opportunities and can expect to achieve a reasonable standard of living as a result. Measures such as the **national minimum wage**, the **Working Families Tax Credit**, the **Children's Tax Credit** and the **Disabled Person's Tax Credit** are already making a real impact on people's lives.

5.3 Data from 1999-00 shows that there has been a slight fall in the proportion of working age adults living in households with low incomes in absolute terms since

1996/97 – reflecting the general improvement in living standards. However, levels of working age people in relative low income households have remained broadly constant.

Price regulation and operation of the energy market

5.4 The cost of fuel is one of the three primary causes of fuel poverty in Scotland. As with income, there have been changes since 1996 which are likely to have had an impact on the prevalence of fuel poverty in Scotland. For example, the electricity and gas supply markets have been fully opened up to competition in Great Britain. New wholesale trading arrangements for gas were introduced in October 1999 and the New Electricity Trading Arrangements (NETA) were introduced in March 2001, although customers in Scotland may not have seen the same benefits as those in the rest of Great Britain. Similar market changes are due to be introduced in Scotland with the creation of the British Electricity Trading and Transmission Arrangements (BETTA) that should bring benefits to consumers in Scotland. These changes are due to come into effect in April 2004.

5.5 The liberalisation of the energy markets and the promotion of competition has led to significant reductions in annual average domestic energy prices, which are now at their lowest since 1974. This has obvious benefits for all consumers, but particularly the fuel poor, for whom energy represents a higher proportion of household expenditure than it does for better off households.

5.6 The nature of future changes in the price of fuel will affect the numbers of people in fuel poverty in Scotland. With all other factors being constant, an increase in fuel prices is likely to bring more people into fuel poverty, and a decrease is likely to take people out of fuel poverty. This effect may be more marked in overall terms in Scotland than in other parts of Great Britain, given the higher relative rates of fuel poverty here.

5.7 It is difficult to make predictions about future fuel prices. However, as set out in the UK Fuel Poverty Strategy, we expect that competition has already driven significant inefficiencies out of the market, and that future fuel price changes are likely to range from a further 10% decrease to a 15% increase for domestic gas in real terms, and a further 2% decrease to a 5% increase for domestic electricity in real terms. Given the uncertainties around future price changes, it would be useful to be able to model the possible impact of different changes on the numbers of households in fuel poverty and in Chapter 6 we set out more details of how we plan to take this forward.

5.8 Different fuel types have different prices, and the choices available to consumers in a particular area will govern the range of prices for which they can obtain fuel. Not having access to a gas supply reduces the choices of fuel for customers and may lead to their having to use less energy efficient or more costly methods of keeping their houses warm. The UK Government has established a working group to consider the issues surrounding extension of the gas network. The initial report of the group recommends that further work is needed to test the effectiveness of extending the gas network in addressing fuel poverty.

5.9 Although competition has brought real benefits to consumers, through lower prices, the UK Government does not believe that the interests of the fuel poor can be left to the markets alone. It is determined that consumers on low incomes should not be regarded as less attractive customers and should benefit equitably from these developments. It has therefore:

- introduced powers and duties in the new Utilities Act 2000 relevant to tackling fuel poverty;
- asked the Regulator, Ofgem, to develop a Social Action Plan, which is now in place;
- encouraged the industry to bring forward initiatives to help tackle fuel poverty as part of their long term commercial strategy;
- established the Gas and Electricity Consumer Council, branded as 'energywatch' to act as a consumer champion operating independently of the regulator.

5.10 Some energy companies are engaged in work to bring the benefits of competition to those experiencing fuel poverty, and our further work programme will examine this issue further.

Ofgem's Social Action Plan

To support its general work to keep prices as competitive as possible and ensure that all customers can take up the benefits of a competitive market, Ofgem published a Social Action Plan in March 2000. The plan sets out a programme of work which Ofgem and others are undertaking to tackle fuel poverty. Ofgem issues an annual update on the plan and progress has been made on a number of important issues:

- **Company initiatives** – Ofgem has encouraged company initiatives designed to help address the needs of the fuel poor, including those offering new ways to pay and to help household manage their fuel bills, and those providing a package of advice and assistance with energy efficiency measures.
- **Licence obligations** – Ofgem took action to strengthen the licence obligations on energy companies to provide protection to customers with payment difficulties, to ensure pre-payment meter customers to receive a decent service, to entitle the elderly, disabled and long-term sick to a range of special services, and to provide for energy efficiency advice to be made available by companies.
- **Fuel direct** – Agreement was reached to improve the operation of Fuel Direct, which enables customers receiving benefits who are in debt to energy suppliers to have their fuel bills deducted direct from their benefits in order to help with budgeting.
- **Price comparisons** – Work has been done to improve the quality and accessibility of information available on price comparisons and Ofgem will continue to work with energywatch to promote information on prices and supplier choices.
- **Research** – A substantial programme of research has been carried out, including work looking at self-disconnection, the provision of energy efficiency advice, and better prevention and management of debt.

Housing Improvement Measures

5.11 The quality and condition of people's homes will have an impact on the likelihood of them suffering fuel poverty. The Scottish Executive and its partners have put in place a range of measures to improve the quality of housing stock in Scotland.

Scottish Executive Programmes

5.12 The Home Energy Efficiency Scheme (HEES) ran from 1991 to June 1999. In its later years, HEES was a small grant scheme for households wholly or mainly dependent on state benefit, enabling them to select one or two energy efficiency measures from a package. The scheme covered all sectors of the housing stock, and between 1991 and 1999, HEES provided greater comfort and lower fuel bills to around 270,000 Scottish households. HEES was superseded in July 1999 by the Executive's Warm Deal. This provides households dependent on certain benefits with a package of insulation measures to the value of up to £500⁵. In the three years from 1999/2000 to 2001/02 more than 137,000 homes have been improved under this programme with average fuel bill savings of between £62 and £95 per annum.

5.13 This initiative will have had an impact on the numbers of households in fuel poverty in Scotland. However, as eligibility depends on the receipt of certain social security benefits, there are likely to have been a number of people benefiting from the Warm Deal who were not in fuel poverty. Further information about the benefits of the Warm Deal are set out in the evaluation report '*Benefits from the Warm Deal in Scotland 2000/2001*' which is on the Scottish Executive's website⁶. A report for 2001/02 will be published in the Autumn.

5.14 In September 2000, the Scottish Executive introduced its Central Heating Programme. This provides a central heating and insulation package for all local authority and housing association tenants and in 40,000 pensioner homes in the private sector, which in both cases, currently lack any form of central heating. The programme will also pay for systems in the private sector where the existing system does not function and is beyond repair.

5.15 The programme has been accelerated in the social rented sector – and by 2004 most local authority and housing association properties will have central heating. All private sector elderly households will have central heating by April 2006. The programme will also be extended in the local authority sector from 2004, to upgrade or replace partial central heating with whole house heating. Eaga manage the programme for the private sector and had installed 3,500 systems by 31 March 2002. Social landlords – local authorities and housing associations – had installed 5,000 new systems by the same date. A full report will be published in the Autumn.

⁵ Under the Warm Deal eligible households can have a combination of works undertaken to insulate their homes, up to a maximum value of £500. Works can include cavity wall insulation; loft insulation; hot and cold tank insulation; pipe insulation; draught proofing; and energy advice and up to four energy efficiency lightbulbs.

⁶ At <http://www.scotland.gov.uk/library3/housing/bfwd-00.asp>

5.16 As well as these programmes to tackle heating and energy efficiency in existing stock, we also estimate that over 8,000 new and improved units will be delivered through regeneration and development partnerships using a mixture of public and private finances as part of the Executive's New Housing Partnership Programme. This is likely to have had an impact on the numbers of people in fuel poverty. In addition, resources have been earmarked to support transfers to community ownership and these transfers will generate significant additional investment in housing quality.

Housing Associations

5.17 Housing associations are currently responsible for almost all new build in the social rented sector. In 1999/2000, 97% of all housing associations included energy efficiency measures in designs for new build. From September 2000, all new housing association stock is expected to achieve a Standard Assessment Procedure⁷ (SAP) rating of between 85-90 and all rehabilitated housing to achieve a SAP of between 65-70. This is likely to have a positive effect on the numbers of people suffering from fuel poverty in Scotland.

Local Authorities

5.18 The Home Energy Conservation Act 1995 was introduced in Scotland in December 1996. The Act placed a duty on local authorities to devise strategies that would result in significant improvements of the energy efficiency of the housing stock. In 2000/01, Scottish councils spent £343 million on their own stock. Within that sum £92 million was spent on works to improve energy efficiency.

5.19 Local authorities report progress to Ministers every two years and the second set of progress reports, covering the period April 1999 to March 2001 have recently been submitted to the Scottish Executive. A report on progress during this two-year period will be commissioned and published later in 2002 and we will provide more details about progress in the final version of this fuel poverty statement.

Transco's 'Affordable Warmth' programme

5.20 Further improvements to the housing stock in Scotland have resulted from Transco's *Affordable Warmth* programme. This involves the use of lease finance to encourage the installation of high-efficiency gas central heating and energy efficiency measures. The approach was developed by Transco, the national pipeline operator, and is targeted at local authorities and Registered Social Landlords. As part of the programme, Transco has also supported training courses to meet the skills demand generated, and to date, over 1,200 people across the UK have received training.

⁷ The Standard Assessment Procedure is the UK Government's standard for home energy rating. SAP ratings are expressed on a scale of 1 (poor) to 100 (excellent). The NHER rating, as used in the Scottish House Condition Survey, is different in that it is geographically specific and covers all fuel use, but scores can be broadly converted to SAP scores by multiplying them by 10 – so an NHER score of 5 equates broadly to a SAP score of 50.

Energy Efficiency Measures

5.21 Since 1994 major electricity supply companies have been under an obligation to deliver energy efficiency programmes under the authority of the industry regulator. The companies have created and managed energy efficiency schemes to deliver environmental and social objectives. This programme was referred to as Energy Efficiency Standards of Performance or EESOP 1 (1994-1998) and EESOP 2 (1998-2000). As of April 2000, gas suppliers, as well as electricity suppliers have been required to deliver an energy saving target under EESOP 3, which ran to March 2002.

5.22 EESOP has now been renamed the 'Energy Efficiency Commitment' (EEC) and consists of an obligation on licensed gas and electricity suppliers to encourage or assist domestic customers to take up energy efficiency measures. EEC came into operation in Great Britain in April 2002. This obligation will form the basis for the targets for the promotion of improvements in energy efficiency from domestic consumers that suppliers must deliver through their EEC programmes.

5.23 The UK Government remains committed to helping lower income consumers through the EEC. It proposes that suppliers should be required to secure 50% of their energy savings from the priority groups – those on low incomes, pensioners, or those in receipt of certain passport benefits. These initiatives are likely to have had an impact on the numbers of people in fuel poverty in Scotland.

5.24 Alongside the Energy Efficiency Commitment, the UK Government and the major energy companies have collaborated to establish the Energy Saving Trust (EST). This is a non profit making company established to work through partnerships towards the sustainable and efficient use of energy in the domestic and small business sectors.

5.25 It runs a number of programmes (such as a UK-wide network of Energy Advice Centres), which although not solely aimed at fuel poor households, do also address their needs. The Scottish Executive recently increased its funding to the Energy Saving Trust in Scotland by 28% from 2002-03 in order to help it deliver more in the area of domestic energy efficiency.

The Energy Saving Trust in Scotland

The Energy Saving Trust (EST) was set up after the 1992 Earth Summit in Rio de Janeiro in order to help reduce carbon dioxide emissions in the UK. It is a non-profit making organisation, funded by government and the private sector, and works with a range of partner organisations to deliver the sustainable and efficient use of energy. EST includes the reduction of fuel poverty as one of its key areas of work in its current medium-term strategy. In Scotland, the Trust currently works towards tackling the fuel poverty problem in a number of ways:

- **Awareness raising.** EST has an extensive programme of awareness-raising initiatives, which have included national media, campaigns and a heavily publicised energy efficiency week. The programme helps address fuel poverty by promoting grants such as the Warm Deal and the Central Heating Initiative, and by publicising low-cost and no-cost measures to reduce energy consumption.

- **Energy efficiency promotion programmes.** EST runs a number of programmes promoting energy efficiency in the home, such as the energy advice centre network; and a local authority programme which includes the HECAAction and innovation grants programme. New programmes being started include a housing managers' programme for Registered Social Landlords, and a Community Energy Programme to part-fund district heating and combined heat and power schemes.
- **Partnership working.** Through its HECAAction programme, the EST has drawn together many partnerships to work on energy efficiency initiatives, generally involving at least two local authorities and typically also other partners drawn from the private or NGO sectors. These partnerships have generated some useful experience for future fuel poverty initiatives.
- **Monitoring and evaluation of change.** The EST's Home Energy Efficiency Database holds data on energy efficiency measures in the UK housing stock on a property-by-property basis, and will allow accurate monitoring of carbon savings and assist local authorities in monitoring and meeting their HECA targets.

Changes since 1996 with a potentially adverse impact on fuel poverty

5.26 This chapter has set out details of some of the initiatives and programmes which are likely to have had a positive impact on the numbers of people in fuel poverty in Scotland since 1996. It will not be possible to quantify these effects until the findings of the 2002 Scottish House Condition Survey are available in 2003.

5.27 Alongside these measures, it is also important to note that there may be wider factors which could have adversely affected the numbers of households in fuel poverty. Some of the factors which might have adversely affected fuel poverty in Scotland include deterioration in the housing stock, changes in climate, and changes in occupancy levels resulting from wider trends in lifestyle. We do not, however, expect these to outweigh the beneficial impact of the measures set out above.

6 MOVING FORWARD TACKLING FUEL POVERTY IN SCOTLAND

6.1 Over the coming months, we and our partners will continue to make progress in tackling fuel poverty through the programmes and initiatives set out in the previous chapters. However, we also plan to supplement this with a range of additional activity to ensure that we continue to work towards our goal of ensuring that as far as practicable, people do not live in fuel poverty in Scotland within fifteen years. Income maximisation will be a core element of our work programme.

Key elements of our forward work programme

- Developing knowledge and monitoring change;
- Awareness raising;
- Housing improvement measures;
- Energy efficiency measures;
- Partnership working and local co-ordination.

Developing knowledge and monitoring change

6.2 If we are to ensure that our resources are properly targeted, and that they are having an impact on the levels of fuel poverty in Scotland, then it will be essential for us to:

- improve our knowledge base about fuel poverty, about the energy efficiency of Scotland's housing stock and about the links between fuel poverty and health;
- to continue to evaluate interventions;
- and to create mechanisms by which we are able to monitor change on a more regular basis.

Using the Scottish House Condition Survey

6.3 One of the most important sources of information about fuel poverty is the Scottish House Condition Survey (SHCS). Detailed information on Fuel Poverty from the 2002 Scottish House Condition Survey will be available in late 2003, and this will help us to track change in relation to the overall numbers of households in fuel poverty. It will also enable us to understand more about the effect of improvements in housing quality as a result of recent investment programmes, and will give us an important source of information to help us set priorities for the future.

6.4 The 2002 SHCS will provide baseline data on fuel poverty as well as analysis, for the first time, of change since the 1996 SHCS. The 2002 survey instruments have been updated to reflect changes to the NHER software and to improve the accuracy of the income data collected. Improved data on occupants' health will also be collected and we will seek to link this to the fuel poverty analysis.

6.5 We are currently considering the merits of moving from a survey every five years to a continuous survey. This would mean that we would have access to more frequent, but less comprehensive information, though by combining survey years together on a rolling basis (for example, over a three year or five year period) we would be able to track change over time with greater certainty. A decision will be taken later this year.

Developing a more comprehensive data set

6.6 Alongside the Scottish House Condition Survey work, we are committed to developing alternative sources of valid and reliable data in order to reduce our reliance on the SHCS. Some limited information can already be obtained from alternative sources such as energy audits of individual dwellings and local housing surveys. We are committed to exploring how we can make greater use of these, and to developing alternative sources. We will use these sources to build up supplementary information about the extent and causes of fuel poverty in Scotland. Wherever possible, we will ensure that new data is consistent and comparable with the baseline picture that we can derive from the Scottish House Condition Survey.

6.7 This dataset will need to include information about the three main causes of fuel poverty – prices, incomes, and energy efficiency. As well as providing snapshots of the position at particular points in time, we would also like to use this information to develop a more dynamic model. Such a model could be used to explore or forecast the impact of possible changes in one or more of these variables on the numbers of people in fuel poverty and we will explore the feasibility of such an approach. Of particular value in this area is being able to track the effect of using different models of household income in defining fuel poverty.

6.8 We will also continue to supplement information from the Scottish House Condition Survey with additional research. For example, we have commissioned a four year project to track the health impact of Warm Deal and other housing improvement programmes. As well as this, we will continue to undertake rigorous evaluations of our chosen interventions such as Warm Deal and the Central Heating Programme to ensure that we are continuing to impact on fuel poverty, and that the chosen methods are efficient, effective, and are providing good value for money. In addition, the Energy Saving Trust in Scotland will explore the possibility of using its Home Energy Efficiency Database (HEED) to monitor progress on energy efficiency interventions more generally.

6.9 We are also considering the possibility of further research on the hard to reach groups (including the over 80s and elderly people in private tenure) in terms of experiences of fuel poverty, and on the relationship of internal temperature to health and to the nature of the fuel poverty experience, and comments on these proposals are invited.

Developing information at a local level

6.10 It is also important to supplement Scottish House Condition Survey data with good local information. To be of maximum benefit, it is valuable if local data is comparable with national data. To facilitate this process, we are ensuring that the

2002 Scottish House Condition Survey data can be broken down to local authority level wherever possible (although there are limits to the extent to which this can be achieved for all variables). In addition, staff from Communities Scotland are able to advise local authorities and others on the design of local surveys before they make decisions about format.

6.11 The work carried out by local authorities on their HECA responsibilities and on their local housing strategies is another important source of local information about fuel poverty. In paragraph 6.29 below, we explain the work that will be undertaken to provide guidance for local authorities on fuel poverty aspects of their local housing strategies, and this will include advice on monitoring and information issues. The guidance will also advise on co-ordination of HECA responsibilities and fuel poverty considerations, including the value of further disaggregation of the information provided to the Scottish Executive in HECA reports.

To take forward our commitment to developing knowledge and monitoring change we will:

- Set ourselves the goal of improving the extent to which changes in fuel poverty levels can be monitored;
- Explore the feasibility of changes to the arrangements for the Scottish House Condition Survey in order to obtain more regular information about fuel poverty;
- Develop alternative sources of reliable and valid data about fuel poverty in order to reduce reliance on the Scottish House Condition Survey and using these to develop a model to forecast the impact of changes in variables such as income, price and energy efficiency;
- Take forward additional research on fuel poverty issues, including a health impact assessment of programmes such as Warm Deal and the Central Heating Programme, and explore the feasibility of research on hard to reach groups and internal ambient temperature issues;
- Provide advice on local fuel poverty surveys;
- Provide local authorities with guidance on local monitoring and information issues in respect of fuel poverty and HECA responsibilities within the guidance on local housing strategies.

Raising awareness of fuel poverty issues

6.12 Tackling fuel poverty can be a complicated process, and it depends on action by a number of different organisations and groups, including consumers themselves. Raising awareness about fuel poverty issues and the way they can be tackled is therefore a key part of our fuel poverty strategy.

Awareness raising for health care providers and front line housing staff

Transco, the national pipeline operator, has developed awareness training for primary health care providers and front line housing staff as part of its Affordable Warmth programme. The aim of the training is to help them to identify and address fuel poverty and its knock-on effects through better understanding of the causes and of the early warning signs.

For primary health care staff, energy awareness courses have been developed in association with Energy Action Scotland. The courses are approved by the Royal College of Nursing and Midwifery and are linked to Energy Advice Projects that involve social landlords and energy efficiency advice providers. To date, 200 trainees have completed the course.

To address awareness issues amongst front line housing providers, Transco worked with Lothian and Edinburgh Environmental Partnership to develop a training needs questionnaire which was issued to Edinburgh City Council housing staff. On the basis of the responses received, an Intermediate Energy Awareness Manual was developed and subsequently launched throughout Scotland. The manual has been endorsed by CoSLA and has been cited as an example of best practice across the UK.

6.13 There are a number of stakeholders involved in the process of raising awareness about fuel poverty issues, including statutory organisations (such as Energywatch and the Energy Saving Trust) voluntary and charitable organisations, and energy companies. We welcome, and will continue to support this work.

6.14 In particular, the Energy Saving Trust's Energy Advice Centres play an important part in raising awareness of fuel poverty issues amongst stakeholder groups. Centres have a high local profile and staff working within them have important local knowledge about energy issues within the local area. Local authority-based energy advice units, such as those operating in West Lothian, Aberdeen, Renfrewshire and Glasgow are also valuable resources.

To take forward our commitment to raising awareness about fuel poverty we will:

- Continue to support the work of statutory, voluntary, charitable and private sector organisations in raising awareness of fuel poverty issues.

Improving the housing stock

6.15 Chapter 5 set out further details of a number of programmes that we have in place to promote improvements to the housing stock in Scotland, including New Housing Partnerships, the Warm Deal, and the Central Heating Programme. We will continue to invest in these initiatives in order to reach the milestones and targets that have been set. The initiatives have had valuable knock-on effects in relation to increasing the market for skilled installation workers, and we will continue to work to address any skills shortage issues that may arise.

6.16 When further information about the extent of fuel poverty in Scotland becomes available, we expect to see improvements in the rate of fuel poverty amongst householder living in social rented housing. However tackling fuel poverty amongst owner-occupied and private renters remains a major challenge. We have

established the Housing Improvement Task Force, which is examining issues relating to the quality of housing in the owner-occupied and private rented sector.

6.17 The Fuel Poverty Advisory Group has identified issues for the Housing Improvement Task Force to consider and will consider the implications for fuel poverty of the recommendations that the Housing Improvement Task Force makes. In addition, we intend to set in train an additional piece of work to examine how effective interventions might be developed to reduce the number of owner-occupiers and private renters in fuel poverty.

6.18 Under the terms of the Housing (Scotland) Act 2001 and the Home Energy Conservation Act 1995, local authorities have important strategic responsibilities in relation to housing improvement. We will continue to support local authorities in the delivery of these responsibilities, and will look at how interventions can be made more effective by putting together guidance on fuel poverty and HECA issues for local authority local housing strategy development.

To take forward our commitment to improving Scotland's housing stock in order to tackle fuel poverty we will:

- Continue to invest in programmes to promote improvements to the housing stock in Scotland, including New Housing Partnerships, Warm Deal, and the Central Heating programme;
- Ask the Fuel Poverty Advisory Group to provide the Housing Improvement Task Force with advice on the fuel poverty issues that it might want to examine;
- Consider the recommendations made by the Housing Improvement Task Force;
- Explore how effective interventions might be developed to reduce the number of owner-occupiers and private renters in fuel poverty;
- Support local authorities in their strategic responsibilities in relation to housing improvement, and provide guidance on how interventions might be made more effective.

Promoting greater energy efficiency

6.19 Energy efficiency of dwellings is a key factor contributing to fuel poverty, and tackling energy efficiency is an important part of our strategy. We have set out further details of the energy efficiency measures that we have in place at the moment in Chapter 5 and we will continue to support and develop these approaches.

6.20 The UK Government's Performance and Innovation Unit has recently completed its Energy Review. The review concluded that improving energy efficiency (including domestic energy efficiency) is broadly consistent with all the Government's major objectives for energy policy, but that an increase in the pace of improvement is likely to be needed in order to achieve a low carbon energy system.

6.21 The Scottish Executive is currently considering setting a target for the improvement of domestic energy efficiency in Scotland. It would be possible to develop such a target, perhaps relating to a target improvement in average NHER

ratings across Scotland, or with a particular focus on improving NHER ratings at the lower end of the scale.

6.22 The enforcement and implementation of building regulations plays an important part in improving energy efficiency. The Sixth Amendment to the Building Standards (Scotland) Regulations 1990, which is effective from March 2002, aims to improve the energy efficiency of new dwellings by approximately 25%. For a typical dwelling, this equates to a saving on fuel costs of about £125 per annum. In changing the use of other buildings to dwellings, developers will have to either upgrade the thermal insulation to the external building fabric or install energy efficient boilers. These standards apply to social rented sector dwellings as well as private sector dwellings and will benefit the new occupants, especially those in fuel poverty.

6.23 There is a review of the Scottish Building Control System underway. The consultation paper recommends that a national body audits and monitors the performance of local authorities regarding their competence in fulfilling their building control duties.

6.24 Many opportunities for improving energy efficiency are already cost effective, although there may be barriers to their adoption (such as inadequate contractual relationships with builders, and the nature of tenancy arrangements). However, in order to ensure that improvements in energy efficiency are sustained, it is important for us to continue to invest in and to support innovation in technology, and we are committed to working with the UK government and with energy companies to do this.

6.25 One aspect of this is the use of renewable energy supplies. The Performance and Innovation Unit's Energy Review report concludes that renewables present the most flexible supply option in terms of carbon reduction potential and compatibility with other goals. Renewables are, therefore, likely to make a substantial contribution to the low carbon programme in the UK. The report concludes that targets should be set for the supply of electricity from renewables, and the UK government will be considering this recommendation. We will also need to consider the implications for our strategy on fuel poverty of a commitment to greater use of renewables.

To take forward our commitment to promoting greater energy efficiency we will:

- Explore the feasibility of a target relating to domestic energy efficiency in Scotland;
- Implement amendments to the Building Standards (Scotland) Regulations 1990 which aim to improve the energy efficiency of new dwellings by approximately 25%;
- Continue to support innovation in the development of new technology to promote greater energy efficiency and encourage private sector take-up of insulation measures.

Working in partnership to tackle fuel poverty

6.26 The complex nature of fuel poverty and its causes is one important reason why no single agency can tackle the problem alone. We are committed to working with a range of partner organisations in order to meet our fuel poverty targets and to facilitating partnership working at a local level.

Working in partnership at a national level

6.27 The UK government has important responsibilities for income measures, for energy market issues, and for some aspects of the energy efficiency agenda. If we are to meet our targets for eradicating fuel poverty, then it will be important that we achieve good co-ordination at a UK level and we will continue to work with the UK government to co-ordinate the delivery of our fuel poverty strategies. We will also continue to work with organisations with a national remit in relation to fuel poverty, such as the energy companies and energywatch (for example in investigating how actions under Energy Efficiency Commitments might best be integrated with other initiatives).

Working in partnership at a local level

6.28 There is a range of organisations working in the fuel poverty arena, and local co-ordination will be one of the keys to success. Local authorities are key players will develop strategies for dealing with fuel poverty at a local level as part of their work on Local Housing Strategies. These will have important links to the community planning process, and through this mechanism, local authorities will work to ensure that all relevant local players are involved.

6.29 We have asked the Fuel Poverty Advisory Group to set up a working group to examine the guidance on fuel poverty issues that local authorities should receive as part of the wider guidance on local housing strategies. This guidance is likely to cover issues such as best practice approaches, the importance of monitoring and information at a local level, and ways of bringing together responsibilities under HECA and responsibilities for tackling fuel poverty.

6.30 As part of their work on tackling fuel poverty, it will be important for local authorities to work with other players in the field. There are a number of examples of innovative local initiatives involving local authorities, other registered social landlords, the private and voluntary sectors such as the Community Energy Partnerships being tested in Dundee and Lanarkshire. The causes of, and solutions to, fuel poverty are many and diverse; the Executive is keen to find ways in which routes out of fuel poverty can be simplified. Local initiatives, such as those being piloted in Dundee and Lanarkshire, are a key way of the effective delivery of measures aimed at tackling fuel poverty. We will continue to support and encourage the development of such approaches. We will also give consideration to the proposal made by some organisations that the Scottish Executive should develop a national referral system, perhaps through a dedicated phoneline to put people in contact with local organisations working to tackle fuel poverty.

The Dundee Community Energy Partnership

Dundee City Council, Transco and Scottish and Southern Energy are working together to pilot an approach that will help the City Council meet its requirements for tackling fuel poverty under the Housing (Scotland) Act 2001. The Dundee Community Energy Partnership involves the development of a structured approach to tackling fuel poverty, based on a partnership working model under which resources are pooled.

Surveys will be undertaken of all homes in defined geographical areas in Dundee, and a database set up to hold the information that is obtained from those surveys. Plans will be prepared to establish a new energy advice centre within Dundee, which will include consideration of the needs of small businesses.

At this stage in the partnership, training for local people has been a major focus. Trainees from New Deal groups are given the training required to enable them to undertake energy surveys and to give consumers energy advice. In addition, higher level skills training is being provided to engineers recently made redundant from the ship industry in Fife and from factories in Dundee to undertake installation work. Once survey work has been completed, the information will be potentially valuable to a range of organisations including registered social landlords, suppliers, installers, and health care providers.

The Scottish Executive is providing funding of £239,000 to support the project and the Energy Saving Trust is working with the partnership to develop best practice advice for use across Scotland.

The role of the Fuel Poverty Advisory Group

6.31 In order to ensure that we continue to co-ordinate efforts to tackle fuel poverty at a national and local level, we will invite members of the Fuel Poverty Advisory Group to continue their involvement during the course of the consultation period on this Statement. Once the final Statement has been published later this year, we will invite Advisory Group members to continue their involvement and this will include monitoring the impact of reserved matters on fuel poverty in Scotland.

To take forward our commitment to working in partnership to tackle fuel poverty we will:

- Ensure that we continue to co-ordinate our efforts with those of the UK government on income and energy market issues and on aspects of energy efficiency measures;
- Ensure that local authorities are considering fuel poverty issues as part of the development and implementation of their Local Housing Strategies, and providing guidance on how they can do this.
- Support innovative approaches to local partnership working such as Community Energy Partnerships;
- Invite members of the Fuel Poverty Advisory Group to participate in a Scottish Fuel Poverty Forum on a continuing basis.

Addressing consumer information requirements and transparency issues

6.32 Earlier sections of this Statement have set out details of the importance of fuel price as a determinant of fuel poverty. We have also looked at the impact that opening up the domestic energy market has had in creating downward pressure on prices. The Regulator, (Ofgem), and the Gas and Electricity Consumer Council (energywatch) play a major part in protecting the interests of consumers within the market.

6.33 Ensuring transparency of information in relation to prices and tariffs is an important part of ensuring that people get best value for their money and that fuel poverty is minimised. We will explore the possibility of working with Ofgem and energywatch to undertake a piece of work to examine issues of the transparency of tariff information in Scotland, with the aim of enabling households in Scotland to make more informed choices in purchasing energy.

To take forward our commitment to addressing consumer information requirements and transparency issues we will:

- Explore the feasibility of working with Ofgem and energywatch to undertake a piece of work to examine issues relating to the transparency of tariff information in Scotland.

7 MOVING FORWARD – OUR MILESTONES FOR CHANGE

7.1 Our overall objective in relation to fuel poverty is clear. We are committed to ensuring, so far as reasonably practicable, that people are not living in fuel poverty in Scotland by November 2016.

7.2 However it is important that we develop milestones on the way to this overall objective, so that can check our progress and make sure that our strategies are having an impact. The task of setting milestones is complicated by the fact that we do not have adequate information about the numbers of people in fuel poverty in Scotland on a regular basis. At the moment, we are dependent on information from the 1996 Scottish House Condition Survey, although the steps we have outlined in Chapter 6 should begin to help us to address this information deficit in future.

7.3 Because of the lack of data, we believe that it is sensible to set some initial milestones, but to review our approach once information from the 2002 Scottish House Condition Survey becomes available in 2003. This will enable us to take account of changes in the numbers of people in fuel poverty that have resulted from the programmes that have been in place since 1996. Regardless of any changes in the milestones, our overall target ensuring, so far as reasonably practicable, that people are not living in fuel poverty in Scotland by November 2016, would remain the same.

7.4 This approach would mean that we would:

- Review our milestones in 2003 once data from the 2002 Scottish House Condition Survey becomes available;
- Begin work on the next fuel poverty statement in 2004 once the work set out in this Statement has begun to have an impact;
- Publish our next Fuel Poverty Statement in 2005.

7.5 We believe that the most significant impact on the numbers of households in fuel poverty is likely to be seen in the earlier years of the overall 15 year target period. The rate of reduction is likely to slow down in later years as there is likely to be a group of householders who are particularly difficult to reach. This would suggest front-loading the target reductions in the numbers of householders in fuel poverty.

7.6 The majority of members of the Fuel Poverty Advisory Group were of a view that the reduction between 2002 and 2007 would need to be between 30% and 40% of the total number of households in fuel poverty in 2002, but agreed that it is difficult to set a precise target without more information.

7.7 To take account of the need to make quick progress in the next few years we have decided to set a target for a shorter period of time, 2002 to 2006 and to set the target above the mid-point of the range considered, at 30%.

Eradicating Fuel Poverty in Scotland – our milestones and target dates

Overall objective:

- To ensure, so far as reasonably practicable, that people are not living in fuel poverty in Scotland by November 2016.

Outcome milestones:

(Both milestones to be reviewed in 2003 on the basis of data from the 2002 Scottish House Condition Survey, and years to be reviewed if the SHCS cycle changes):

- By 2006 – to have achieved a 30% reduction in the total numbers of people in fuel poverty in Scotland as shown in the 2002 Scottish House Condition Survey.
- By 2010 – to have achieved a further reduction in the total numbers of people in fuel poverty in Scotland between 2006 and 2010 – target to be quantified once 2002 SHCS data becomes available.

Process milestones:

- By April 2004 – through the Scottish Executive's Central Heating Programme, all council houses in Scotland outside Glasgow⁸ will have central heating by 2004;
- During 2004 – through the Scottish Executive's Central Heating Programme, all current Housing Association tenants to have central heating;
- By March 2006 – through the Scottish Executive's Central Heating Programme, all private sector elderly households to have central heating.

⁸ The Scottish Executive has provided Glasgow City Council with almost £10 million for the period 2001/2003 to enable it to make progress towards installing central heating and energy efficiency measures in all its stock which lacks them. The Glasgow Housing Association, which will shortly take over responsibility for Glasgow Council's housing stock, has indicated that as part of its investment programme it will work to ensure that all homes with a long life will have central heating within four years which meets our commitment that all social rented tenants will have central heating by 2006.

ANNEX A

Section 88 of the Housing (Scotland) Act 2001

- (1) The Scottish Ministers must, within 12 months of the coming into force of this section, prepare and publish a statement setting out the measures which they and local authorities have taken, are taking, and intend to take for the purposes of ensuring, so far as reasonably practicable, that persons do not live in fuel poverty.
- (2) The measures to be set out in the statement must include measures for ensuring the efficient use of energy (for example, by installation of appropriate equipment or insulation).
- (3) The statement must specify:
 - (a) a target date (which must be within 15 years of the date of publication of the statement) for achieving the purpose mentioned in subsection 1, and
 - (b) interim objectives towards achievement of the purpose.
- (4) The Scottish Ministers-
 - (a) must keep the statement under review,
 - (b) may from time to time modify the statement, and
 - (c) must publish any modified statement.
- (5) Before preparing or modifying the statement the Scottish Ministers must consult:
 - (a) such persons as appear to them to represent the interests of those living in fuel poverty; and
 - (b) such other persons,as they see fit.
- (6) The Scottish Ministers must, within 4 years of the date of publication of the statement and at least once every 4 years thereafter, prepare and publish a report on the measures referred to in the statement which have been taken since the date of its publication, as the case may be, the date of the last such report.

ANNEX B

The HBAI definition of income before housing costs

Under this definition, income includes total income from all members of the household, including dependants, and includes the following components:

- usual net earnings from employment;
- profit or loss from self-employment;
- all Social Security benefits (including Housing Benefit, Social Fund, maternity, funeral and community care grants, but excluding Social Fund loans) and Tax Credits;
- income from occupational and private pensions;
- investment income;
- maintenance payments, if a person receives them directly;
- income from education grants and scholarships (including, for students, top-up loans and parental contributions);
- the cash value of certain forms of income in kind (free school meals, free welfare milk, and free school milk).

Under this definition, income is net of the following items:

- income tax payments;
- National Insurance contributions;
- Council Tax;
- Contributions to occupational pension schemes (including additional voluntary contributions) and any contributions to personal pensions;
- All maintenance and child support payments, which are deducted from the income of the person making the payment;
- Parental contributions to students living away from home.

ANNEX C

Members of the Scottish Fuel Poverty Advisory Group

David Brownlee	Age Concern Scotland
Gavin Corbett	SHELTER Scotland
Charles Coulthard	Ofgem
John Foley	ScottishPower
Stuart Hay	Help the Aged
Eddie Lafferty	Transco
Ann Loughrey	Energy Action Scotland
Alan McKeown	COSLA
Hamish McPherson	Scottish Gas
Dianne Millen	Communities Scotland
David Orr	SFHA
Malcolm Sayers	energywatch
Kirstie Shirra	Friends of the Earth (Scotland)
Mike Thornton	Energy Saving Trust, Scotland
Douglas Watt	Solid Fuel Association
Linda Young	Scottish and Southern Energy plc
Geoff Huggins	Scottish Executive (Chair)
Vicky Carlin	Scottish Executive
Callum Percy	Scottish Executive

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Astron B26750 8/02

ISBN 0-7559-0535-0

