

# **GUIDANCE TO LOCAL AUTHORITIES ON FUEL POVERTY**

**The Scottish Government and the Convention of  
Scottish Local Authorities**

**29 May 2009**



# Guidance to Local Authorities on Fuel Poverty

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# **GUIDANCE TO LOCAL AUTHORITIES ON FUEL POVERTY**

## **1. INTRODUCTION**

1.1 The Scottish Government is committed to the target that by 2016, as far as is reasonably practicable, no-one in Scotland is living in fuel poverty. This is a key priority for Scottish Ministers.

1.1.1 Councils can make an important contribution to the achievement of this target. Through both their leadership and strategic role and their wealth of local knowledge and local action they have a significant part to play in ensuring that people live in warm dry homes which they can afford to heat. This guidance helps them make this contribution and to meet their statutory obligations.

### **1.2 Statutory Requirements**

#### *Local Housing Strategies*

1.2.1 The eradication of fuel poverty is a priority within the Housing (Scotland) Act 2001<sup>1</sup>. This guidance helps local Councils meet their obligations under Section 89.(5) (b) of that Act which requires councils to develop local housing strategies which among other things ensure “so far as reasonably practicable that persons do not live in fuel poverty.” This obligation relates to all housing tenures.

#### *Scottish Fuel Poverty Statement*

1.2.2 Section 88(1)<sup>2</sup> of this Act requires Scottish Ministers to “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”. The Act requires the statement to set a target date for achieving this which must be within 15 years of the date of publication of the statement.

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<sup>1</sup> <http://www.hms.o.gov.uk/legislation/Scotland/acts2001/10010--k.htm#88>

<sup>2</sup> [http://www.opsi.gov.uk/legislation/scotland/acts2001/asp\\_20010010\\_en\\_8#pt5-pb1-l1g88](http://www.opsi.gov.uk/legislation/scotland/acts2001/asp_20010010_en_8#pt5-pb1-l1g88)

1.2.3 The Fuel Poverty Statement published in 2002 set 2016 as the target date to eradicate fuel poverty as far as is reasonably practicable. It was reviewed in November 2006.<sup>3</sup> The next review will be due in 2010 and this guidance sets out how councils will contribute to this.

### **1.3 Definition of fuel poverty**

1.3.1 Section 95 of the Housing (Scotland) Act 2001 defines a household as being fuel poor if it is living in a home which cannot be kept warm at reasonable cost<sup>4</sup>. The Scottish Fuel Poverty Statement refines this definition to say 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 and Income Support for Mortgage Interest) on all household fuel use. This more precise definition assists the monitoring of progress. This is the definition against which Scottish Government fuel poverty policy objectives are measured and we would recommend that councils use this definition to maintain consistency across the country.

### **1.4 Satisfactory Heating Regime**

1.4.1 A satisfactory heating regime means achieving for elderly and infirm households a temperature of 23°C in the living room and 18°C in other rooms for 16 hours in every 24; and for other households a temperature of 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 2 hours being in the morning and 7 hours in the evening.

### **1.5 Factors that influence Fuel Poverty**

1.5.1 The three main factors that influence the level of fuel poverty, and which are amenable to a greater or lesser extent, to Government and local authority influence are:

- fuel prices
- household incomes
- energy efficiency of the housing stock

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<sup>3</sup> <http://www.scotland.gov.uk/Publications/2006/11/fuel-poverty-progress/Q/Page/1>

<sup>4</sup> <http://www.hms0.gov.uk/legislation/Scotland/acts2001/10010--k.htm#95>

1.5.2 It is also important to note that the relationship between the three is a dynamic one so the relative importance of each factor varies depending on the period examined. For example, analysis of the reduction in fuel poverty between 1996 and 2002 is shown to be attributable mainly to increases in household income (50%); and decreasing fuel prices (35%), with energy efficiency improvements playing a lesser role (15%).

1.5.3 The definition of fuel poverty and its inter-dependence with these factors means that a household can move into, or out of fuel poverty at different times and for a variety of different reasons. For example, a person who stops work temporarily to undertake a course of study may move into fuel poverty and then move back out of fuel poverty on their return to employment. A household may be brought into fuel poverty when fuel prices rise, but leave fuel poverty when these fall.

## **1.6 Progress towards targets**

1.6.1 Progress towards targets is measured through the Scottish House Condition Survey (SCHS).

1.6.2 A review<sup>5</sup> of fuel poverty carried out by the Scottish Government, and published in May 2008, showed that despite high levels of investment in energy efficiency measures the recent upward trend in fuel prices had pushed many families back into fuel poverty and that while government programmes had achieved a great deal they were in need of some refocusing if the 2016 target was to be met. At the end of May 2008 therefore Scottish Ministers reconvened the Scottish Fuel Poverty Forum<sup>6</sup>, under the Chairmanship of the Rev Graham Blount to consider the findings of the review and advise Ministers on options for re-focusing the policy and funding to better achieve the target of eradicating fuel poverty.

1.6.3. The Forum published its report<sup>7</sup> at the beginning of October 2008 and in November 2008 the Cabinet Secretary for Health and Wellbeing announced that from

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<sup>5</sup> <http://www.scotland.gov.uk/Resource/Doc/1125/0060321.doc>

<sup>6</sup> <http://www.scotland.gov.uk/Topics/Built-Environment/Housing/access/FP/ScottishFuelPovertyForum>

<sup>7</sup> <http://www.scotland.gov.uk/Publications/2008/10/09155649/0>

6 April 2009 she would implement their main recommendation to replace the Warm Deal and Central Heating Programme with a new Energy Assistance Package (EAP). The new package will present a more holistic solution, tackling all aspects of fuel poverty. As well as improving energy efficiency it will provide access to energy audits, energy tariff advice and advice on income maximisation. It will improve on existing programmes by reaching more people, by providing a wider range of support in one integrated package, and by beginning to tackle rural fuel poverty much more effectively than has been the case thus far.

1.6.4. The Energy Assistance Package is described in more detail later in this document.

## **2. STRATEGY DEVELOPMENT**

### **2.1 Introduction**

2.1.1 In June 2008 the Scottish Government and COSLA jointly issued new guidance on local housing strategies<sup>8</sup>, which set out key changes to their status, format and content. These changes have an impact on the way in which local authorities develop and present their strategic response to fuel poverty – specifically in relation to the integration of fuel poverty strategies into the local housing strategy and a new emphasis on outcomes.

### **2.2 Integrating plans and strategies into the local housing strategy**

2.2.1. Local housing strategies are now expected to be a key corporate planning activity for local authorities and are the sole strategic document on housing, homelessness, housing support services and fuel poverty.

2.2.2 Separate strategies for homelessness, housing support and fuel poverty will no longer need to be submitted to Scottish Ministers, although there remains a statutory duty on local authorities under the 2001 Housing (Scotland) Act to address those areas. The scope of the local housing strategy has been broadened and will now address these areas, providing the opportunity to strengthen their integration into mainstream strategic planning for housing and to enhance their corporate profile.

2.2.3 The integration of fuel poverty strategies into the local housing strategy is intended to be much more than a paper exercise. It is about achieving integrated strategic thinking across all housing and related areas to maximise the gains which can be made in tackling fuel poverty and on the related issue of climate change. It is expected that fuel poverty issues will be fully integrated into the Local Housing Strategy.

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<sup>8</sup> Guidance on local housing strategies is available at <http://www.scotland.gov.uk/Topics/Built-Environment/Housing/supply-demand/lhs>

## **2.3 New emphasis on outcomes**

2.3.1. The new style local housing strategy has a much stronger focus on strategic outcomes. At the core of the strategy will be a set of outcomes which will set a clear strategic direction for the local authority and its partners in addressing housing and related support needs for the following five year period.

2.3.2 As part of their local housing strategy councils will define outcomes and set targets for achieving a progressive reduction in fuel poverty and will identify indicators that measure progress towards meeting these targets. Outcomes and targets will be based on a robust evidence base and a clear analysis of key issues. The shift to an outcome focused document should focus attention very clearly on what the local authority, along with its partners, is trying to achieve in relation to fuel poverty, and establish a clear corporate commitment to this.

2.3.3 As part of the new working arrangements with local government, the local housing strategy no longer needs to include a description of all the processes and activities involved in preparing the strategy. This means that the amount of information presented on fuel poverty within the local housing strategy is likely to be much less than has commonly been presented in stand alone fuel poverty strategies. This does not, however, imply that the strategy development process itself is any less important, simply that there is no need to submit information to Scottish Ministers on all the activities involved in identifying the strategic response and defining outcomes.

2.3.4 The following sections provide advice on identifying issues, defining outcomes, mainstreaming fuel poverty work and sets out key areas to consider in developing a strategic response. They highlight additional information which local authorities may find useful in preparing the local housing strategy. The contents are largely based on work undertaken by Energy Action Scotland on behalf of the Scottish Government. They are not designed to be prescriptive in any way. Further detail can be found on each of the boxed examples on the Scottish Government website<sup>9</sup>.



## 2.4 Identifying the Issues

### *Establishing the causes and extent of fuel poverty*

2.4.1. It will be important for local authorities to define the extent, location and nature of fuel poverty in their council area, to establish the contributing factors which influence local levels of fuel poverty and to establish the root causes of fuel poverty as these may differ from national trends. It is acknowledged that pinpointing fuel poverty households within small geographic areas is a complex task.

### *National and Local Authority Data on Fuel Poverty*

2.4.2 The Scottish Government measures progress towards its fuel poverty target through data supplied by the Scottish House Condition Survey. This survey has provided estimates of fuel poverty in Scotland since 1996. More information on the definition and measurement of fuel poverty and on which characteristics of households and properties increase the risk of fuel poverty can be found on the Scottish House Condition Survey (SHCS) website.<sup>10</sup>

2.4.3 The methodology employed by the Scottish House Condition Survey (SHCS) provides a robust means of determining the numbers of fuel poor nationally and at a council level. The current continuous SHCS can produce statistically significant fuel poverty analysis for all council areas approximately every 3 years. Due to the volume of data analysis, there is a lag period between reporting and data collection of approximately 18 months. More recent information gathered locally, where this is available, could be useful, but to be comparable, local methodologies must at be at least as accurate in terms of the range and types of data collected and achieve the same level of quality in the way that the data is collected.

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<sup>9</sup> Full case studies are published alongside this guidance as a separate document

<sup>10</sup> <http://www.scotland.gov.uk/Topics/Statistics/SHCS>

2.4.4 Staff in the Scottish House Condition Survey Team is currently working to provide SHCS analysis to provide further help with planning and monitoring fuel poverty work at a local level.

2.4.5 In addition to being able to determine the numbers of fuel poor, the SHCS can provide some information on the factors likely to be more prevalent in households in fuel poverty. Being able to determine the risk of fuel poverty is of considerable value when developing effective identification strategies.

2.4.6 It will be important for local authorities to identify geographic concentrations of fuel poverty in their areas and assess those risk factors which are more predominant in them. Work by the Energy Savings Trust is particularly helpful in supplementing SHCS data in this respect.

#### *Identifying concentrations of fuel poverty within local authority areas*

2.4.7 The Energy Savings Trust funded the production of a Fuel Poverty Indicator for Scotland<sup>11</sup> based on original work conducted in England by the Centre for Sustainable Energy. The Scottish indicator provides a simple colour rating of risk at ward geography level. Several Scottish councils have taken this indicator to data zone and census output area level in order to provide more local risk analysis. This is a particularly useful tool in identifying concentrations of fuel poverty within the local authority area.

2.4.8 The Energy Saving Trust's Home Energy Efficiency Database (HEED)<sup>12</sup> is another useful resource for localised data. Their website provides information on what this database contains and on registering for access to it. The database is available to council HECA staff and other relevant groups. Among other things HEED will include information from Energy Performance Certificates.

2.4.9 The Scottish Index of Multiple Deprivation (SIMD) is a useful tool for local authority staff developing plans and strategies for tackling fuel poverty. The SIMD is produced by the Scottish Government to identify concentrations of deprivation across Scotland in a consistent way. It is based on 37 indicators in seven domains: Current Income,

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<sup>11</sup> <http://www.energysavingtrust.org.uk/housingbuildings/calculators/povertyindicator/>

<sup>12</sup> <http://www.energysavingtrust.org.uk/uploads/documents/housingbuildings/HEED%20summary%20note%202006.pdf>

Employment, Health, Education Skills and Training, Geographic Access to Services, Housing and Crime. An SIMD rank is produced for every data zone in Scotland. Based on this, the SIMD decile is produced, from one (most deprived) to ten (least deprived).

2.4.10 Many Councils have sophisticated data sets for correlating health, employment, housing and income indicators which will give detailed information at a local level.

#### *Establishing key risk factors*

2.4.11 Councils may want to consider what social, economic and environmental factors exist locally which exacerbate the risk of fuel poverty and consider whether there are any particular or unique factors that influence fuel poverty in the local area that are either not present, or are less of an issue, for Scotland as a whole.

2.4.12 Chapter 6 of the *Fuel Poverty in Scotland*<sup>13</sup> report contains information in relation to the risk factors for fuel poverty based on the figures produced in the 2002 SHCS. These are national risk factors and it may be that their significance could be heightened or lessened locally.

2.4.13 It should be stressed that risk factors associated with fuel poverty are generally based on trends observed from the national survey. It is important that councils are in a position to test those observations locally before making any strategic decisions on action to eradicate fuel poverty.

2.4.14 Councils may wish, for example, to consider the specific issues that arise for fuel poor households in rural areas and develop plans to tackle these. Access to a relatively inexpensive fuel type clearly has a significant effect on the risk of fuel poverty. Councils can have an important role as a catalyst for extension or infill of the gas mains pipeline where practical. This may however be a wider issue than simply the access to mains gas; there are particular logistical challenges in some areas of Scotland particularly in rural and island locations. The promotion of renewables is expected to become increasingly important in these areas.

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<sup>13</sup> <http://openscotland.gov.uk/Publications/2006/11/23092121/1>

2.4.15 Similarly councils may want to consider the options for tackling fuel poverty in areas which are income deprived but which have a relatively good housing stock.

2.4.16 Issues which relate to the risk of fuel poverty are more than just the energy efficiency of the property. Initiatives that help to raise the level of household income and also perhaps reduce the cost of fuel for the occupier are important parts of any comprehensive strategy for addressing fuel poverty. Ensuring that households which are eligible for benefits are claiming everything they are entitled to is a very effective way of improving household income and therefore tackling fuel poverty. This should also focus on the uptake of tax credits and the winter fuel payment.

## **2.5 Defining outcomes**

2.5.1 The local housing strategy guidance describes the alignment between the Single Outcome Agreement (SOA) and local housing strategy outcomes and local authorities will find it helpful to refer to paragraphs 49 to 56 of this guidance in defining fuel poverty outcomes for inclusion in the local housing strategy.

### *Single Outcome Agreements*

2.5.2 There is no expectation on the part of Scottish Ministers that every SOA should refer to fuel poverty - it will be for each Community Planning Partnership (CPP) to decide whether this is a strategic priority for inclusion in their SOA. But any outcomes, indicators and targets on fuel poverty in the Single Outcome Agreement relating to fuel poverty will effectively form part of the core set of outcomes in the local housing strategy.

### *Outcome template in the local housing strategy*

2.5.3 It will be important for all local housing strategies to include an outcome on addressing fuel poverty. A template on which to record outcomes and targets is included in Annex A of the local housing strategy guidance and a worked fuel poverty example is included on the Scottish Government Website.

2.5.4 Equalities issues - which are to be embedded throughout the local housing strategy - need specific attention in developing and delivering fuel poverty outcomes<sup>14</sup>.

2.5.5 Ensuring that performance measures are in place to monitor progress and measure outcomes is a key element of all intervention. Local authorities are asked to identify suitable indicators and record these on the template.

2.5.6 While there is no requirement to submit a detailed fuel poverty action plan local authorities may still find it helpful to develop one to help take forward work on addressing their fuel poverty outcomes.

## **2.6 Mainstreaming fuel poverty work**

2.6.1. We recognise that fuel poverty cannot be tackled in isolation from other policies; and that specific fuel poverty policies also contribute to the achievement of wider aims. It can clearly be seen that a scenario where a person or household cannot afford to adequately heat their own home, may have a bearing on a significant number of the issues that the SOA and Community Plan are intended to address.

2.6.2 Integration into the local housing strategy provides greater opportunities for ensuring effective links with related policy areas, for example, strategies for addressing private sector house conditions, the tolerable standard and scheme of assistance which are also covered within the local housing strategy. There are also opportunities to link with other council activities related to fuel poverty, for example:

- Climate change
- Carbon management
- Welfare rights and anti-poverty work
- Scottish Housing Quality Standard
- Economic regeneration and labour market
- Home Energy Conservation Act
- Housing regeneration activity

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<sup>14</sup> Additional guidance on mainstreaming equalities within the local housing strategy can be found at <http://www.scotland.gov.uk/Topics/Built-Environment/Housing/supply-demand/lhs/LHSME#a5>

- Social Work

2.6.3 Effective corporate commitment to the aim of eradicating fuel poverty should ensure that the review and progress of other strategies and areas of council work is not conducted in isolation from the potential effects on that goal.

*Liaison between Council departments and with outside organisations*

2.6.4 Identifying and liaising with other departments within the council and with key outside organisations (public and voluntary bodies and private sector organisations, for example, landlord fora) that interface with the 'at risk' groups or work in areas of fuel poverty concentration is key to ensuring effective identification of the fuel poor and the integration of various sources of help.

2.6.5 Councils may want to consider where their activities or the activities of others bring them into contact with people who could be at risk of fuel poverty or where the condition of their home can be easily identified as being a contributory factor to fuel poverty.

2.6.6 It will be important to establish working partnerships with these internal and external agencies to establish mechanisms to ensure that all households have equal access to assistance and that at risk households can be referred from a wide range of agencies/departments for assistance with energy efficiency and income issues.

2.6.7 Likely internal links may include those between departments dealing with housing allocations, council tax, rent arrears, debt management, housing quality standard, repairs and maintenance, tolerable standard, private sector grants, community support work (and any role that requires home visits).

2.6.8 Likely external links may include those with grant agencies, fuel suppliers, Energy Saving Trust, national charities with vulnerable household profile, advice agencies (Citizens Advice Bureaux, Energy Saving Scotland Advice Centres (ESSac), Money Advice), the National Health Service, palliative care organisations e.g. Macmillan Cancer Care, Marie Curie Cancer Care, third parties providing service level agreement care

support (Barnardos, Quarriers, Care & Repair), energy efficiency installers, housing associations, and private landlord management organisations

2.6.9 The adoption of agreed local fuel poverty targets can lead to wider awareness and more effective action is achieved when policies are co-ordinated by the council and their partners and implemented by the Community Planning Partnership<sup>15</sup>.

## **2.7 Key areas to consider in developing a strategic response**

2.7.1 There will be an opportunity for local authorities to include a succinct description in their local housing strategy of the key approaches and significant projects which will be undertaken to achieve fuel poverty outcomes and targets.

2.7.2 Local authorities may find it useful to consider the following areas in developing their strategic response:

- Reducing energy demand whilst maintaining the energy amenity
- Improving and promoting energy efficiency in all dwellings
- Providing energy efficiency advice
- Maximising incomes through benefits/tax credits advice
- Reducing the cost of fuel through economic partnerships or technological fixes and community based power supply options

2.7.3 Earlier UK guidance such as the Beacon Councils toolkit on fuel poverty may provide some helpful guidance on successful strategies to tackle fuel poverty<sup>16</sup> as may a case study from Fife available on the Energy Saving Trust web-site.<sup>17</sup>

### *Reducing energy demand whilst maintaining the energy amenity*

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<sup>15</sup> The following guidance on community planning is geared more towards the preparation of stand alone fuel poverty strategies, but may still be helpful:

<http://www.eaga.com/downloads/eagapct/cptoolkit02july.pdf>

[http://www.energysavingtrust.org.uk/uploads/documents/housingbuildings/spf\\_building\\_blocks\\_project\\_cs.pdf](http://www.energysavingtrust.org.uk/uploads/documents/housingbuildings/spf_building_blocks_project_cs.pdf)

<sup>16</sup> <http://www.energysavingtrust.org.uk/nottingham/Global-Data/External-Resources-and-Innovations/The-Beacon-Councils-fuel-poverty-toolkit>

<sup>17</sup> [http://www.energysavingtrust.org.uk/uploads/documents/housingbuildings/community\\_planning\\_fife\\_cs.pdf](http://www.energysavingtrust.org.uk/uploads/documents/housingbuildings/community_planning_fife_cs.pdf)

2.7.4 A fundamental rule for tackling poor energy efficiency is that the energy demand for a property is minimised as much as possible first, for example, by insulation or by effective energy advice to reduce energy wastage. Only then should the means to supply that energy demand be addressed. This principle should apply for energy that is renewable as well as for more conventional sources; excessive use of low or zero carbon energy should be positively discouraged.

#### **Renewable Technology Pilots**

Highland Council's Fuel Poverty Strategy for 2005-8 identified that 21% of households were experiencing fuel poverty – far higher than the Scottish average of 13%. This is due to a number of technical, social and economic reasons but the main ones are: limited fuel choice with many areas off the gas network; longer heating seasons; harsh climate and lower incomes.

In the Council's houses it was recognised that renewable technologies could provide heating systems which were affordable for tenants to run while also improving the NHER rating of the houses and having an environmental benefit. It was also important to ensure that loft insulation and cavity fill had been carried out where appropriate on the pilot dwellings to reduce the demand for heat.

#### *Improving and promoting energy efficiency in all dwellings*

2.7.5 Councils may want to consider how to create the means and establish the partnerships to improve not only their own stock but also stock belonging to registered social landlords, privately rented and owner occupied stock. This does not have to have a direct financial impact on the authority; rather the authority could be enabling the intervention to be carried out.



## **INVEST and LESS**

Both of these initiatives are dependant upon a number of partners working towards the common goals of improving energy efficiency and eradicating fuel poverty. The key driver in both cases has been Solas Scotland, a charity which aims to offer local employment opportunities.

### *Addressing multi-tenure issues*

2.7.6 Where energy efficiency work is proposed on flatted blocks and ownership is shared between the public and the private sector, local authorities may want to investigate means to ensure that this does not become a barrier to providing relief from fuel poverty. This is likely to involve a range of partner organisations.

## **Onthank Energy Project**

The aim of this project is to improve thermal insulation, increase awareness of energy efficiency and maximise the income of households in Onthank, which is a recognised Fuel Poverty area in East Ayrshire in the west of Scotland. The project offers free insulation, advice and a full income maximisation service to all households in the community.

### *Providing energy efficiency advice*

2.7.7 The Domestic Energy Efficiency Advice Code of Practice provides a good practice standard for the whole of the energy efficiency advice industry - from advice specialists such as the Energy Saving Scotland advice centre (ESSac) network, local authority energy advice projects and energy suppliers, to those for whom advice is a more marginal activity such as installers and retailers.<sup>18</sup>

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<sup>18</sup> <http://www.goodenergyadvice.org.uk/>

2.7.8 Energy efficiency advice to households at risk of fuel poverty should cover at least the following:

- Behavioural issues relating to energy consumption, such as operation of heating controls and
- Opportunities for improving energy efficiency and installing heating systems that are cheaper to run (including arranging grant support for installation of measures).

2.7.9 Energy advice should be part of a holistic approach to advising on fuel poverty issues and, where relevant, should be delivered in conjunction with:

- Advice and advocacy on welfare benefits/income maximisation and debt counselling and
- Support for putting in place optimum fuel payment arrangements and choosing appropriate tariffs.

2.7.10 Access to state benefits can result in householders qualifying for enhanced grant support for energy efficiency measures and appropriate tariff advice should ensure that householders achieve lower running costs when technological fixes are applied (such as installing new heating).

#### *Local outreach energy advice services*

2.7.11 There are a number of projects in Scotland that run independent dedicated outreach energy and fuel advice services, including; SCARF<sup>19</sup> based in the North East and Aberdeen City, Changeworks<sup>20</sup> based in Edinburgh and the Lothians, The Wise Group, based in Glasgow, and the West Lothian Council Advice Shop<sup>21</sup>. These projects will have varying models of delivery; although there is generally a separation between the work of advisors concentrating on fuel tariff and energy advice and those concentrating on money advice and advocacy (money advice is usually covered by referral arrangements within the organisation or to partner organisations).

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<sup>19</sup> <http://www.scarf.org.uk/>

<sup>20</sup> <http://www.changeworks.org.uk/>

<sup>21</sup> [http://www.westlothian.gov.uk/Council\\_and\\_government/592/603/](http://www.westlothian.gov.uk/Council_and_government/592/603/)

2.7.12 An alternative model applied by some local authorities is where energy advice is delivered by money advice providers who have specialised knowledge of fuel payment matters and are able to refer individuals on for assistance on energy efficiency issues (such as from council housing staff and the local ESSac). This can present a good approach where the council provides an in-house money advice service or has service level agreements with organisations such as the Citizens Advice Bureau, but no resources to deliver dedicated outreach energy advice. There can be real benefits in working with ‘trusted intermediaries,’ involving volunteer advisors and ‘local champions’.

*Advice and information available via the ESSAC network*

2.7.13 The ESSAC network has capacity to deal with 250,000 enquiries per annum and has an annual target of 400,000 tonnes lifetime carbon savings. The ESSACs are able to identify grant sources for heating and energy efficiency improvement most suited to individual householders and can refer vulnerable householders for grant assistance on behalf of other advice agencies. They can advise on attracting funding for community energy saving initiatives that can impact on fuel poverty levels.

2.7.14 Arrangements for cross referral of households between outreach energy and money advice services and the ESSACs would optimise support for fuel poor households and ensure that a holistic service addressing underlying fuel poverty problems is provided. By working in conjunction with the ESSACs and local initiatives, local authorities would also optimise opportunities for promoting assistance to fuel poor households.

*Energy efficiency advice for owners and landlords*

2.7.15 Promotional activity within the private sector can have an important role to play.

## **Victorian Tenement Project**

In Aberdeen there are some 12,300 flats in Victorian granite tenements (i.e. 13% of the total housing stock). Most of these are owner occupied or privately rented, but around 800 are owned by the Council or other RSLs. Just about all these flats are in mixed-tenure blocks. The challenge was to engage with all of the tenures to effect positive change for the occupants.

### *Referral arrangements*

2.7.16 Training to support referral networks and improve the awareness of fuel poverty amongst service providers may be important for facilitating appropriate referrals for energy advice.

2.7.17 Referral arrangements could be organised in a number of ways, although there should be some thought given as to how these should be maintained and how partnerships should be developed:

- What arrangements are in place and how effective are they?
- Are formal referral and feedback agreements too cumbersome and unpopular with partners?
- Which relevant council departments would commit in their work procedures to referring clients?
- Should advice services be delivered by named external organisations or should the council have a dedicated energy and money advice unit?

2.7.18 Local energy efficiency installers can be encouraged to commit to referring households served via council and CERT initiatives for money and fuel advice.

2.7.19 Some CERT providers have arrangements for referral to charity partners and provide money advice via their energy efficiency programmes. Advice on referral networks is available from the Scottish Government.<sup>22</sup>

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<sup>22</sup> <http://www.scotland.gov.uk/Publications/2005/04/20858/54696>

2.7.20 It is important to ensure that the impact of energy advice can be measured, whether delivered internally or externally under a service level agreement. This could involve recording outputs on behavioural advice given and numbers of energy efficiency and heating measures carried out as a result of advice. This could link with outputs from money advice and negotiated reductions in fuel payments.

#### *Maximising Incomes through benefits/tax credit advice*

2.7.21 The effect of raising household income is very significant in the determination of fuel poverty. In many cases the energy efficiency of a dwelling can be difficult to address or it may be that it has already been addressed. Whilst energy efficiency intervention helps to meet the aims of both fuel poverty and climate change targets, efforts will also need to be put into interventions that either raise household income or help mitigate the negative effects of multiple debts.

2.7.22 Councils should take a strategic view of information and advice services in their area, including considering whether there are gaps or duplication in provision, how advice is provided, customer journeys through advice services, and whether provision meets the needs of particular groups.

2.7.23 A range of providers of financial education, including credit unions, can help people with budgeting, and some may help with opening basic bank accounts.

#### *Reducing the cost of fuel through economic partnerships or technological fixes*

2.7.24 The cost of fuel can be reduced through:

- An economic fix, for example, social tariffs, main gas infill, changing fuel supplier/payment method/tariff and energy service packages.

### **Gas Mains Extension / Infill**

Extension of the gas network presents good opportunities for energy efficiency improvement, carbon reduction and providing cheaper fuel. However this should be done with regard to long/medium term trends on price and fuel demand. Councils considering gas extension or infill should discuss the options for investment in new gas pipelines and the costs of connection to this with a licensed gas distribution company.

Scotia Gas Networks<sup>23</sup> is the major gas network operator in Scotland. Recent changes to the operating licence of gas network operators mean that more favourable economic models can be devised for gas extensions and additional assistance may be available for areas designated as having a high index of multiple deprivation.

- A partnership fix – fuel clubs and preferred supplier arrangements.

### **Hadyard Hill**

When Scottish and Southern Energy built Britain's first "plus 100MW" Wind Farm near the communities of Dailly, Barr, Pinwherry and Pinmore, they also made a significant investment in the region. In addition to a community fund of £120,000 a year, they also established an Energy Efficiency Fund of £300,000 to improve the households in the area.

- A technology fix, for example, combined heat and power and community heating, renewable energy, smart metering and high efficiency appliances.

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<sup>23</sup> <http://www.scotiagasnetworks.co.uk/>

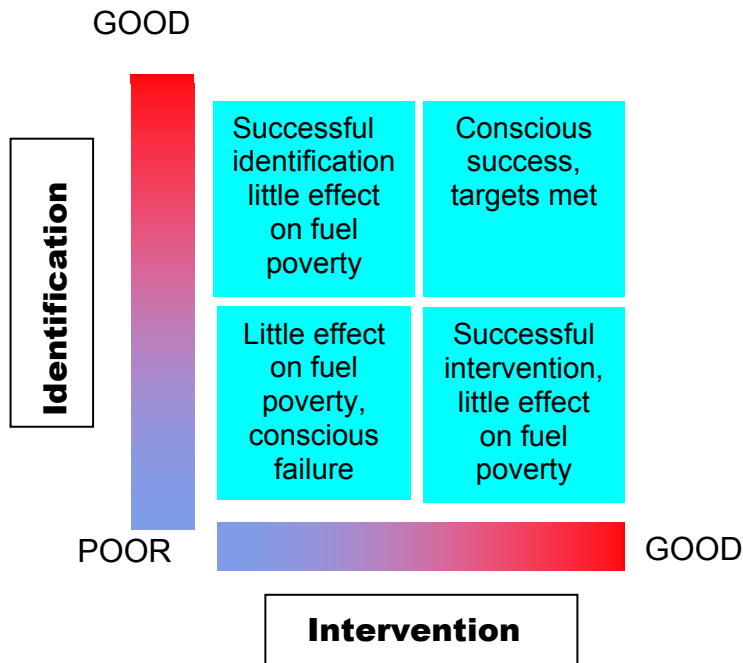
### **Combined Heat and Power (CHP) in Multi Storey Dwellings**

In Aberdeen City, inefficient heating systems are still to be found in the Council's multi-storey blocks. In total there are 57 multi storey block containing some 4500 flats. In 2001/02 the Council carried out an options appraisal, this recommended the installation of combined heat and power (CHP) into clusters of multi storey blocks. CHP is a very efficient way of generating electricity and heat together. A CHP plant is an installation where there is a simultaneous generation of electric power and useable heat, in a single process. It generates electricity locally and captures the heat produced to provide space heating and hot water. Fuel, usually gas, is used to run small generators that produce the electricity. This power is used close to the point of generation to run lights and appliances - any surplus can be offered for sale.

#### *Fuel poverty assessment*

2.7.25 Councils may find it helpful to consider the impact of all proposed activities on both identifying those in fuel poverty and intervening to eradicate fuel poverty. It is important to assess the potential success of all activity before, during and after implementation. To this end the Fuel Poverty Impact Assessment may be a useful tool. It is also potentially useful for any intervention which could affect fuel poverty. The approach is shown graphically and examples are provided in the boxes below.

## Fuel Poverty Impact Assessment



### Good Identification – Poor Intervention

An initiative in an urban setting is successful in attracting partners from a wide range of support agencies within health, social work and welfare. As a result almost 80% of the referrals to the scheme are low income households in fuel poverty. However due to unforeseen circumstances with multi-tenure in blocks of flats and the general construction type of the dwellings where most of these people live, it is not possible to provide them with effective measures to improve the energy efficiency of the dwellings where they live.

### Poor Identification – Good Intervention

An initiative in a rural location seeks to provide solid wall insulation to those homes that are off the mains gas network. Applicants to the scheme are drawn from those households that were unable to take cavity fill as a measure under a Government grant scheme. Unfortunately this also captured those that were ineligible due to not being in receipt of qualifying benefits. As a result a large proportion of those being put forward for this initiative are householders with cavity walls and those with solid walls who were not fuel poor. In this case a poor proxy for fuel poverty has been utilised as the selection criteria.



### **3. SOURCES OF SUPPORT FOR ADDRESSING FUEL POVERTY**

#### **3.1 Local Authority Funding**

##### *Capital improvement works*

3.1.1 The Scottish Housing Quality Standard (SHQS) introduced in 2004 encourages all social landlords (both local authority and Registered Social Landlords) to achieve a minimum level of housing quality (which includes energy efficiency) by 2015. Among other things the SHQS states that local authorities should install effective insulation (cavity wall, minimum 100mm in lofts and around hot water tanks and pipes) and full, efficient central heating in their stock. About half of the local authority stock still fails SHQS on the energy efficiency criteria (2005-6 data) on one or more counts, many only marginally. Some well-placed local authorities are already aiming above SHQS on energy efficiency or indeed on many of the other SHQS criteria.

##### *Grants for private owners*

3.1.2 Under the provisions of Part 2 of the Housing (Scotland) Act 2006, which came into force on 1 April 2009, local authorities have wide-ranging powers to provide financial and non-financial assistance to owners seeking to repair and improve their homes. At the local authority's discretion, this could include works to address fuel poverty. However, statutory guidance encourages authorities to take steps to reduce the expectation of grant among owners and to align the assistance they make available with their strategic priorities for addressing poor private housing. Local authorities have a transitional year, from 1 April 2009, in which to move to the new provisions, at which point they must publish a statement of assistance setting out the circumstances in which assistance will be provided to owners. Guidance for local authorities on the Scheme of Assistance is available on the Scottish government web-site.<sup>24</sup>

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<sup>24</sup> <http://www.scotland.gov.uk/Publications/2009/03/25153822/0>

## 3.2 Scottish Government Funding

### *Energy Assistance Package<sup>25</sup>*

3.2.1. The Energy Assistance Package which replaced the Warm Deal and Central Heating Programme from 6 April 2009 will be supported over 2009-10 by a package of funding worth over £60m from a range of budgets across the Scottish Government. The Package will deliver a combination of fuel poverty and wider poverty, climate change and energy objectives in a coordinated manner. An element of funding will continue to be available for insulation work in the social housing sector.

3.2.2. The Package provides four levels of assistance which in effect may run concurrently. Stage 1 provides energy efficiency advice to anyone who contacts the Energy Saving Scotland Advice Centre network free phone number and identifies those at risk of fuel poverty who continue to Stage 2 which provides energy efficiency advice and tariff and benefits entitlement checks to a wide range of clients. Stage 3 provides eligible households with a package of standard insulation measures (cavity wall and loft insulation) and draws in resource from the energy companies' obligation under the Carbon Emission Reduction Target. Stage 4 provides enhanced energy efficiency measures (which may include solid wall insulation, under-floor insulation and air source heat pumps) to the most vulnerable households. The new measures now included at stage 4 should be of particular help to households in rural areas and those living in hard to treat properties.

### *Scottish Community & Householder Renewable Initiative<sup>26</sup>*

3.2.3 The Scottish Community and Householders Renewables Initiative (SCHRI) is another Scottish Government scheme which aims to support the development of community scale renewable projects, support the installation of household renewables, and raise awareness of renewable technologies and their benefits to Scotland. Funding for householders is set at 30% of the installed cost of a renewable measure up to £4,000. Householders can also apply for separate grants for two different technologies. Communities may apply for funding for technical assistance (max £10,000) and capital

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<sup>25</sup> <http://www.scotland.gov.uk/Topics/Built-Environment/Housing/access/FP/eap>

<sup>26</sup> <http://www.energysavingtrust.org.uk/schri/>

grants (max £100,000) for renewable energy equipment installation and associated costs.

### **3.3 Energy Company Funding**

#### *Carbon Emissions Reduction Target (CERT)*

3.3.1 The Carbon Emissions Reduction Target (CERT) 2008-2011 is the successor to the Energy Efficiency Commitment (EEC) 2005-2008. The scheme is regulated by the UK government and administered by Ofgem. It requires energy suppliers to achieve targets for reducing carbon emissions in the domestic sector. 40% of the target must be achieved through measures delivered within a Priority Group of households, defined as being those householders aged 70 or over or in receipt of specific benefits or tax/pension credits<sup>27</sup>.

3.3.2 Within CERT there is a priority group flexibility option which allows fuel suppliers to meet up to 12.5% of their Priority Group sector target by fully funding specified “fuel poverty” measures for benefit of priority group householders in private sector properties including external and internal insulation of solid walls and ground source heat pumps in off gas areas. Where this option is developed it has potential to help the fuel poor in rural areas.

3.3.4 Although some CERT savings will be delivered via energy supplier agreements with retailers, energy efficiency contractors and manufacturers, projects delivered in conjunction with councils and social housing providers continue to be a major focus for fuel utilities.

3.3.5 More information on CERT is available on the Office of the Gas and Electricity Markets website<sup>28</sup> or from the CERT Strategy Manager based within the Energy Saving Trust whose role is to work in partnership with a variety of organisations including Councils and social housing providers to develop a more strategic and integrated approach to CERT in Scotland and facilitate greater CERT activity in Scotland including in rural areas.

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<sup>27</sup> <http://www.defra.gov.uk/environment/climatechange/uk/household/supplier/cert.htm>

<sup>28</sup> [www.ofgem.gov.uk](http://www.ofgem.gov.uk)

3.3.6 At the time of writing Ofgem are consulting on an extension to CERT which proposes a 20 per cent increase in the current energy efficiency scheme, expanding the help available to customers and offering real time displays and energy efficiency advice. The increase would mean more money available to extend the number and variety of measures.

#### *Community Energy Saving Programme (CESP)*

3.3.7 A new UK-wide Community Energy Saving Programme is to be introduced which will run in parallel to CERT. It will provide whole house help to around 90,000 homes in low-income areas, backed by an expected £350 million from energy suppliers and generators. It is expected CESP will be delivered through a community partnership approach. It is envisaged that local authorities and community groups will work with the electricity generators and energy suppliers to help identify the households in most need and that the scheme will be aligned where possible with other initiatives.

#### *Energy Suppliers Social Initiatives*

3.1.8 The major fuel utilities in Scotland have been engaged on Social Initiatives in Scotland under their Social Action Strategies<sup>29</sup> as required by OFGEM for a number of years. Details of such initiatives can be found on individual company web-sites

### **3.4 European Funding**

3.4.1 Councils may consider the options available under European Union funding for energy saving, co-operative partnerships between EU member states and structural funding for area development.

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<sup>29</sup> <http://www.ofgem.gov.uk/Sustainability/SocAction/Documents1/sapstrategbroa4july07.pdf>

3.4.2 There are many untapped opportunities to save energy and encourage the use of renewable energy sources in Europe, but market conditions do not always help. The Intelligent Energy - Europe programme<sup>30</sup> is the EU's tool for funding action to improve these conditions and move us towards a more energy intelligent Europe.

### **3.5 Organisations supporting fuel poverty work**

#### *Energy Saving Trust*

3.5.1 The Energy Saving Trust (EST)<sup>31</sup> is a UK wide non-profit organisation, funded both by government and the private sector, set up to address the damaging effects of climate change. In Scotland it is funded by the Scottish Government. The EST manages the Energy Saving Scotland advice centre (ESSac) network, a national network of advice centres that are staffed by independent experts. The CERT Strategy Manager post funded by the Scottish Government is based within the Energy Saving Trust. The EST also provides support to the Energy Efficiency Partnership for Homes<sup>32</sup>. This is a network of over 425 organisations from the public, private and voluntary sectors which aims to reduce the energy consumed by UK households as well as the number of people who are unable to sufficiently heat their homes during winter (known as 'fuel poverty').

#### *Energy Action Scotland.*

3.5.2 Energy Action Scotland (EAS)<sup>33</sup> is the national charity which works to ensure warm, dry homes and aims to eliminate fuel poverty in Scotland. Its members include energy/debt advisers, councils, housing associations, health bodies, academics, fuel utilities, insulation/heating companies, trade unions, regulatory bodies, voluntary organisations and individuals. Its aims are;

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<sup>30</sup> [http://ec.europa.eu/energy/intelligent/index\\_en.html](http://ec.europa.eu/energy/intelligent/index_en.html)

<sup>31</sup> <http://www.energysavingtrust.org.uk/scotland>

<sup>32</sup> <http://www.eeph.org.uk/>

<sup>33</sup> <http://www.eas.org.uk/>

- to raise awareness of fuel poverty, particularly as it affects low income households; maintaining fuel poverty as a national issue of high priority; and working towards affordable warmth for all;
- to identify effective solutions which can transform cold, damp houses into warm, dry homes;
- to research fuel poverty and related issues in order to provide in-depth understanding of the causes and effects and to promote best practice;
- to secure public and private investment in domestic energy efficiency initiatives.

### *Scottish Fuel Poverty Forum*

3.5.3 Working under the chairmanship of the Rev Graham Blount the Scottish Fuel Poverty Forum's<sup>34</sup> current remit includes monitoring the impact of the Scottish Government's new Energy Assistance Package. It has also been tasked by Scottish Ministers with engaging with Fuel Poverty Advisory Groups in other parts of the UK on reserved matters affecting fuel poverty.

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<sup>34</sup> <http://www.scotland.gov.uk/Topics/Built-Environment/Housing/access/FP/ScottishFuelPovertyForum>

## **4 FORWARD LOOK**

### **4.1 Implementation of Energy Assistance Package**

4.1.1 Going forward Ministers have charged the Scottish Fuel Poverty Forum with the task of reviewing the implementation of this package. They have made clear that the package, particularly the list of measures available at stage 4, may be altered in light of feedback from stakeholders and practitioners in the field. COSLA and the HECA officers' network are both represented on the Forum and their feedback on the package is valued by Ministers.

### **4.2 Home Insulation Scheme**

4.2.2 The area based Home Insulation Scheme (HIS) was announced on 4 February and is expected to launch in autumn 2009 as the first phase of longer term investment. The Scottish Government will provide £15 million funding in the first year with up to £15 million to be raised from other sources. The scheme aims to provide advice and assistance to around 90,000 households, with many of those going on to receive energy efficiency measures such as loft and cavity wall insulation. It also aims to increase the take-up of domestic energy efficiency measures, assist in meeting fuel poverty and climate change objectives, while creating or sustaining up to 900 jobs. The detailed structure of the scheme is currently being considered and developed and will build on and complement existing programmes such as the new Energy Assistance Package.

### **4.3 Review of Fuel Poverty Statement**

4.3.1 Whilst progress on eradicating fuel poverty will generally be reported by existing mechanisms associated with the SOA and local housing strategy, under the 2001 Housing (Scotland) Act there is a statutory duty for Scottish Ministers to publish the next review of the Fuel Poverty Statement in 2010<sup>35</sup> Assistance from Councils is needed to ensure this is as accurate and up-to date as possible and that it properly reflects the range and quality of work achieved by Councils.

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<sup>35</sup> The Statement must set out measures which Scottish Ministers and local authorities have taken, are taking and intend to take for the purposes of ensuring , so far as is reasonably practical, that people do not live in fuel poverty by 2016.

4.3.2 To meet this statutory requirement Councils will be asked to provide information on the following aspects of their fuel poverty work:

- assess progress they have made towards meeting the 2016 target
- set out key actions they have taken to address fuel poverty and
- set out future plans to address fuel poverty

(A separate letter will issue with target dates and other administrative details about this.)

4.3.3 In addition local councils will be invited to provide descriptions of some areas of good practice that they have been involved in.

4.3.4 In particular we would value contributions which highlight good practice in the following areas:

- *Developing Knowledge and Monitoring Change*  
How councils are building their knowledge base of fuel poverty at a local level
- *Awareness Raising*  
Any good examples of awareness raising activity at a local level
- *Housing Improvement Measures*  
How councils are progressing towards meeting SHQS and any good examples of work to help reduce fuel poverty in the private sector/ in mixed tenures
- *Energy Efficiency Measures*  
Any good practice in installing renewable technologies and examples of innovative approaches to dealing with fuel poverty.
- *Partnership Working and Local Coordination*  
How councils are mainstreaming fuel poverty work as part of the LHS process.  
Any examples of developing partnerships with CERT providers and others to deliver energy efficiency measures and advice.
- *Addressing Consumer Information Requirements and Transparency* Examples of any fuel poverty information and advice services provided at a local level

4.3.5 These contributions will ensure the review can fully reflect the range and quality of work that has been undertaken.