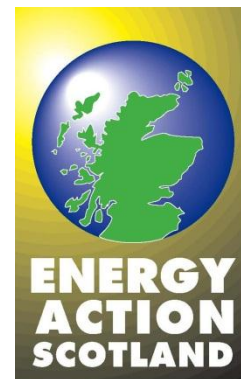


Energy Action Scotland response to the Finance Committee on the Scrutiny of the forthcoming spending review and Draft Budget 2012-13: Preventative Spending



Energy Action Scotland (EAS) is the national charity campaigning for an end to fuel poverty in Scotland. EAS has been working with this remit since its inception in 1983. It is a membership organisation and has members in all sectors across the country. EAS sits on the Scottish Government's Fuel Poverty Forum.

Suite 4a
Ingram House
227 Ingram Street
Glasgow G1 1DA
Tel: 0141 226 3064
Fax: 0141 221 2788
Email: eas@eas.org.uk
www.eas.org.uk

Context

The Scottish Government is required under Section 88 of the Housing (Scotland) Act 2001 to end fuel poverty, as far as reasonably practicable, by 2016 and plans to do this are set out in the Scottish Fuel Poverty Statement. The number of Scottish households living in fuel poverty in Scotland was 770,000 in 2009, representing 34% of total households. In light of the recent round of fuel price increases EAS estimates that almost 40% of Scottish households will be fuel poor by the end of this year, ie some 900,000 households. With home energy use accounting for around a quarter of climate emissions in Scotland, cutting emissions from existing housing must have a central place in the Scottish Government's plans to meet the Climate Change (Scotland) Act 2009 emission reduction targets of 42% by 2020 and 80% by 2050. Over one third of Scotland's households live in fuel poverty and a significant proportion of these live in the one third of homes that are "hard-to-treat". The Scottish Government runs the risk of failing under Section 88 if budgets in Scotland for the next 5 years do not commit to a level of funding commensurate with achieving the eradication of fuel poverty as far as reasonably practicable.

Improving home energy efficiency, tackling fuel poverty and preventative spending

Improving domestic energy efficiency is one of the most cost-effective and sustainable ways of tackling fuel poverty while at the same time reducing carbon emissions. Applying a 'preventative spend' approach would offer huge long term savings by avoiding the costs associated with the impacts of fuel poverty and climate change in Scotland whilst stimulating job opportunities and cutting people's fuel bills.

Spending on home insulation prevents people from having to live in cold, damp homes, thus incurring numerous health and social problems. Research by Professor Christine Liddell showed that for every £1 spent on tackling fuel poverty, 42p is saved by the NHS. The Fuel Poverty Advisory Group in England, using Professor Liddell's research, reported that tackling fuel poverty will improve local economic activity, particularly in deprived areas where money not spent on fuel bills will find its way into the local economy.

Home energy efficiency and the Scottish Budget

The forthcoming Scottish Budget must provide for a significant change in spending on relevant programmes if progress towards the 2016 fuel poverty eradication target is to be made. This is also true in order to improve the energy efficiency of existing housing stock on a scale that will deliver the level of emission cuts from this sector required to meet the targets established in the Climate Change (Scotland) Act.

Funding committed in the 2011-12 Scottish Government budget towards the Universal Home Insulation Scheme (UHIS) and the Energy Assistance Package (EAP) is £48m; and this represents a reduction of nearly a third on the already inadequate combined funding of £70.9m in 2010-11. To be confident of delivering the fuel poverty target, Energy Action Scotland calculated that £1.7 billion of public and private investment into the housing stock would be needed. This calculation, while made in 2006, still stands true today, for the annual investment made from 2006 has not matched those expectations and, as previously stated in this response, investment has reduced year on year rather than increased.

Conclusion

Improving domestic energy efficiency is one of the most cost-effective, sustainable and measurable ways of addressing fuel poverty and reducing carbon emissions. Investment in improving the energy efficiency of the housing stock brings cross-cutting policy benefits beyond the targets for both fuel poverty and climate change. Energy Action Scotland urges the Finance Committee to recognise the significant role that spending on improving the energy efficiency of our existing housing stock has as part of a broad preventative spend strategy.

While Energy Action Scotland recognises that the sums needed to meet targets are not all expected to be provided by the Scottish Government, it must nevertheless bear a significant portion of these costs in order to bring equality and access to modern living conditions into the reach of vulnerable and fuel poor households. It will also demonstrate the Scottish Government's willingness to deliver against its own targets.