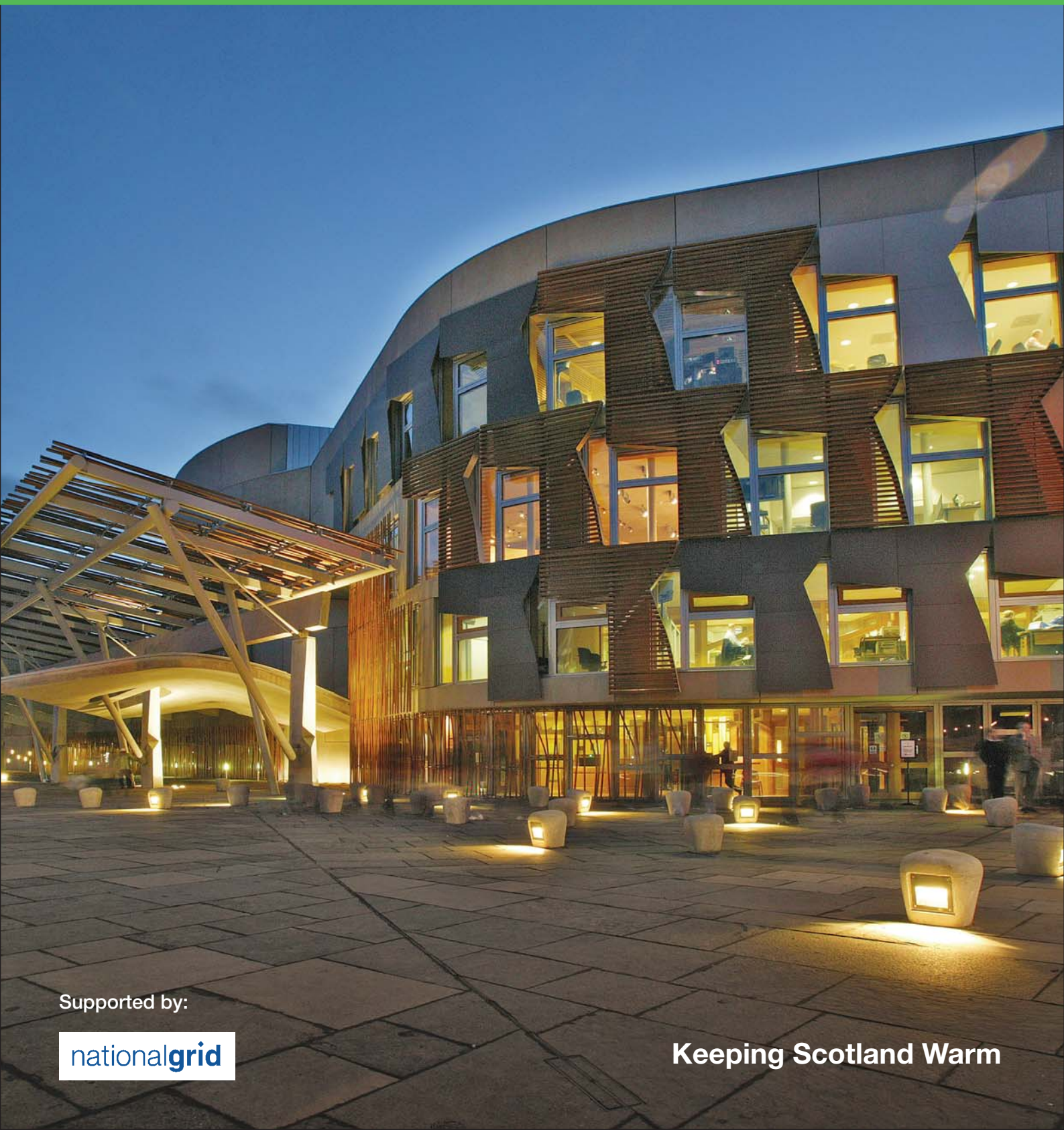




SCOTTISH PARLIAMENT ELECTION 2007

Special Report on Fuel Poverty



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Keeping Scotland Warm

Scottish Parliament Election 3 May

On 3 May 2007, the Scottish people will vote in the third Scottish parliamentary election. As the charity working to end fuel poverty, Energy Action Scotland believes that bringing an end to the misery of cold, damp and expensive to heat homes must be a priority for the next Parliament.

Fuel poverty – the inability to afford adequate warmth in the home – affects over a quarter of Scottish households. The main causes are poor energy efficiency of the dwelling, low disposable household income and high domestic fuel price. Of these, the first is a matter devolved to the Scottish Parliament, with the other two reserved to the UK Government.

Energy Action Scotland asked all the main parties either to answer a set of questions or to provide a statement about how they would tackle fuel poverty. The responses from the Scottish Conservative, Scottish Green, Scottish Labour, Scottish Liberal Democrat, Scottish National and Scottish Socialist Parties form this report.

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Questions

The main parties were asked either to answer this set of questions or to provide a statement about how they would tackle fuel poverty.

- 1 What specific initiatives would your party use to meet the target to end fuel poverty by 2016? How would these be financed, for example from the Scottish block grant and from UK windfall taxes? In particular, how would you tackle the private and private rented sectors where some of the worst levels of fuel poverty lie? How can vulnerable and low income householders/tenants best be protected from fluctuations in domestic fuel prices?
- 2 On which groups of people would your party focus its fuel poverty initiatives?
- 3 About a third of Scottish properties are off the mains gas grid, another third have no cavity wall to fill and a quarter have no loft to insulate. These are usually termed 'hard or expensive to treat' properties. How would your party plan to ensure householders in these properties are taken out of or protected from fuel poverty?
- 4 Fuel poverty cuts across several departments such as Communities, Housing, Energy Efficiency, Local Government, Environment and Health. It also covers both these devolved matters and reserved matters such as energy price, energy regulation, disposable household income and benefits. How would your party achieve a co-ordinated approach to implementing a solution to fuel poverty?



Scottish Conservative Party

- 1 David Cameron has very serious concerns about the current operation of the gas companies. The problem is that because gas prices are almost entirely intransparent, we do not know if customers are getting a fair deal. There is some evidence that gas companies put customers' prices up quickly when the wholesale price is rising, but reduce prices only slowly when wholesale prices fall.

This is why at the beginning of this year David Cameron called on the competition authorities to conduct an investigation of these complex markets to discover if resource costs are being passed through fairly. In the first instance we are asking the Office for Fair Trading to investigate the market. It may be appropriate for them to pass on the enquiry to the Competition Commission.

In addition, the recent Save the Children report, "The Poverty Premium", highlighted the appalling injustice which sees the poorest in our society penalised for the way in which they purchase their services. For example, an annual gas bill using a pre-payment meter is 10% more expensive than that of a direct debit customer; with a similar electricity pre-payment meter 8% more expensive.

These practices are wrong. We will bring pressure to bear upon the electricity and gas companies to change them.

- 2 We will focus on the most vulnerable and that means the very old and the very young and those on low and restricted incomes. We have already pledged financial help for our pensioner households aged 65 and over by promising to cut their council tax bills in half.
- 3 Firstly, we will need to establish the exact nature of the problem through an evaluation of the condition of these properties and the status of the households. Once this is completed we will develop an action plan for the best way to help these households, which will need to include radical and innovate technologies and we will examine the funding of new research and development projects in these areas.

We have already proposed a £12 million annual fund for the Scottish Conservative Eco-Bonus to promote the use of micro-renewables and energy conservation measures which some households may be able to take advantage of.

- 4 We want a change to the current informal and chaotic approach that Labour at Westminster and Holyrood has taken to cross departmental and parliamentary workings. We would put in place proper structures to ensure a co-ordinated approach between devolved departments. Furthermore, for the conduct of future relations between Westminster and the Scottish Parliament to work we believe that clear ground rules must be put in place. We propose to install proper procedures to ensure a clear working relationship.

Scottish Green Party

- 1 The Scottish Green Party recognises the seriousness of fuel poverty, and eliminating it was one of the key aims for us when we introduced the Home Energy Efficiency Targets (Scotland) Bill last autumn.

We understand that there are three main factors that affect the number of households in fuel poverty:

1. household income
2. cost of fuel
3. energy efficiency of home

It is clear that the first two factors cannot be reliably addressed by political or legislative action; energy efficiency, therefore, is the factor that we have chosen to address in our efforts to tackle fuel poverty.

The HEET (Scotland) Bill sets targets for percentage improvements in the overall energy efficiency of Scotland's housing stock, taking 2002 as a baseline year. A Scottish House Condition Survey carried out that year assessed that Scotland's residential accommodation had an overall NHER* rating of 4.5. A 20% improvement (the target for 2011) would bring this up to 5.4, while a 40% improvement (the target for 2020) would raise it to 6.3.

Regarding costs, our draft Bill does not specify exactly how Scottish Ministers should go about meeting these targets so it is extremely difficult to estimate how much they would cost, but we would anticipate an extension to existing schemes such as the Warm Deal and the Central Heating Programme. (It is clear that an adequate heating system is not enough on its own; effective thermal insulation must also be present in order to provide an acceptable home energy rating.)

While the HEET Bill represents our efforts so far to legislate for improved energy efficiency (an effort that has been frustrated by the Executive parties), other Green policies go further. In particular, our manifesto contains a commitment to ensure that by 2016, no Scottish home has an NHER score of less than 7; this is a step change in energy efficiency policy and one that demonstrates our seriousness about this issue.

We acknowledge that the private, and particularly the private rented, sectors contain many of the households on lowest incomes. It is also a reality that many of the homes in this sector are those in the worst material condition and with lowest levels of energy efficiency. So we see addressing substandard housing as central to efforts to improve the thermal efficiency of Scottish residential accommodation.

- 2 The elderly, families with young children and those on low incomes will continue to be the focus of the Scottish Green Party's efforts to eradicate fuel poverty.
- 3 For those homes off the mains gas grid, we see micropower as offering significant potential for lifting them out of fuel poverty. Homes without access to mains gas tend to be in rural areas, and it is here that biomass heating offers most scope. This can be installed into individual homes, or can be arranged along district heating schemes as is frequently the case in Scandinavia. Decentralised heating systems such as these can offer greatly increased efficiencies and are much more cost effective.

Homes without cavity walls and loft spaces offer their own challenges. But there are methods available to improve the thermal efficiency of buildings such as these. Walls can be insulated using either internal or external cladding, and even without a loft space it is possible to place insulation between roof joists. Of course, such measures are considerably more expensive and involve more disruption than filling wall cavities or lagging lofts.

A small number of homes fits all three of these criteria: they are off the gas grid, have solid walls and have no loft space. It is possible that in these situations consideration should be given to demolition and rebuilding as a way of cutting the losses associated with chronically hard to treat housing.

- 4 A key difference between the way that the Scottish Green Party operates and the way that other parties in the Scottish Parliament operate is that we strive to look at issues holistically. We recognise that many matters do not always fit neatly

within ministerial portfolios, and in consequence some issues risk falling between two (or more) stools.

Our own focus on energy efficiency is motivated by a number of factors: fuel poverty is one key reason why we place such a high importance on home energy efficiency, but reducing our greenhouse gas emissions and securing energy supplies for the future also play a large part in our thinking. So there are social, environmental and economic factors involved, none of which can be ignored.

In order to deliver a joined-up approach that cuts across traditional portfolio boundaries, we would appoint a Minister for Climate Change and Sustainable Development; improving the energy efficiency of Scottish homes in order to eliminate fuel poverty (as well as to tackle climate changing emissions) would fall within the remit of such a minister.

With regards to reserved issues such as energy prices and energy regulation, we will campaign for greater powers over all energy policies for the Scottish Parliament. However, we do not see lowering energy prices or raising disposable household income as the best ways of tackling fuel poverty; such methods were behind the fall in the numbers of households in fuel poverty between 1996 and 2003, but fuel price rises have since pushed many of these households back into fuel poverty again. Improving the energy efficiency of a home, however, is a much more permanent and certain way of ensuring that fuel costs do not make up a disproportionate amount of household incomes.

* NHER is a means of rating the energy efficiency of a dwelling on a scale of 0-10 where 0 is the least energy efficient.

Scottish Labour Party

Labour has shown a real commitment to ending fuel poverty. At Westminster, we introduced the Winter Fuel Allowance, to help support pensioners through the colder winter months and at Holyrood, we have insulated over 300,000 homes, improved benefit uptake for thousands of older people and provided over 78,000 free central heating schemes through our Warm Homes Programme in Scotland, extending the Warm Deal to families with disabled children.

Whilst we are proud of these achievements, we are not complacent. We know that there is much more to do. We remain firmly committed to our pledges on fuel poverty – we will ensure all homes are insulated and centrally heated by 2015 and will strive to end fuel poverty by 2016.

We will take forward our commitment to tackling fuel poverty by targeting resources on the most fuel poor, especially older and vulnerable people. The focus will be on increasing energy efficiency through better controlled heating, improved insulation and schemes which help reduce energy use or the cost of energy such as combined heat and power schemes.

We will work closely with social housing providers to take forward energy efficiency schemes while continuing to provide replacement systems for older people without central heating in the private sector. Advice on energy use and help with claiming benefits will continue to be provided. We will ensure that everyone eligible can take advantage of our fuel poverty programme, wherever in Scotland they live.

Scottish Labour will create a national anti-poverty unit, working for social justice at the centre of the devolved Scottish government, to ensure our efforts to tackle poverty are joined-up across government and which will report directly to the First Minister.

The long-term challenge is to find a way to protect vulnerable households from changing external circumstances and continuing to improve the thermal efficiency of homes is one way of doing this. Scottish Labour will also examine ways to work with power companies to extinguish the price inequalities that accompany the use

of power cards and as a part of the Scottish Executive we have already proposed that each of the major fuel companies offer a social tariff to all households in receipt of the Pension Credit, that would enable them – if they are living in homes that meet energy efficiency standards – to meet their energy costs.

We have also been working with colleagues in Westminster to achieve our targets and will continue to do so in the future. We have funded a renewable heating pilot to assess the impact on renewable technologies on fuel poverty and are committed to expanding renewables projects in the future.

Scottish Liberal Democrat Party

Scottish Liberal Democrats think it is crucial that we act upon the linkages between poor health, environmental unsustainability and poverty, and we are committed to ending fuel poverty by 2016. We believe that creating warm, dry homes is one of the top public health priorities for Scotland.

Tackling this problem needs holistic action. That's why we will bring together the existing programmes into a new Healthy Green Homes Fund, to act as a one stop shop for the public on energy issues. It will bring together work currently undertaken through the Warm Deal, Central Heating Programme, and Scottish Community and Householder Renewables Initiative (SCHRI). Its key objectives will be to bring Scotland's housing stock up to standard, cut carbon emissions, improve public health and save households hundreds of pounds every year in fuel costs. This new fund will upgrade at least 40,000 homes every year from 2009.

When someone applies for a healthy green homes grant, they will receive a single assessment of their eligibility for energy efficiency measures, central heating, microgeneration, and smart meter installation. People on benefits and low incomes will gain the most. This will effectively extend the Warm Deal and Central Heating programmes so that in addition to qualifying for energy efficiency, low income households will also be offered free installation of appropriate microgeneration technology and smart metering. A benefits check will be another important aspect of the grant scheme giving help to ensure that people are claiming everything they are entitled to.

As part of the Fund we will increase the support available to housing associations and local authorities to ensure that they can meet new individual targets for installing microgeneration and energy efficiency measures in their properties.

Scottish Liberal Democrats believe that more can be achieved by the public and private sector working together. That is why we will work with the electricity companies to see how leveraging in their investment into the Healthy Green Homes Fund can work to allow us to do more, and them to meet their Energy Efficiency Commitment.

We also want to see more action to tackle fuel poverty on a local, area by area basis. As part of the Healthy Green Homes initiative, we will support the introduction of Warm Zones to target fuel poor households and ensure they receive the funding support available to them.

And to make the link between fuel poverty and poor health absolutely clear, we want to see much greater use of referral schemes where health professionals, care workers, and other community services act as trusted intermediaries to point people in fuel poverty towards the healthy green homes team.

The fund will also continue to support private homeowners looking for grant support to install microgeneration or improve energy efficiency in their homes. As government action helps to drive down purchase and installation prices, payback periods will tumble and those households making the green switch will see recurring savings flow much faster.

To drive take-up further, we will seek the legislative changes necessary so that homeowners who install new microgeneration during the term of the next parliament can benefit from a one-off £200 rebate on local tax bills. Those who also invest in energy efficiency measures will be eligible for a further £100 rebate.

And to address the growing number of people living in fuel poverty in the private rental sector, we will give more support to local authorities to work in partnership with landlords, including low and zero interest loans and a grant support scheme for buildings in multiple occupation.

Planning rules need to change to make it easier to install microrenewables by making them permitted development. Investment in training is needed through our employers and colleges to increase the number of skilled installers. And so that conversion, renovation and investment in energy efficiency is not disadvantaged compared with new build projects, Scottish Liberal Democrats will press the Westminster Government to reform VAT and guarantee that microgenerated electricity can be sold back to the grid at market rate.

When energy ratings for washing machines and fridges were first launched they were treated with some scepticism. Today sales of A-rated appliances are surging ahead. Manufacturers are increasingly rising to the challenge and consumers are fuelling demand. We need a similar approach with housing. We want to see energy performance certificates which change hands as part of single seller surveys and tenancy agreements.

It's also time to raise our ambitions for thermal efficiency in new build properties. We will ensure that the review of building standards for 2009 sees a further increase in thermal efficiency requirements to take us nearer to the best performing Scandinavian countries. We must do more to monitor the actual thermal performance of new buildings - not the theoretical.

Scottish Liberal Democrats are committed to investing an additional £40 million each year in our Healthy Green Homes Fund to achieve our ambition to end fuel poverty in Scotland by 2016 and ensure that everyone has access to a warm, dry home.

Scottish National Party

Scotland is one of the most energy-rich countries on the planet. As well as hydrocarbon energy sources like coal, oil and gas, our country is blessed with 25 per cent of Europe's wind and tidal capacity and 10 per cent of Europe's potential wind power. We have more than enough energy to end fuel poverty. Progress on achieving this aim is being slowed by the fact that control over energy policy is split between London and Edinburgh.

An early priority of an SNP government will be to begin discussions with the UK government on options for the transfer of responsibility for our oil and gas resources to the Scottish Parliament. This would allow us to allocate a share of windfall taxes towards protecting vulnerable people from fuel poverty.

The SNP will deliver more streamlined government with a greater focus on achieving strategic targets. Our Finance and Sustainable Growth department will have responsibility for meeting our cohesion and solidarity rules on economic growth, delivering our plans for lower local tax and an ambitious energy policy. It will be well placed to reduce levels of fuel poverty across Scotland and have the breadth of focus and range of responsibilities needed to act effectively.

We will increase steps to improve energy efficiency in housing with the aim of matching the rigorous standards that exist in Scandinavia, allowing householders to significantly reduce their energy use and energy bills.

We will bring forward a number of energy initiatives with a particular focus on providing early benefit to fuel poor communities. A £98 million investment will include £50 million for specific community focused initiatives. This fund will support the roll out of schemes across Scotland, starting with some of Scotland's deprived communities where fuel poverty is a particular problem.

We will bring forward plans to support the long-term deployment of energy generation or energy saving in 1 million Scottish homes. This investment will provide a particular focus on getting generation/saving capacity into fuel poor households. We want to

get more from public investment, linking this record level of investment in renewable energy with important steps to take more Scots out of fuel poverty. We will take forward the creation of Community Energy Plans to allow local communities to identify and set their own local renewable needs and then contract with energy suppliers to deliver community based energy generation and energy saving solutions. Alongside this initiative we will encourage the establishment of community energy companies and trusts, with local micro-grids allowing for the decentralisation of energy production.

Instead of a small number of large generators, our aim is to see an expansion of local generation, in particular Combined Heat and Power plants and household generation capacity, which together will increasingly meet local energy needs in a more affordable way. We particularly want to take forward community focused Combined Heat and Power plants, so that we can get maximum return from both the heat and electricity generated.

We will provide a single access point for the public to access the Central Heating Programme and Warm Deal and simplify the promotion of the schemes so that more people can access them.

We will work with energy companies to maintain social tariffs and measures to assist their most vulnerable customers, paying particular attention to reducing the price inequalities associated with the use of power cards.

We will support effective income maximisation schemes for vulnerable people who need it. Our proposals to abolish the council tax and replace it with a lower local income tax will particularly benefit people on low and fixed incomes who often struggle to meet fuel bills. This commitment will put £450 million back into the pockets of individuals and families, providing a welcome boost for those who are in greatest need.

Scottish Socialist Party

- 1 First, we would hope that all poverty could be abolished by 2016 or sooner, through more equitable distribution of income delivered via a combination of progressive taxation, a more realistic national minimum wage and increased pensions and benefits. To reduce fuel consumption, as part of our policy of reduced carbon emissions, our manifesto calls for all rented housing, in both the public and private sector to have compulsory insulation and double-glazing; and for 100 per cent grants in private homes. Naturally, we would support any more limited scheme: for example, for 60s and for people living on benefits.

We also call for the tightening of building regulations to compel construction companies to ensure that energy efficiency is built into the design of buildings and the appliances fitted.

Whether at a UK or, in the future, a Scottish level, we support the cutting by half of VAT on domestic fuel; the imposition of an agreed ceiling on domestic fuel charges; and a windfall tax on energy companies ringfenced to tackle fuel poverty.

- 2 Our manifesto calls for free fuel for pensioners during the winter months. We'd also prioritise people on low incomes, and/or in difficult-to-heat housing.
- 3 As is implicit in the reply to point one, we would support legislation to ensure that every home in Scotland is properly insulated, whatever it takes to achieve this.
- 4 We have no specific proposals, though we strongly support the idea that responsibility for energy should be transferred from Westminster to the Scottish Parliament, which is likely to be more responsive to the specific problems of fuel poverty in Scotland, and which would allow for greater integration of services.



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Energy Action Scotland is a registered charity working to end fuel poverty
and to promote warm, dry homes for all

Energy Action Scotland is grateful to the Keeping Scotland Warm partners for supporting this publication.
Keeping Scotland Warm is an initiative to bring the issue of fuel poverty before the Scottish Parliament.

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