

Fuel Poverty: Energy Action Scotland (EAS) Policy Position

Low Disposable Household Income

Fuel poverty has three main causes: poor energy efficiency of the dwelling, low disposable household income and high price of domestic energy. Here, EAS outlines its position on key factors influencing disposable household income.

EAS Recommends:

- Benefits checks to be an integral part of all fuel poverty/energy efficiency programmes. These checks to be carried out face to face by suitably trained advisors.
- The Winter Fuel Payment to be extended to non-elderly vulnerable groups on a low income.
- A regional weighting for Winter Fuel Payments with a higher rate paid in colder regions.
- A review of the siting of weather stations as some people in colder areas may be missing out on legitimate Cold Weather Payments.

Income Maximisation

One of the three main influencing factors of fuel poverty is the level of disposable household income. There is a strong association between income and fuel poverty as shown by the Scottish House Condition Survey which has found that there are almost no fuel poor households in the top three income bands. Moreover all households with an average weekly income of less than £100 have a high probability of being fuel poor regardless of other factors¹.

Income maximisation initiatives play an extremely important role in the reduction of fuel poverty. Initiatives increase disposable household income and also enable people to qualify for certain schemes set up for those at risk from fuel poverty, such as Cold Weather Payments and the Scottish Government's Energy Assistance Package. Full take up of benefits entitlement can help bring about a significant reduction in the number of vulnerable fuel poor households and so should be an integral part of any fuel poverty/energy efficiency programme. EAS also supports the Scottish Living Wage Campaign.

Benefits

Government has identified benefit entitlement checks as a low cost measure that could have a significant beneficial impact on fuel poverty. This view is supported by the sheer scale of unclaimed means-tested benefits and tax credits in the UK which ranges from £10.5 billion to £16 billion².

¹ Fuel Poverty in Scotland: Further Analysis of the SHCS 2002, Communities Scotland.

² http://research.dwp.gov.uk/asd/income_analysis/jun_2010/0809_Summary.pdf or http://www.citizensadvice.org.uk/index/pressoffice/press_index/press_office201022.

Many people are simply unaware that they can receive help with their rent, Council Tax or care costs etc. For others, the benefits system is far too complex and the application forms are often too long or too difficult to understand. In addition, some people are put off claiming means-tested benefits as they do not want to provide personal information or face intrusive questioning. EAS therefore supports the Scottish Campaign on Welfare Reform that is calling for a revised welfare system that is dignified, supportive, well-resourced and suitable.

Research by the Citizens Advice Bureaux (CAB)³ found that home visits involving face to face contact with clients were essential to successful benefit take up. This one-to-one interaction is also extremely helpful in the case of appeals. EAS also recommends that checks be carried out by suitably trained organisations, such as the Citizens Advice Bureaux or the Pensions Service.

Winter Fuel Payment

While making all homes more energy efficient is crucial in achieving an end to fuel poverty, it will be some years before that happens to a sufficient level. In the interim, support such as is provided by the Winter Fuel Payment is an essential lifeline for many people.

However, not everyone suffering from fuel poverty is in the older age bracket and EAS has for some time been pushing for the Winter Fuel Payment to be extended to other vulnerable groups on a low income, such as those whose disability results in higher energy bills. A warm environment and the need for constant hot water are important requirements in the therapy of many disabilities or long term illnesses and this of course has an effect on the weekly fuel bill. Those with restricted mobility face can also higher fuel bills due to longer periods spent indoors.

The cost of maintaining reasonable heating levels in Scottish housing is significantly higher than in other parts of the UK but there is no allowance for this in the calculation of benefits. For example, it costs 62% more to heat a house to an equivalent internal temperature in Stornoway compared with an identical home in Bristol⁴. To address this anomaly EAS recommends a regional weighting for Winter Fuel Payments. This could be done by having a regional scale of payments, with colder areas receiving a higher amount and the additional top up paid as a fuel credit to be redeemed against fuel bills.

Some review of the Winter Fuel Payment is therefore due but not at the expense of those who really need it or of those at the margins of the eligibility criteria for other benefits.

Cold Weather Payments

EAS believes a review of the siting of the monitoring weather stations is required as it is feared that some colder areas miss out on legitimate Cold Weather Payments because of the nearest station being some distance away. Microclimates, particularly in rural

³ 'Serious Benefits - The success of CAB benefit take up campaigns', 2003.

⁴ Average figure calculated using data taken from Scottish Parliament Written Answer S3W-19556, 19 January 2009.

areas, can have an impact and it is necessary to ensure that vulnerable households receive payment commensurate with their actual experience of cold weather.