

The Scottish Fuel Poverty Advisory Panel – Recommendations to the Scottish Government on its Fuel Poverty Strategy

Executive summary

The Scottish Fuel Poverty Advisory Panel (SFPAP) believes that the Scottish Government's [Fuel Poverty Strategy](#) requires a fundamental review alongside a clear pathway to achieving the long term targets by the end of the current parliamentary term. As an interim measure, an update to the Strategy should be completed by the end of March 2024 to reflect the significant changes in the fuel poverty landscape since the Strategy was published.

The SFPAP's recommendations to the Scottish Government on its Strategy update focus on six priority areas for action to directly address the drivers of fuel poverty and their impacts. The SFPAP also makes additional recommendations to support the governance and delivery of the Strategy. The six priority areas for action are, to:

1. intensify the focus on improving the energy efficiency of Scotland's housing stock through improved planning and accelerated investment. This should include developing strategic partnerships with housing, energy, and advice sectors to leverage capabilities and deliver holistic solutions. (In doing this, the particular challenges and opportunities of Scotland's rural and island communities should be recognised).
2. emphasise the structural importance of advice and advocacy in tackling fuel poverty and recognise the need for a review of the design and funding commitments for these critical services across Scotland at all levels of Government.
3. emphasise the key role in the short to medium term of the Fuel Insecurity Fund, and other direct measures, to help with energy costs and managing energy debt. Also, commit to analysing the eligibility criteria for all financial support packages to identify potential gaps in the targeting of financial support.
4. develop a stronger focus on the opportunities to influence the UK Government energy market reforms in the interests of low income and vulnerable households. For example, support and advocate for structural changes to energy pricing for low income and vulnerable households through mechanisms such as a social tariff.
5. develop a stronger focus on improving health outcomes for those suffering fuel poverty, embedding responses such as the implementation of the Warm Homes' Prescription model.
6. explore the value in building on the Scottish Government's Energy Summits, which included advice and advocacy organisations and energy companies, to create effective cross-sector collaboration. This collaborative approach could consider policy and organisational behavioural changes to support delivery of the Fuel Poverty Strategy.

We would also advise the Scottish Government that the Strategy update should improve the presentation and positioning of the strategic approach to tackling fuel poverty by including:

- a. an outcomes-centred approach, which underpins the strategic vision of eradicating fuel poverty, enabling a clear line of sight between the vision and the actions needed to realise it.
- b. mapping the high-level policy landscape for fuel poverty, referencing policies which directly support the delivery of fuel poverty targets, and a clear articulation of accountabilities for their delivery across Scottish Government and beyond.
- c. analysis and scenario testing of the relative impacts of delivery plan assumptions on the drivers of fuel poverty, and assessment of what these analyses mean for achieving both the interim and the 2040 statutory fuel poverty targets in the context of changing energy demand and the move towards decarbonisation.

We would ask the Scottish Government that the Strategy update includes a commitment to working with the Panel in 2023/24 on two key areas of the existing Strategy that have not been progressed. These are, developing:

- d. a research plan to improve the national evidence base and increase the understanding of fuel poverty in Scotland.
- e. an outcomes-based monitoring and evaluation framework, without which the Panel cannot meet its statutory functions.

Introduction

The Fuel Poverty (Targets, Definition and Strategy) (Scotland) Act 2019 set an ambitious target to effectively eradicate fuel poverty by 2040. It established the Scottish Fuel Poverty Advisory Panel (SFPAP) as a statutory body to challenge and advise the Scottish Government in the delivery of its Strategy and the fuel poverty targets. The preparation and periodic reviewing of a fuel poverty strategy are required by the Fuel Poverty (Targets, Definition and Strategy) (Scotland) Act 2019.

The Scottish Government's Tackling Fuel Poverty Strategy (the Strategy), published in 2021, was developed pre-pandemic and published during the pandemic. The fuel poverty landscape has changed significantly since the Strategy was written: dramatic household energy price inflation has led to increasing numbers of households entering fuel poverty, as well as deepening the level of fuel poverty in already fuel poor households¹. This is not unique to Scotland, the rise in energy costs is part of a wider cost of living crisis. Energy price rises and fragile household incomes create a significant new challenge in tackling fuel poverty. This challenge shines a light on why both the Strategy and its delivery is a national priority, as well as the need for it to be re-calibrated to meet the challenges of the new fuel poverty landscape.

The Strategy was written in a time of reducing fuel poverty rates. In contrast, the trajectory over the past two and a half years has been one of escalating fuel poverty rates. The percentage of Scottish households living in fuel poverty declined steadily from 2013-2017 driven by a drop in the price of household energy, improvements in the energy efficiency performance of the housing stock and higher household incomes². Current estimates show that since 2019, progress made in reducing fuel poverty rates has effectively been reversed³. Estimated rates of fuel poverty have risen from 24.6% of households, with 12.4% in extreme fuel poverty in 2019, to current estimates of 37% in fuel poverty and 29% in extreme fuel poverty⁴. Both the rise in fuel poverty and the increasing percentage of those suffering fuel poverty in the "extreme" category are particularly worrying⁵. There is a stark contrast in the current extreme fuel poverty rate of 29% and the 2040 target of a "maximum of 1%"⁶.

The SFPAP (which was not in place when the Strategy was written and consulted on) aims to support the Scottish Government in re-considering their Strategy in the light of the environmental and economic changes which have taken place since its

¹ House of Commons Library (2023) Fuel Poverty in the UK. Research Briefing. [Available online: [Fuel poverty in the UK - House of Commons Library \(parliament.uk\)](https://www.parliament.uk/research-briefings/crbs2023-0001)]

² Scottish Housing Condition Survey, 2019.

³ The Scottish Parliament (2023) Chamber and Committees: Question reference: S6W-15551, Written question and answer: S6W-15551. Available at: <https://www.parliament.scot/chamber-and-committees/questions-and-answers/question?ref=S6W-15551> (Accessed: April 27, 2023).

⁴ Scottish Government estimates produced after the UK budget statement on 15 March 2023.

⁵ The 2019 fuel poverty estimates [24.6% of households, with 12.4% in extreme fuel poverty] mean that 51% of households suffering fuel poverty were in extreme fuel poverty. The current estimates of 37% in fuel poverty and 29% in extreme fuel poverty mean that 78% of households suffering fuel poverty are in the extreme fuel poverty category).

⁶ [Fuel Poverty \(Targets, Definition and Strategy\) \(Scotland\) Act 2019](#), 2040 Targets 1 (b) "no more than 1% of households in Scotland are in extreme fuel poverty".

publication. Since the SFPAP was appointed, it has engaged widely with the third sector (advice agencies and housing associations), the energy sector (retail and network energy companies and trade associations), the regulator (Ofgem), the Energy Ombudsman, and those with lived experience of fuel poverty. We believe that collaboration and shared goals are essential to tackle fuel poverty. Effective collaboration is needed between: the public, private and third sectors; housing providers; those in the energy supply chain, and the Scottish and UK Governments. In October 2022, we provided [initial advice](#), including 9 (of 11) recommendations to the Scottish Government on mitigating the immediate effects⁷ of the worsening fuel poverty rates.

The SFPAP welcomes this opportunity to reflect on the Strategy. In doing so, we have built on our initial advice to Scottish Ministers. The SFPAP's own expertise and experience, and the learning from its stakeholder engagement, has also informed these recommendations for the Strategy update. The SFPAP suggest, however, that its views alone are not a substitute for wider engagement and would welcome the opportunity to support and advise the Scottish Government in any further stakeholder engagement that it undertakes.

⁷ These recommendations recognise the wider impact of fuel poverty – beyond the immediate payment of bills – to the effect on health and wellbeing with societal-wide consequences for health and social services.

Strategy Review and Recommendations

In offering its reflections on the Strategy, the SFPAP has set out each recommendation along with a short narrative and rationale.

Strategy – review and interim update

Recommendation 1

The SFPAP recommends that the Scottish Government should complete its required 5-year review⁸ of the Strategy by the dissolution of this parliament in May 2026.

The SFPAP recognises that a full review of the Strategy before the end of this parliament will require a significant amount of work. However, the Energy Strategy and Just Transition Plan and the Heat in Buildings Strategy, both critical to the delivery of the 2040 fuel poverty targets, will be embedded early in the review period (2024-2026) and this will help to expedite this review process.

This full review should contextualise the Strategy within the National Performance Framework and the Sustainable Development Goals to root it within Scotland's national outcomes⁹. The National Outcomes, set out in the National Performance Framework, are currently under review¹⁰. Consultation on these will inform the National Outcomes the Scottish Government works towards for the subsequent five years. The convergence of the revised national outcomes and full Strategy review timelines therefore offers an opportunity to ensure that national outcomes and Strategy (fuel poverty) outcomes are aligned.

The SFPAP notes the findings of the 2018 interim Equality Impact Assessment¹¹ undertaken in developing the Fuel Poverty Strategy and Bill. We welcome this analysis as part of the Scottish Government's efforts to ensure the Strategy has a positive impact on protected groups and individuals. There is, however, no single variable that identifies all fuel poor households¹². Instead, fuel poverty is an intersectional issue¹³ where multiple coalescing points of vulnerability determine a household's risk of fuel poverty. As such, we recommend that enhanced impact assessments are done at each Strategy review to ensure the Strategy maintains a focus on the changing profile of poverty and vulnerability over time. It is, for example, very likely that during the fuel poverty targets' twenty-year lifespan, there will be shifts in the population profile as new groups experiencing poverty and vulnerability emerge (e.g., new refugee groups).

⁸ [Fuel Poverty \(Targets, Definition and Strategy\) \(Scotland\) Act 2019](#), section 6, paragraph 7.

⁹ An example of where this is done effectively is the thread which runs between national outcomes, sustainable development goals and the strategic outcomes in the [Environment Strategy](#).

¹⁰ [Review of the National Outcomes - Scottish Government - Citizen Space \(consult.gov.scot\)](#)

¹¹ [Fuel Poverty \(Target, Definition and Strategy\) \(Scotland\) Bill and Fuel Poverty Strategy: equality impact assessment - gov.scot \(www.gov.scot\)](#)

¹² [The Scottish Government \(2021\) Fuel Poverty Strategy Analytical Annex](#).

¹³ [The Scottish Government \(2023\) Using intersectionality to understand structural inequality in Scotland: Evidence synthesis, Scottish Government](#).

Recommendation 2

The SFPAP supports the Scottish Government's intention to complete an interim update to the Strategy this year. The SFPAP advises the Scottish Government to include a strategic delivery plan in this update.

There is a consensus that an update to the Strategy is needed during 2023 to recognise and adapt to the exponential rise in fuel poverty rates. This update should also provide a benchmark from which to build an outcomes-based evaluation and monitoring framework (see Recommendation 15). This will provide a mechanism to demonstrate the Scottish Government's progress towards meeting the 2040 fuel poverty targets. It will also support understanding of what is/what is not working and enable plans to evolve where additional or different policy levers are identified.

The Strategy update should include:

1. a strategic delivery plan setting out the pathway to achieving the fuel poverty targets. This plan should clearly articulate the policies which will contribute to meeting fuel poverty targets and the activities which flow from these policies to tackle fuel poverty, including:
 - when they will deliver (priorities and milestones).
 - how much they will contribute to meeting the targets (impact).
 - who has responsibility for their delivery (ownership).
 - the amount of investment needed (cost and resources).
 - the extent of the dependency on unknown technologies/solutions, yet to be identified, which will close the gap between the plan and the statutory targets (future enablers/dependencies).
 - what arrangements and controls will be put in place for tracking the progress in delivering on the strategic delivery plan (governance of the plan).
2. how the Scottish Government will address the tension between (a) the tactical support needed for those suffering fuel poverty now and (b) the strategic approach needed to prevent (i) those in fuel poverty remaining fuel poor and (ii) others at risk of falling into fuel poverty in the future from becoming fuel poor. In essence, the Scottish Government should outline how the Strategy addresses and balances both immediate fuel poverty needs with the target of eradicating fuel poverty by 2040.
3. how the Scottish Government will work in partnership to deliver on the fuel poverty targets working collaboratively with other administrations as well as other public, private and third sector organisations.
4. how the Scottish Government will consult on its update to the Strategy.

The policy landscape

Recommendation 3

As part of the Strategy update, SFPAP recommends that the Scottish Government adopt an outcomes-centred approach which underpins the strategic vision of eradicating fuel poverty – enabling a clear line of sight between the vision and the actions needed to realise it.

Outcomes which will lead to the achievement of the vision should be clearly articulated¹⁴. It is difficult to envisage how an effective evaluation and monitoring framework can be created without clear outcomes¹⁵ (see Recommendation 15). A thread should run between the vision – to eradicate fuel poverty – the outcomes (i.e., what a fuel poverty-free Scotland will look like) and the actions (in the strategic plan) which will tackle the drivers of fuel poverty and deliver the outcomes.

Recommendation 4

As part of the Strategy update, SFPAP recommends that the Scottish Government map the high-level policy landscape for those policies directly supporting the delivery of fuel poverty targets - those which fall both within devolved competence and those which are reserved.

The fuel poverty landscape is complex covering both devolved (e.g., fuel poverty policy itself) and reserved policy (e.g., energy markets). Clear policy mapping would bring transparency to what the Scottish Government is able to deliver directly in working towards fuel poverty targets (where it has ownership of policy, stakeholder relationships, regulatory powers, and budget) and where it will need to influence the UK Government to deliver. This picture, in conjunction with clear information on which policy levers will be most impactful on the path to achieving the 2040 fuel poverty targets, would help to make clear the priority activity for the Scottish Government. As the Fuel Poverty Strategy spans a range of Scottish Government policies, policy mapping would also help shed light on accountability for creating the governance arrangements needed for assurance that the Strategy will deliver (see Recommendation 2, above).

The complexity of the fuel poverty policy landscape can also make it difficult to understand where the deployment of resources is being used to greatest effect in the journey towards the eradication of fuel poverty and achievement of a net zero Scotland. Mapping the resource allocation to policies would clarify the level of

¹⁴ There are many ways in which this could be done, e.g., using a “theory of change” method to show how interventions will lead to outcomes drawing on available evidence.

¹⁵ The [Child poverty monitoring and evaluation - framework for policy evaluations \(www.gov.scot\)](http://www.gov.scot), January 2023, shows how, in a mature model, policies can be evaluated, both singly & collectively, to assess their impact in delivering on the child poverty plan. This evaluation & monitoring framework – hangs off, and depends on, well-articulated outcomes.

resources needed to meet the fuel poverty targets and where funding gaps are most detrimental.

Greater transparency, facilitated by a fuel poverty policy mapping, would also help to uphold the fuel poverty principles, set out in the Heat in Buildings Strategy¹⁶. The Scottish Government has clearly signalled that where there are related fuel poverty policies, a “no detriment principle” should be applied.¹⁷ Reducing the cost of energy and energy consumption needs, for example, are principles which need to be embedded across relevant Scottish Government policies.

Fuel Poverty Targets

Recommendation 5

The SFPAP advises the Scottish Government to set out and test the relative impact of the drivers of fuel poverty in achieving both the interim - 2030 and 2035 - and the 2040 statutory fuel poverty targets in its Strategy update.

The assumptions made by the Scottish Government on energy consumption, energy pricing, and net household income to achieve the fuel poverty targets need to be clearly articulated and understood.

As the Strategy was developed when fuel poverty rates were decreasing, and fuel poverty rates have increased significantly in the interim, the assumptions made in delivering the targets need to be tested to understand how activity needs to “step up” or change. The energy crisis has shown how high energy prices drive fuel poverty with the systemic inflationary impact affecting domestic heating costs and household income. Falling wholesale prices will lower domestic energy prices from their current record highs¹⁸. However, even with reducing prices, prices in July-September 2023 will still be more than 60% higher than in winter 2021/22¹⁹.

Understanding the relative impact of the fuel poverty drivers²⁰ will help the Scottish Government to prioritise and focus its fuel poverty strategic delivery plan.

The Scottish Government should test the fuel poverty targets using different modelling scenarios to develop a view on future energy prices, alongside changing energy demand, in the context of decarbonisation up to 2040. Modelling the overall

¹⁶ [Heat In Buildings Strategy: Achieving Net Zero Emissions in Scotland's Buildings \(www.gov.scot\)](https://www.gov.scot/heat-in-buildings-strategy)

¹⁷ A “no detriment policy” aligns with the fuel poverty principle, set out in the Heat in Buildings Strategy, that decarbonising homes should not make fuel poverty worse. [Heat In Buildings Strategy: Achieving Net Zero Emissions in Scotland's Buildings \(www.gov.scot\)](https://www.gov.scot/heat-in-buildings-strategy). This principle is also referenced in [the FP Strategy](#), p. 56.

¹⁸ [Rising cost of living in the UK - House of Commons Library \(parliament.uk\)](#)

¹⁹ House of Commons Library (2023) Gas and electricity prices under the Energy Price Guarantee and beyond. Research Briefing [available online: [CBP-9714.pdf \(parliament.uk\)](#)]

²⁰ Fuel Poverty (Targets, Definition and Strategy) (Scotland) Act 2019, sections 10 (a) low net adjusted household incomes, (b) high household fuel prices, (c) homes having low levels of energy efficiency, and (d) inefficient use of fuel in homes. These are characterised in the Strategy as: (a) low household income; (b) high energy prices; (c) poor energy efficiency of the home; (d) how energy is used in the home.

bill, a household pays for energy (or would pay if it could afford to do so to maintain optimal household heat levels and other electrical services too) using forecast data to understand potential impact on target delivery, will help identify the most impactful policies and strategic priorities. Weighting the relative impacts of the fuel poverty drivers through time, with a variety of assumptions – such as changes to energy prices, demand, and progress on decarbonisation measures (heating, hot water, transport) – would be complex, but it would help substantiate the sufficiency of delivery activity and would bring an evidential base to what is/is not working on the path to 2040.²¹

Fuel poverty vulnerability and research

Recommendation 6

In updating the Strategy, the SFPAP advises that the Scottish Government maximise the potential to work with the SFPAP in 2023/24²² to increase the understanding of fuel poverty through the creation of a joint research plan. This plan, with supporting funding, will facilitate the building of a holistic, national evidence base which will provide consistent and robust fuel poverty data over the lifetime of the targets.

The SFPAP recognises that there is already a large body of evidence on fuel poverty issues and outcomes (including the official statistics provided by the annual Scottish House Condition Survey). Furthermore, the Scottish Fuel Poverty definition is ambitious in its reach. However, there remains an opportunity to build a more holistic national evidence base by drawing together existing research while also establishing a research programme which helps to create a more “real time” picture of fuel poverty. For example, there is a need for research to build, and keep current, a holistic view of fuel poverty in Scotland. This could include:

- Working with energy companies’ data²³ to identify those who ration their fuel usage²⁴.
- Building a knowledge base to best ensure that the experience of – and challenges faced by – Scotland’s rural and islands households are fully considered in fuel poverty reduction efforts (including the possible introduction of a social tariff).
- Modelling demographic groups who might become fuel poor, based on projected demographic shifts to 2040. It is important to recognise that people can move in and out of fuel poverty. Without this recognition, there is a risk

²¹ There are opportunities to learn from other areas in the modelling of individual and collective policy contributions and their impact on outcomes. For example, The [Child poverty monitoring and evaluation - framework for policy evaluations \(www.gov.scot\)](#), Jan, '23

²² This could be viewed as starting to take forward the Strategy action 1 “Working with the Scottish Fuel Poverty Advisory Panel, we will explore the opportunities to carry out further lived experience research and build on our existing evidence base” p. 81.

²³ This theme of leveraging data was highlighted by the SFPAP in its [advice](#) to Ministers in October, 2022 – see rec. 3.

²⁴ Rationing means that people are not heating their homes according to the acceptable heating regimes set out in the fuel poverty definition or using sufficient electricity to meet all their needs.

that fuel poverty is not eradicated. Modelling on demographic groups, who might become fuel poor would help to mitigate this risk.

In addition, to help inform the Strategy's priorities and make it impactful through to 2040, a longitudinal lived-experience research project could:

- help to identify trends through time: the profile of those living in fuel poverty is not static. The fuel poor demographic is affected by changes in the wider environment as well as their own individual circumstances and there are those who move in and out of fuel poverty.
- build a better picture of the health impacts and consequences of fuel/extreme fuel poverty.
- help to build a picture of fuel consumption through time across Scottish households with different heating regimes and the capacity to break this down by regions.

Funding and Investment

Recommendation 7

The SFPAP advises that the Strategy update should review the investment needed to improve the energy efficiency of homes and develop an accelerated rolling 5-year programme with measurable outcomes.

Improving the energy efficiency of homes is one of the policy levers to tackle fuel poverty which is within the Scottish Government's devolved powers. The Scottish Government has established a new agency, Heat and Energy Efficiency Scotland, to lead and coordinate heat decarbonisation in Scotland. The Heat in Buildings Strategy sets out the vision for future heat in buildings including actions to help address fuel poverty. How the £1.8 billion of capital funding for heat and energy efficiency improvement in buildings across Scotland, which the Scottish Government has committed in the lifetime of this parliament, is deployed to best effect is a key question in tackling fuel poverty.

SFPAP, in its previous advice to Ministers, recommended that there should be an increase in the policy ambition and funding for energy efficiency in homes. The Panel understands that there was an underspend in investment in 2022/23²⁵, and in these circumstances, we believe that improved deployment and governance of funds is needed along with a capability mapping of the recommended energy efficiency rolling programmes to underpin their delivery. SFPAP advise that the Scottish Government should commit to re-invest any underspend from current schemes and recognise that as energy efficiency projects are often multi-year, complex investments, year-by-year budgeting creates significant constraints.

²⁵ 2022-23 figures are yet to be updated but the last two years for which there is data (2020-21 & 2021-2022) show significant overall underspending.

Partnership and collaboration

Recommendation 8

The SFPAP advise that the Strategy update should consider a capability mapping and how sector-wide organisations and NGOs committed to tackling fuel poverty – across housing, energy, and advice sectors – can be leveraged to support the delivery of fuel poverty targets.

Existing key delivery partners should be identified to harness their fuel poverty commitments and capabilities, enabling a holistic approach to accelerate progress. This could be achieved through the development of a more nuanced delivery programme to supplement national schemes and the Local Authority role by leveraging sector and NGO capabilities. For example, working with all social housing providers to establish a commitment and clear programme to tackle fuel poverty and meet net zero, with appropriate funding; adopting the [plan](#) from the Existing Homes Alliance for a Just Transition in Rural Areas, and developing the partnerships between Home Energy Scotland and local energy advice agencies to create a network of comprehensive advice and delivery services across Scotland.

Recommendation 9

The SFPAP recommend that the Strategy update should explore the value in building on the Scottish Government's Energy and Anti-Poverty Summits to create effective collaboration and a partnership approach to support delivery of the Fuel Poverty Strategy.

The former First Minister's Energy Summits and the current First Minister's Anti-Poverty Summit drew together key, cross-sectoral voices from the public, private, and third sectors. This group has the potential to form a useful and influential partnership/collaborative to support the Scottish Government in delivering its strategic plan. It could also help to develop cross-sectoral solutions outwith the energy sector regulatory framework to address key challenges as they emerge.

There are several existing, well-trailed and challenging fuel poverty issues for which this group would be well-placed to offer and test solutions:

Pre-payments meters

The Spring Budget²⁶ promised alignment for pre-payment energy charges with those of direct debit from July 2023. This will be delivered in the short-term through the Energy Price Guarantee, with Ofgem commissioning a report on how to permanently end the "prepayment penalty". It is currently unclear whether this means that those

²⁶ [Spring Budget 2023 \(publishing.service.gov.uk\)](https://www.publishing.service.gov.uk) 4.15 The government will adjust the EPG from 1 July to bring charges for comparable direct debit and PPM customers into line until April 2024, when the EPG ends. Looking beyond the end of the EPG, the government will ensure the PPM premium is ended on a permanent basis.

on pre-payment meters will have access to the same tariff range as those paying by direct debit.

Issues with pre-payment meters are also far wider than those of equitable tariffs alone – they include debt, self-disconnection, forced installation²⁷ and rationing. For those using pre-payment meters who are in fuel poverty, debt write off can temporarily alleviate, off-set, or mitigate the effect of fuel poverty, but often cannot move them out of it. In topping up their meter, those in fuel debt will normally see their top-up immediately reduced as suppliers seek to recoup the debt by an agreed amount²⁸. Debt write-off, while very helpful, cannot move people permanently out of fuel poverty. A workable, cross-sector solution is needed which identifies how support and interventions can more effectively provide for and target those with historic debt.

Price Cap Consumption assumptions

The SFPAP, among others, is concerned that Ofgem’s price cap calculation does not adequately recognise costs either of heating a home with electricity, or the average costs for those who rely on unregulated fuels. It therefore fails to recognise the fuel cost consumption for those living off-gas grid. There is also an undesirable volatility in the current method of calculating the cost cap – the quarterly cycle means significant rises in April – reflecting the previous Winter quarter’s use – whereas the previous six-monthly approach went some way to smoothing increased consumption over the coldest months²⁹. Offering a cross-sectoral view to Ofgem on how the price cap could more fairly reflect the challenges of those off-gas grid is an issue which the Energy Summit partnership/collaborative would be well-placed to do.

Voluntary Priority protocol

In the SFPAP’s recommendations to Ministers in October 2022³⁰, the SFPAP highlighted the advantages to creating a voluntary priority protocol between Scottish Government, advice agencies, and energy suppliers to achieve the best outcomes for those struggling with energy bill payments and debt. This cross-sectoral group would be ideally placed to create and participate in this protocol.

Social Tariff

This cross-sectoral group could play an important role in helping the Scottish Government to develop social tariff models to influence UK Government thinking on these. Consideration could also be given to whether there should be a Scotland-specific social tariff and whether this might better serve the needs of those suffering fuel poverty in Scotland (see also Recommendation 12, below).

²⁷ [Ofgem](#) have produced a voluntary code of practice for involuntary installation of pre-payment meters – 18 April 2023.

²⁸ Although certain energy companies froze debt repayment over winter

²⁹ [Ofgem confirms changes to the price cap methodology and frequency ahead of new rate to be announced later this month | Ofgem](#) – 4 August 2022.

³⁰ SFPAP [advice](#) to Ministers in October, 2022 – see recs. 3 & 4

Advice and advocacy

Recommendation 10

The SFPAP advises that the structural importance of advice and advocacy in tackling fuel poverty needs greater emphasis in the Strategy update. The Panel reiterates its October recommendations and suggests that these are built into the plan for delivering the Strategy to give the advice and advocacy sector stability.

In its advice to Ministers (October 2022), the Panel made several recommendations to support the advice sector in responding to energy advice needs both now and in the future. These were that advice agencies should be supported by both short and longer-term funding commitments; ongoing public information campaigns; the brokering of a voluntary priority protocol between government advice agencies and suppliers (as mentioned above); and reviewing the design of energy advice services, including their funding model, to inform funding and policy decisions for the future with attention to long-term investment and stability.

A structural review of support for the advice sector is particularly important to ensure that it has the capacity and resources to support Scottish Government's work to achieve the 2040 fuel poverty targets.

Energy Market Reforms

Recommendation 11

The SFPAP advises that the Strategy update should bring a stronger focus to the opportunities which the Scottish Government has to influence the UK Government on energy market reform to protect low-income households.

The SFPAP recognises the huge opportunity to reduce fuel poverty, and help achieve the 2040 targets, enabled by the potential, highly complex changes in the energy system in the next decade and beyond³¹ (embodied, for example, by the current Review of Electricity Market Arrangements). From a just transition perspective, the Scottish Government has an important role in acting as a voice for low income and vulnerable households to ensure that the changes are inclusive and reduce, rather than further embed, fuel poverty.

The Scottish Government also has an important role in energy market reform given Scotland's existing and future renewables' potential. The Strategy update should bring a stronger focus to the opportunities which the Scottish Government has to influence UK Government action. As part of this, the Scottish Government should ensure that it has sufficient resources in place internally to build and enable its important influencing role. Another way of leveraging Scottish Government's influence would be to use the Energy and Anti-Poverty Summit participants to develop a positive working relationship with the Department for Energy Security and

³¹ [Review of electricity market arrangements - GOV.UK \(www.gov.uk\)](https://www.gov.uk)

Net Zero and Ofgem. For its part, the SFPAP will assist the Scottish Government in making joint representations to the Department of Energy Security and Net Zero and Ofgem – and other key stakeholders - including through the SFPAP Chair's membership of the REMA End-user Forum.

Protecting Vulnerable Households

Recommendation 12

The SFPAP recommends that the Strategy update should bring a stronger focus to the opportunities which the Scottish Government has to influence the UK Government on social tariffs.

A mechanism is needed to ensure affordable energy for low-income households between the long-term change to the energy system (decarbonisation) offering the possibility of future stable and affordable energy prices and immediate short-term interventions to mitigate energy market price volatility for the vulnerable (Warm Homes Discount etc.). A structural change in the energy pricing or energy support for vulnerable households is needed. This structural mechanism could be provided through the development of a social tariff but must not be restricted to those in receipt of income-related benefits. As the SFPAP recommended in its advice to Ministers in 2022 and noted above (see Recommendation 9), the Scottish Government can play an active advocacy role in its establishment³².

Calls for social tariffs are gaining traction and they have long been advocated by the third sector (including in a recent report uncovering the extent of fuel poverty in rural Scotland)³³. The UK Government signalled their intention to consider social tariff as a means of consumer protection in the Autumn Budget 2022³⁴. There is an opportunity for the Scottish Government to take a lead here and to develop thinking on, as well as advocacy for, a model which will work for Scotland. For example, just as the Scottish Government has committed to urging the UK Government to review the levy funding for the Warm Homes Discount, it could also be championing social tariff across the whole of the UK, working to get Ofgem's and others buy-in.

³² [Scottish Fuel Poverty initial advice on actions to mitigate fuel poverty](#), October 2022, p. 20
“consider the efficacy of introducing a social tariff. The Scottish Government could influence the shape of a future social tariff by proposing a social tariff model to the UK Government and advocating for it as a medium-term development in the energy markets”.

³³ [Fuel Poverty in Rural Scotland - The Solutions_0.pdf \(changeworks.org.uk\)](#), April 2023, p. 10.

³⁴ [AUTUMN STATEMENT 2022 \(publishing.service.gov.uk\)](#). 2.44

Recommendation 13

The SFPAP recommend that the Strategy update should include a focus on analysis and identifying eligibility criteria when crisis support is provided. This would enable an assessment of the key Fuel Insecurity Fund, alongside other central and local funds, to identify potential gaps in the targeting of energy cost and managing energy debt financial support.

The requirement to balance immediate fuel poverty needs and the eradication of fuel poverty by 2040 has already been noted. Analysing the eligibility criteria for all financial support packages to identify potential gaps in the targeting of financial support, alongside the continuation of the Fuel Insecurity Fund and investment in advice agencies, is needed. The Scottish Government's welcome uplift to the [Fuel Insecurity Fund](#) and the leadership it has shown here can be used as a springboard from which common eligibility standards are defined and deployed to ensure that consistent levels of support are made available to deliver optimal outcomes. This will indicate how the Fuel Insecurity Fund as well as other funds can be most effectively deployed and how they will help to meet the outcomes of the Strategy. If, for example, funding is used mostly to fund debt-write off, there is a risk that public money is in effect transferred to energy companies' balance sheets.

An approach to pre-payment meter debt (noted above) and Warm Homes Prescription model (noted below) could be usefully developed and funded through the Fuel Insecurity Fund.

Reflection 14

The SFPAP recommend that the Strategy update should set out an approach to improving health outcomes for those suffering fuel poverty, such as implementing the Warm Homes Prescription model.

The Strategy update should make stronger links to health outcomes (this would be facilitated by mapping the fuel poverty landscape and longitudinal studies (see Recommendations 4 and 6 above). One example of a model worth consideration is the Warm Homes Prescription model, which was also referenced in the SFPAP's previous advice to Ministers (October 2022). The model seeks to tackle cold-related diseases and increase household warmth in tandem by (1) allowing medical practitioners and professionals to make referrals to energy advice services, organisations, or councils with the capacity to support energy efficiency measures and/or (2) establishing the incidence of cold-related disease as an eligibility criterion for accessing targeted support directly. This initiative is reflective of opportunities for joined up working across relevant sectors to benefit those in fuel poverty by using existing or extended mechanisms. The appointment of the previous Cabinet Secretary for Net Zero, Energy and Transport to the health brief presents an opportunity for more joined-up thinking about fuel poverty and health outcomes.

Monitoring and evaluation

Recommendation 15

The SFPAP advise the Scottish Government that, in consultation with the SFPAP, an outcomes-based monitoring and evaluation framework should be created in 2023/24 as part of the work to update the Strategy.

In its advice³⁵ to the Scottish Government in October, the SFPAP emphasised the need for an outcomes-based monitoring and evaluation framework for the Fuel Poverty Strategy, and for the need to set the baseline measurements for the Strategy. The Strategy itself references a commitment to develop, working with SFPAP, an “effective outcomes-focused monitoring and evaluation framework for this strategy”. This will be enabled by the recommended outcome-centred approach which begins with the articulation of clear outcomes (see Recommendation 2 above).

It is important that the Strategy is credible and provides a plausible route to achieving the 2040 vision to eradicate fuel poverty. The Strategy update offers the opportunity to do this. The outcomes-based evaluation and monitoring framework could be developed at the same time as the Strategy update is drafted. This outcomes-based evaluation and monitoring framework is critical if SFPAP are to fulfil their statutory duty³⁶ of advising Scottish Ministers on their progress towards meeting the fuel poverty targets. It is the SFPAP’s view that the framework should be developed by March 2024.

³⁵ [SFPAP initial advice to Ministers - October, 2022](#) – recommendation 11

³⁶ [Fuel Poverty \(Targets, Definition and Strategy\) \(Scotland\) Act 2019, 14, 3 \(a\)-\(c\)](#) (a) progress toward meeting the fuel poverty targets, (b) the likelihood of meeting the fuel poverty targets, and (c) the extent to which the four drivers of fuel poverty are being addressed.