THE SCOTTISH
FUEL POVERTY
ADVISORY PANEL

Scottish Fuel Poverty Advisory Panel Periodic Report Response – Engagement Responses

1. Introduction

The Scottish Fuel Poverty Advisory Panel (SFPAP) posed questions to external stakeholders to help inform their response to the Scottish Government's Periodic Report on Fuel Poverty. Questions were submitted on the 1st of July and responses were received by the 4th of August 2025. Key findings from these responses are provided below, full responses are provided in the annexes to this report.

2. Key findings – Heat in Buildings Bill (HiBB) delay

The Panel asked Energy Action Scotland (EAS), Consumer Scotland, Existing Homes Alliance (EHA), and the Scottish Federation of Housing Associations (SFHA):

What do you think is the extent of the impact of the HiBB delay on fuel poverty targets?

Below is a summary of their responses.

2.1 Positives

- Energy Action Scotland highlighted that the delay affords opportunity for fuel poverty to be a key consideration within the Heat in Buildings Bill. They argue that it was previously unclear how the Bill was considering or prioritising the meeting of fuel poverty targets and the needs of vulnerable people whilst it pursued a Net Zero ambition.
- Consumer Scotland's assessment is that the ultimate impact of HiBB on statutory fuel poverty targets will depend less on timing, and more on the content, funding and sequencing of the Bill. If the delay results in a better overall package of measures, then this is likely to be beneficial for consumers.
- SFHA noted that the HiBB will include provisions to increase heat network development – something which SFHA supports as a choice for social tenants, provided that this is supported with adequate regulation and consumer protection. However, they are concerned that recent proposals on fair pricing do not make a strong enough link with fuel poverty objectives.
- In addition, SFHA highlight that while heat networks may offer a solution for some properties, there remains uncertainty around the delivery timescales within proposed heat network zones and the future proofing required to facilitate connections to new networks.

2.2 Negatives

- Energy Action Scotland highlighted that the delay in the Bill has in turn delayed the introduction of minimum energy efficiency standards for private landlords, meaning that private sector tenants must continue to live in inefficient, poor quality accommodation. The delay has also created uncertainty amongst home owners in terms of how their homes need to improve over time.
- Building on this, the Existing Homes Alliance argued that delays in introducing minimum energy efficiency standards (MEES) across all tenures will result in people living in cold, damp homes for longer. Minimum energy efficiency standards currently exclude agricultural tenancies, and there is no clear commitment to introduce MEES for owner occupier homes.
- The Existing Homes Alliance also argue that policy uncertainty is holding back homeowner/landlord investment, as well as impacting supply chain investment. Furthermore, they flag that continued reliance on volatile fossil fuel for heating leaves households more vulnerable to rising prices.
- Consumer Scotland highlights the fact that policy uncertainty dampens demand for the earlier adoption of low carbon technologies, and, in terms of market impact, it can discourage investment in new capacity, training and technology, which ultimately impacts consumers.
- SFHA flagged that the legislative delays will put further pressure on the already challenging delivery timescales for meeting Scotland's 2045 Net Zero target and 2040 target for eradicating fuel poverty.
- SFHA also highlighted that the HiBB and the Social Housing Net Zero Standard (SHNZS) are connected, meaning that delays and changes in approach to the Bill have impacted the finalisation of the proposed standards for the social housing sector. The systems which will be used to assess compliance with both HiB legislation and the SHNZS are also evolving resulting in further complications in sequencing standards and the tools available to support them. The proposal to reform Energy Performance Certificates causes uncertainty for SHFA members, both in terms of understanding their new baseline performance and navigating the transition to new compliance metrics.

2.3 Recommendations for the Bill

- In June, Consumer Scotland published the findings of its investigation into the market for low-carbon technologies and energy efficiency measures. Five of the report's nine recommendations specifically highlight actions that the Scottish Government can take in relation to heat in buildings:

    1. The Scottish Government should make Energy Performance Certificates clearer and more action-focused, supported by robust quality and enforcement systems.
    2. The Scottish Government should lead inclusive campaigns around benefits, choices, and support – to empower consumers around the home heating transition.

3. As demand increases, the Scottish Government should ensure that consumers have access to trusted, independent advice.
4. By the end of 2026, the Scottish Government should review consumer funding for impact, fairness, and effectiveness – and streamline processes to remove unnecessary barriers.
5. The Scottish Government, working with sector partners, should deliver a robust Quality Assurance and consumer protection policy to build confidence and protect consumers.

- The Existing Homes Alliance highlighted that they have repeatedly called for the Bill to be introduced to give certainty to homeowners and industry, whilst protecting the most vulnerable. They have called for a specific clause to be included in the Bill that would ensure it contributes to meeting fuel poverty targets. They have also consistently called for the full costs of the transition to clean heating to be fully funded for those in fuel poverty.
- SFHA call for the following action:
    - The Scottish Government should implement an enhanced, multi-year Social Housing Net Zero Fund with an annual budget of £150-£250m, supported with additional private finance, to drive successful retrofit at scale and avoid costs being passed to tenants.
    - The HiBs legislation and SHNZS must sit alongside other fuel poverty safeguards, particularly for low-income households, making the transition to clean heat of wider energy market reforms by the UK Government.

3. Value of the third sector

The Panel asked Energy Action Scotland:

Do you feel that the work of your members is recognised in the Periodic Review. Do you have evidence of the value (investment and impact) of the services provided by your members?

Below is a summary of EAS's response:

- EAS felt that the Periodic Report did not give much focus to the role the third sector has played before or during the COVID and Cost of Living Crises.
- While EAS members have not been able to bring about material reductions in fuel poverty, they have managed to mitigate the worst impact of rising energy prices and debt, despite support mechanisms being cut or withdrawn.
- The Periodic Report references the positive attributes of the Fuel Insecurity Fund but there is no recognition or rationale for the discontinuation of the fund.
- Ofgem provides cumulative impact information on the Warm Home Industry Initiatives and some EAS members provide high level financial impact estimates of the impact of their work. It is consistently evidenced through these reviews and evaluations that the sector delivers significant impacts per pound of public investment.

- The work that members deliver provides tremendous support with over three thousand people every single week receiving support.

4. Gypsy/Traveller research

The Panel asked three questions to Minority Ethnic Carers of People Project **(**MECOPP):

Has SG supported lived experiences research (Action 1 of the Fuel Poverty Strategy Action Plan)?

Has SG supported research with Gypsy/Traveller communities (Action 8 of the Fuel Poverty Strategy Action Plan)?

What is the energy price challenge (on LA sites) for Gypsy/Traveller communities (Action 29 of the Fuel Poverty Strategy Action Plan)?

Below is a summary of MECOPP's response:

- Lived experience has been an important part of the engagement MECOPP have been doing with the wider Gypsy/Traveller community and much of the funding for this has come from Scottish Government.
- While their black and minority ethnic (BME) carers research has mainly been funded by Oxfam, some staff time and their findings (funded directly through SG) supported this research. This included looking into fuel poverty.
- Energy price issues on local authority sites include: cost of Calor gas bottles; the difficulty in obtaining these (they will only be delivered in bulk- adds to cost). Furthermore all sites follow their own historic procedures, I,e. top up cards for pre-payment meters which proves more costly for residents, and on some sites cards cannot be obtained locally (if site manager is not on site to provide).

5. Other comments from external stakeholders

- Consumer Scotland called for the Scottish Government to review the actions in its 2021 Fuel Poverty Strategy, in line with section 6 (5) of the 2019 Act, to ensure they are fit for purpose.
- Consumer Scotland also called for the Scottish Government to outline its fuel poverty reduction plan towards 2045, which sets out how the Strategy's actions will combine to tackle fuel poverty across its four drivers.
- EHA urged the Scottish Government implement the recommendations of their 2023 Rapid Review of Fuel Poverty and Energy Efficiency Delivery Programmes. Recommendations include providing adequate resources to advice services; scaling up energy efficiency programmes; providing longer term funding commitments, and introducing a HiBB with clear minimum energy efficiency standards.

Annex A: Energy Action Scotland response to Panel questions

SFPAP – questions to Energy Action Scotland to help inform Panel response to Fuel Poverty Periodic Report

The SFPAP is reflecting on its response to the Scottish Government's publication of Tackling Fuel Poverty in Scotland: Periodic Report 2021 – 2024 – the first of the 3 yearly reports produced by Scottish Ministers to set out their progress towards meeting Scotland's 2040 fuel poverty targets. The SFPAP has a statutory obligation to publish its response by the end of September 2025. The Panel would be very interested in hearing your views on the below questions which it would then plan to use in its response to Scottish Ministers. The Panel would also welcome your general reflections on the Periodic Report. If you would like to offer your thoughts to the Panel, please could you respond by Monday 4th August. If you have any questions, please don't hesitate to get in touch at enquiries@fuelpovertypanel.scot.

Q1. What do you think is the extent of the impact of the Heat in Buildings Bill delay on fuel poverty targets?

Scotland has not made any significant impact on reducing fuel poverty figures. Since 2019 fuel poverty has increased from 1 in 4, to 1 in 3 households. The Scottish House Condition Survey, the source of the official figures, consistently references its own values as an underrepresentation of fuel poverty due to the relatively low sample sizes it continues to use. The 2030 interim target of no more than 15% of households in fuel poverty looks unachievable and the 2040 of no more than 5% is therefore questionable.

The delay to the Heat in Buildings Bill has multiple impacts, both positive and negative. Positive in that it was unclear how the Bill was considering or prioritising the meeting of the fuel poverty targets and the needs of vulnerable households whilst it pursued a NetZero ambition. NetZero and fuel poverty are not incompatible, but neither are they entirely without conflict. Scottish Government could have moved faster to incorporate protections to ensure that fuel poverty was a consideration for the Heat in Buildings Bill earlier and avoided delay. But the delay affords opportunity for fuel poverty to be a principal consideration within the Bill.

Negatively, the delay in the Bill has held back progress in no-regret areas for fuel poverty. Yet another delay to the introduction of minimum energy efficiency standards for private landlords means longer for private sector tenants to languish in inefficient, poor-quality accommodation. The fuel poverty rate for private tenants is persistently and unacceptably high at 44%[1]. Delays to the introduction of standards for private sector landlords inevitably means delays to any beneficial impact for private sector tenants.

No progress is being made towards how owner-occupied domestic property is going to improve over time. Delays create uncertainty which is to the detriment of the changes that are required. Clarity over the funding mechanisms and their operation are absent and should have been addressed in the Bill. It seems unclear that this will be address in the bill and any attendant strategy and action plan.

UK Government, Scottish Government and Energy Industry energy efficiency and NetZero programmes continue to be delivered and do not appear to be significantly affected by the absence of a Heat in Buildings Bill in Scotland. Nonetheless after 30years of delivery on energy efficiency, almost 50% of domestic property do not achieve an EPC band C or better. This could be reinvigorated by an impactful, fuel poverty considering Heat in Buildings Bill which Energy Action Scotland and its members would welcome.

Generally speaking, Energy Action Scotland would characterise the work in the area of Heat in Buildings as piecemeal, with different consultations at various times, with legislation or regulation being considered or implemented at different times without a clear route map or framework to measure progress as a consequence of any changes made. EPC reform is a prime example, there has been considerable debate and consultation on EPC reform in Scotland for over a decade and yet little has changed, consultations in 2021 and 2023 leading to changes if and when they are implemented may only be measured as being effective or otherwise in 2027 or 2028.

Q2. Do you feel that the work of your members is recognised in the Periodic Review. Do you have evidence of the value (investment and impact) of the services provided by your members?

The Periodic Review did not dwell on the impact that the wider third sector has consistently delivered before, or during the COVID and Cost of Living Crisis, albeit the latter crisis persists with a worrying acceptance of the impact on households as a 'new normal'.

Whilst members may not have been able to affect material reductions in fuel poverty, they have certainly helped to mitigate the worst impacts of rising energy prices and

[1] https://www.gov.scot/publications/scottish-house-condition-survey-2023-key-findings/pages/3-fuel-poverty/

spiralling energy debt despite mechanisms of support being cut and, in some cases, completely withdrawn across the landscape.

In relation to the periodic report itself, it appeared to brush over areas where we know or believe concern was expressed. The loss of the Fuel Insecurity Fund was something that organisations within the advice sector knew was to the detriment of households that could have received support. The positive attributes of the Fund were referenced whilst no recognition or rationale for the discontinuation of the Fund was provided. Whilst it is difficult to provide direct evidence it is note worthy that in the absence of crisis and other financial support, domestic energy debt has continued to spiral reaching over £4.1bn in Q1 2025, households with prepayment meters are continuing to experience significant periods where they are off supply[2].

Member organisations of Energy Action Scotland are diverse, but at our core, in governance, we are a hub for charities and other non-profit distributing organisations. Those organisations are not in themselves homogenous representing diversity with housing associations, local, regional, and national charities of varying sizes aligned behind a common goal to eliminate fuel poverty.

As a 'sector' there is no simple agreed measure against which it could demonstrate its impact or the outcomes it affords for vulnerable and fuel poor households. Variously this work is demonstrated in the larger evaluation reporting of funders. Through programmes funded by the gas networks there is a framework for a measure of social return on investment which will not be completed until the closure of programmes in 2026, Ofgem provides cumulative impact information on the Warm Home Industry Initiatives and some members provide high level financial impact estimates of the impact of their work. It is consistently evidence through these reviews and evaluations that the sector delivers significant impacts per £ of public investment. The work that our members deliver provides tremendous support with over three thousand people every single week receiving support despite increased pressure on the sector along with cuts to funding.

Energy Action Scotland and its members are more than happy to provide any additional insight to support the work of the panel. We and though are ready to engage with the panel and its members and would welcome any opportunity to speak directly.

[2] https://www.ofgem.gov.uk/data/debt-and-arrears-indicators

Annex B: Existing Homes Alliance response to Panel questions

SFPAP – questions to the Existing Homes Alliance to help inform Panel response to Fuel Poverty Periodic Report.

The SFPAP is reflecting on its response to the Scottish Government's publication of Tackling Fuel Poverty in Scotland: Periodic Report 2021 – 2024 – the first of the 3 yearly reports produced by Scottish Ministers to set out their progress towards meeting Scotland's 2040 fuel poverty targets. The SFPAP has a statutory obligation to publish its response by the end of September 2025. The Panel would be very interested in hearing your views on the impact of the Heat in Buildings Bill (HiBB) delay which it would then plan to use in its response to Scottish Ministers. The Panel would also welcome your general reflections on the Periodic Report. If you would like to offer your thoughts to the Panel, please could you respond by Monday 4th August. If you have any questions, please don't hesitate to get in touch at enquiries@fuelpovertypanel.scot.

Q1. What do you think is the extent of the impact of the HiBB delay on fuel poverty targets?

To get to net zero, homes across Scotland need to be upgraded with new, clean heating systems and many will need improved energy efficiency to make them easier to heat and reduce energy demand. There is no doubt that this will be challenging, however it is a necessary step that, if done well, will bring new jobs and training opportunities, supporting economic growth and building resilient communities.

To get to zero emissions homes in a way that is fair and just, we need robust regulation that drives the right behaviours, while protecting the most vulnerable.

With the right balance of regulation (through the Heat in Buildings Bill) and support (financial and practical), Scotland can eliminate poor energy efficiency as a driver of fuel poverty and potentially reduce household energy bills.

Since the publication of the Heat in Buildings Strategy in 2021, the Heat in Buildings Bill has been seen as a key part of the policy package for delivering a just transition. The Existing Homes Alliance has repeatedly called for the Bill to be introduced to give certainty to homeowners and industry, whilst protecting the most vulnerable. We have called for a specific clause to be included in the Bill that would ensure it contributes to meeting fuel poverty targets. We have also consistently called for the full costs of the transition to clean heating to be fully funded for those in fuel poverty.

If such a Bill had been introduced in 2024 (following the extensive and broadly supportive consultation exercise) and passed by the Parliament, we would now have a clear regulatory framework that would deliver on the Scottish Government objectives of reducing climate change emissions from homes in a way that is also tackling fuel poverty.

However, the Bill has been beset with delays and indications are that the scope of the Bill has been significantly narrowed.

The key impacts of this are:

- **Delays in introducing minimum energy efficiency standards (MEES) across all tenures will result in people living in cold, damp homes for longer.**

  Introduction of MEES would eliminate poor energy efficiency as a driver of fuel poverty. The proposed regulations for MEES for the private rented sector (PRS) are welcome, however we are deeply concerned that there remain significant gaps.

  The PRS proposals exclude agricultural tenancies and there is no clear commitment from Government to introduce MEES for owner occupied homes. There is a risk of people in agricultural tenancies being left behind, living in cold, damp homes, with unaffordable heating costs, and having to live with the known health risks associated with underheated housing.

  The lack of MEES for owner occupied homes puts mixed tenure investment programmes at risk. Many council and housing association led projects involve works in flats and tenements with a mix of owner occupied and private rented properties. A single fabric/energy efficiency standard across all tenures is essential to enable works to areas in shared ownership to be carried out. Without this, mixed tenure investment projects will stall due to lack of engagement from other owners, and residents will be left living in energy inefficient homes with higher bills.

- **Policy uncertainty is holding back homeowner/landlord investment**.

  The Heat in Buildings regulations are essential to give owner occupiers and landlords clarity about what they need to do and by when. Delays in introducing these regulations mean homeowners remain unclear about what is expected of them. Landlords (both social and private) have reported delaying improvements until they have clarity on required standards.

- **Policy uncertainty is holding back supply chain investment**.

  Industry stakeholders are telling us that they need certainty to invest in creating the jobs and skills that will be needed over the next 20 years to decarbonise our heating. Businesses are delaying investment in growth, which is a lost opportunity to create jobs that would not only support economic growth nationally, but also strengthen local communities and put money in peoples' pockets. (See open letter from industry to First Minister)

- **Continued reliance on volatile fossil fuel for heating leaves households more vulnerable to rising prices.**

  The delay in introduction of the Bill is slowing the process of moving away from that reliance. Switching to clean, renewables-based heating will ensure long-term energy security and affordable heating for all.

Views on Periodic Report

We agree with the Scottish Government's view that the high cost of energy is the main driver of fuel poverty, and the Scottish Government must continue to exert pressure on the UK Government to address the high cost of energy.

However, it is essential that the Scottish Government makes full use of the levers at its disposal to address fuel poverty. There remains much that the Scottish Government can and should be doing to tackle fuel poverty.

We urge the Scottish Government to implement the recommendation of our 2023 Rapid Review of Fuel Poverty and Energy Efficiency Delivery Programmes which recognised the excellent work of the Warmer Homes Scotland, Area Based Schemes and the Social Housing Net Zero Heat Fund. The report identified blockages and barriers that are holding these programmes back from being as effective as they could be.

Actions the Scottish Government should take:

- Provide adequate resources to advice services, including protection of Home Energy Scotland advice services, with increased awareness raising to ensure those in need are aware of the support available to them and are able to access it.

- Scale up the highly effective fuel poverty programmes and energy efficiency programmes (Warmer Homes Scotland, Area Based Schemes and Social Housing Net Zero Heat Fund) so they get closer to meeting the scale of need.

- Provide longer term funding commitments for the fuel poverty and energy efficiency programmes to enable longer-term, strategic approaches to delivery that will deliver economies of scale and maximise certainty for the supply chain.

- Consider opportunities for creating efficiencies within programmes, for example by enabling Warmer Homes Scotland installers to generate demand and deliver small area-based projects, particularly in remote, rural or island locations.

- Ensure the Area Based Scheme programme is fully spent by supporting local authorities to identify and deliver projects. This should include advising local authorities of their grant allocations earlier in the year and reallocating any underspend early to maximise spend. The Scottish Government should also work with local authorities to develop improvement plans where they are consistently underspending their allocation.

- Ensure ECO funding is maximised in Scotland by facilitating information sharing and learning across local authorities. This could include engagement with those organisations that are effectively using ECO funding (such as Scarf, Wise Group and Energy Agency) to explore how ECO funding can be maximised, including considering how it can work together with ABS and WHS to maximise the reach of area-based projects and plug gaps in eligibility.

- Scale up Home Energy Scotland (HES) advice services, with increased marketing of fuel poverty programmes and HES grants and loans. Indications are that there has been limited uptake of the Private Rented Sector Landlord Loan Scheme which means private tenants are missing out on upgrades. Marketing of this scheme should be increased to maximise spend. Clear regulations will play a crucial role in driving demand.

- Introduce a Heat in Buildings Bill will clear minimum energy efficiency standards to reduce energy demand in homes and support a switch away from fossil fuel heating with its volatile costs.

- Ensure the Heat in Buildings Bill includes a requirement that the regulations contribute to meeting fuel poverty targets and that the implementation and impact of the legislation is overseen by the Fuel Poverty Advisory Panel.

Annex C: Consumer Scotland's response to Panel questions

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C/O Floor 7
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Glasgow
G2 8LU

4 August 2025
By email to: enquiries@fuelpovertypanel.scot

Dear Panel Members

Thank you for inviting Consumer Scotland to review the Scottish Government's first Periodic Report of its Fuel Poverty Strategy, and to comment on the potential implications of the decision to delay the introduction of the Heat in Buildings Bill (HiBB). As the statutory advocate for energy and heat network consumers in Scotland, we welcome the opportunity to assist the Panel ahead of its response to Scottish Ministers, by assessing how this postponement may affect progress towards the statutory fuel poverty targets, as set out in the Fuel Poverty (Targets, Definition and Strategy) (Scotland) Act 2019.

Periodic Report 2021 – 2024

The overall fuel poverty rate in Scotland has increased by almost ten percent since the passage of the 2019 Act.[3] Fuel poverty is also more entrenched and therefore more difficult to tackle, with a greater proportion of households now living in extreme fuel poverty.[4] Consumer Scotland would highlight that these figures, and the trend of fuel poverty rates continuing to increase, makes meeting the first interim target in 2030 extremely challenging.[5] We therefore welcome Scottish Government's recognition, as outlined in the Periodic Report, that it is currently some distance from achieving its statutory targets and that there is significant work to do if these targets are to be met.

We recognise that there are factors that are outwith the Scottish Government's control driving the increase in fuel poverty, particularly in relation to energy prices and the pressures this places on household budgets. In order to get progress back on track towards meeting its fuel poverty targets, the Scottish Government should now review the actions in its 2021 Fuel Poverty Strategy, in line with section 6 (5) of the 2019 Act, to ensure these are fit for purpose. We would also reiterate the need, as highlighted in our previous submissions

[3] Scottish House Condition Survey 2019 (24.6%) vs 2023 (34%)
[4] Scottish House Condition Survey 2019 (12.4%) vs 2023 (19.4%)
[5] That no more than 15% of households in Scotland are in fuel poverty

to the Panel, for the Scottish Government to outline its fuel poverty reduction plan towards 2045, which sets out how the Strategy's actions will combine to tackle fuel poverty across its four drivers. This will help build to confidence in the process, and develop an enabling environment for stakeholders and communities invested in eradicating fuel poverty.

Impact of the delay to the Heat in Buildings Bill

Evidence suggests that policy uncertainty dampens demand for the earlier adoption of low carbon technologies. Consumer Scotland's research into the consumer experience of such markets highlighting that consumers' willingness to install new technologies is at least in part linked to their perception of stable and supportive policy frameworks, particularly around the availability and ease of access of support schemes.

In terms of market impact, uncertainty can discourage investment in new capacity, training and technology, which ultimately impacts consumers. The Green Heat Finance Taskforce has highlighted the need to foster market confidence by providing clear signals around the direction of policy development, whilst Audit Scotland has noted that many companies are reluctant to enter or expand in the sector without firmer regulatory signals and supportive incentives.

However, despite these downsides, **our assessment is that the ultimate impact on statutory fuel poverty targets will depend less on timing, and more on the content, funding and sequencing of the HiBB** – i.e., if the delay results in a better overall package of measures, then this is likely to be beneficial for consumers. For example, we understand that the HiBB will now include provisions to boost heat network development through requirements for large, non-domestic premises, including powers to require public sector buildings to connect to district heating where available. Providing an anchor load in this way should create demand assurance for further heat network development, in line with Local Heat and Energy Efficiency Strategies, thus expanding the availability of low-carbon alternative heating options for consumers. The delay in the HiBB also provides an opportunity to align policy with the future direction of electricity market arrangements – particularly around wholesale price signals and delivering cost-saving benefits from the electrification of heat – with the Secretary of State having recently confirmed the UK Government's decision to retain a single national GB-wide wholesale market.

Converting Scotland's Home Heating

In June Consumer Scotland published the findings of its investigation into the market for low-carbon technologies and energy efficiency measures. The report highlights that the forthcoming HiBB is an opportunity to align our climate ambitions with the need for greater fairness and accountability in the home retrofit sector. Reducing fuel poverty is one of the benefits that can be achieved by getting this right. The report provides clear, practical recommendations to help ensure that consumers are empowered, supported and protected through every stage of the home heating transition – from initial decisions to installation protections, to redress when things go wrong. Five of our report’s nine recommendations specifically highlight actions that the Scottish Government can take:

1. The Scottish Government should make Energy Performance Certificates clearer and more action-focused, supported by robust quality and enforcement systems
2. The Scottish Government should lead inclusive campaigns around benefits, choices, and support – to empower consumers around the home heating transition
3. As demand increases, the Scottish Government should ensure that consumers have access to trusted, independent advice
4. By the end of 2026, the Scottish Government should review consumer funding for impact, fairness, and effectiveness – and streamline processes to remove unnecessary barriers
5. The Scottish Government, working with sector partners, should deliver a robust Quality Assurance and consumer protection policy to build confidence and protect consumers

The Panel may wish to consider how these recommendations can complement its response to Ministers on the Fuel Poverty Strategy Periodic Report. We would welcome further engagement with the Panel on our investigation report findings and recommendations.

Conclusion

With fuel poverty rates continuing to increase, we welcome Scottish Government’s recognition that that considerable work is required if its statutory fuel poverty targets are to be met and consumers in Scotland are to be lifted out of fuel poverty. The Scottish Government should act now to refresh the actions in the 2021 Fuel Poverty Strategy and outline a plan for fuel poverty reduction towards the overall target date in 2045. The delay to the HiBB may have resulted in a brief period of policy uncertainty, but ultimately the impact on fuel poverty rates will depend less on timing, and more on the content, funding and sequencing of the HiBB. There are reasons for cautious optimism in some of the new proposals for the Bill. To maximise the opportunity that the Bill presents, the Scottish Government should engage proactively with the relevant findings and recommendations of Consumer Scotland’s investigation into Scotland’s home heating market to ensure that consumers are empowered, supported and protected in every step of the energy transition.

Yours faithfully,

Alistair Hill
Head of Energy Transition

Annex D: SFHA response to Panel questions

SFPAP – questions to the Scottish Federation of Housing Associations to help inform Panel response to Fuel Poverty Periodic Report

The SFPAP is reflecting on its response to the Scottish Government's publication of Tackling Fuel Poverty in Scotland: Periodic Report 2021 – 2024 – the first of the 3 yearly reports produced by Scottish Ministers to set out their progress towards meeting Scotland's 2040 fuel poverty targets. The SFPAP has a statutory obligation to publish its response by the end of September 2025. The Panel would be very interested in hearing your views on the below questions which it would then plan to use in its response to Scottish Ministers. The Panel would also welcome your general reflections on the Periodic Report. If you would like to offer your thoughts to the Panel, please could you respond by Monday 4th August. If you have any questions, please don't hesitate to get in touch at enquiries@fuelpovertypanel.scot.

Q1. What do you think is the extent of the impact of the Heat in Buildings Bill delay on fuel poverty targets?

The Heat in Buildings Bill (HiBB) is a critical component of the Scottish Government's ambition to tackle poor energy efficiency as a driver of fuel poverty. While we understand the need to ensure the legislation is correctly designed, it is frustrating that the consultation was published back in November 2023 but we do not yet have the Bill. SFHA has also welcomed the commitment that the Bill will now be taken forward this year and include standards for all housing tenures.

However, the delays to this legislation have delayed action and this will put further pressure on the already challenging delivery timescales for meeting Scotland's overarching 2045 net zero target and the 2040 target for eradicating fuel poverty. We are a member of the Existing Homes Alliance and support their wider feedback to the panel on the impacts for different housing tenures and for industry.Our response details the key concerns of our housing association members which include the **uncertainty on the proposed standards**, the **inadequate funding and finance** available to support delivery and ensuring **a just transition for tenants**.

<u>Uncertainty on proposed standards</u>

While the HIBs legislation will sit separately to the **Social Housing Net Zero**

Standard, they are interconnected and the delays and change in approach to the Bill have impacted the finalisation of the proposed standards for the social housing sector. Back in 2021, as part of the Zero Emissions Social Housing Taskforce[6], we called for the review of energy efficiency standards for the social housing sector initially planned for 2025 to brought forward to provide our members earlier notice and more time to deliver on the new requirements. Scottish Government agreed to this recommendation, and while the review was initiated in in 2022 with a wider consultation in 2023, we do not yet have clarity on the final standard.

With social homes forming almost a quarter of our housing stock, social landlords have a key part to play in both tackling fuel poverty and supporting the net zero transition. Our members have already been making significant investments in existing homes and have continued to do so in the absence of clear policy or standards. As a result, we have seen **sustained improvements in energy performance**, with the percentage of housing association homes achieving an EPC Band C or above increasing from 68% in 2019 to 78% in 2023. By comparison only 51% of private sector households (owner occupied and private rented) and 63% of local authority social housing met this standard in 2023[7].
The systems which will be used to assess compliance with both the Heat in Building legislation and the Social Housing Net Zero Standard are also evolving resulting in further complications in sequencing the standards and the tools available support them. It is proposed that reformed Energy Performance Certificates, including a revised rating system and new calculation methodology, will be introduced in 2026. However, the technical infrastructure to support this new system is still being developed and it is not yet clear how comparable the new modelling will be with current data. While these changes will offer benefits in terms of the new metric for energy efficiency being detached from fuel cost drivers, this creates further uncertainty for our members – both in terms of understanding their new baseline performance and **navigating the transition to new compliance metrics.**

Inadequate funding and finance

Our members are also now reaching the limits of what they can deliver within increasingly constrained budgets, particularly when moving beyond simple energy efficiency upgrades to more complex clean heating projects. The **Social Housing Net Zero Heat Fund** has been essential in driving projects

[6] https://www.gov.scot/groups/zero-emission-social-housing-taskforce/
[7] https://www.gov.scot/publications/scottish-house-condition-survey-2023-key-findings/documents/

which would have been financially unviable without grant support. However, this short-term, competitive fund has been difficult for our members to access due to the challenging delivery timescales which don't align with strategic investment and asset management plans. With the final call for applications now closed, our members now also face a funding cliff edge which, along with the uncertainty on the final standard they will be
expected to meet, is further hampering progress.

Mixed tenure projects also present a challenge since these require collective action to fund communal energy efficiency and clean heating upgrades, in addition to overcoming other technical and legal barriers. There are already difficulties in gaining consents for repairs and maintenance in mixed ownership blocks and while work is underway through the Tenement Maintenance Working Group to resolve some of these challenges, funding remains a key barrier. While it is positive that the Scottish Government is now consulting on minimum energy efficiency standards for the Private Rented Sector (PRS) and intends to introduce further standards for owner/occupiers, the uncertainity surrounding the standards, delivery timescales and available funding for different tenures, add further complication and risks leaving those living in mixed ownership properties behind.

<u>A just transition for tenants</u>

Improved energy efficiency standards, even if coupled with adequate capital funding, will not address the issue of fuel poverty in isolation. The fact that fuel poverty rates remain stubbornly high in the social housing sector, despite the improvements in energy performance, highlights the importance of **tacking all four drivers of fuel poverty**. Indeed, for housing association tenants, the proportion in fuel poverty has increased from 39% in 2019 to 60% in 2023. In a recent survey by the Scottish Housing Regulator[8], 65% of tenants reported that increased energy costs have had a significant impact on their financial circumstances over the last year.

Clean heating systems also bring additional fuel poverty risks, particularly when shifting from gas systems which may be more affordable to run than a heat pump or electric storage heaters due to the high cost of electricity[9]. The expectation at the time of the ZEST report was that UK Government would be making decisions on energy market reforms which would potentially rebalance these costs. However, this has not yet progressed, and it has recently been

[8] https://www.housingregulator.gov.scot/for-tenants/national-panel-of-tenants-and-service-users-research-reports/national-panel-of-tenants-and-service-users-2024-to-2025/#section-3
[9] Harrington, The running cost of domestic heat pumps in the UK (March 2024)

confirmed that proposals for locational electricity pricing will not be taken forward.

With over 500,000 gas systems needing to be replaced in the social sector, our members need to consider the impact on tenants' energy bills. Many of the projects progressing through the Social Housing Net Zero Heat Fund are therefore combining electrified heating solutions with other technologies like solar PV and battery storage to help reduce running costs. However, this adds further capital and maintenance costs, which must then be funded through rental income, potentially negating the cost savings.

Tenant engagement and support will also be critical in delivering on both fuel poverty and net zero objectives. Our members are involved in various fuel poverty programmes, with some employing specialist energy advisors or working with partners to support tenants with tailored advice and advocacy[10]. However, these are typically reliant on short term, external funding and there are further constraints in remote and rural areas, where face to face advice is more difficult and resource intensive to deliver. These services will also become increasingly important as the rollout of clean heat accelerates and tenants seek additional support with unfamiliar technologies and more complex tariff options.

We also note that the HiBB will include provisions to increase **heat network development**. In SFHA's response to the consultation, we supported increasing the availability of heat networks as a choice for social tenants, provided that this is supported with adequate regulation and consumer protection. Given the considerable proportion of heat networks within social housing[11], we have been engaging with Ofgem as their regulatory framework for heat networks develops but have cautioned that the recent proposals on fair pricing, do not make a strong enough link with fuel poverty objectives.

More broadly, while heat networks may offer a solution for some properties, there remains uncertainty around the delivery timescales within proposed heat network zones and the future proofing requirements to facilitate connections to new networks. Given that most existing schemes are small scale, gas fired systems, the HiBB proposals must sit alongside support for small and not for profit schemes, including those operated by social landlords, which may require further investment to improve their energy efficiency and decarbonise.

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[10] https://www.sfha.co.uk/news/news-category/sfha-news/news-article/changeworks-launches-tenant-energy-support-service

[11] https://www.gov.scot/publications/scottish-house-condition-survey-2023-key-findings/pages/1-key-attributes-of-the-scottish-housing-stock/

Action needed (in addition to those proposed by the Existing Homes Alliance):

- The Scottish Government should implement an **enhanced, multi-year Social Housing Net Zero Heat Fund** with an annual budget of £150-250m, supported with additional private finance, to drive successful retrofit at scale and avoid costs being passed to tenants.
- The HiBs legislation and Social Housing Net Zero Standard must sit alongside **other fuel poverty safeguards,** particularly for low-income household making the transition to clean heat ahead of wider energy market reforms by the UK Government (Priority Action 4, 5, 6 & 9).

Annex E: MECOPP response to Panel questions

SFPAP – questions to MECOPP to help inform Panel response to Fuel Poverty Periodic Report.

The SFPAP is reflecting on its response to the Scottish Government's publication of Tackling Fuel Poverty in Scotland: Periodic Report 2021 – 2024 – the first of the 3 yearly reports produced by Scottish Ministers to set out their progress towards meeting Scotland's 2040 fuel poverty targets. The SFPAP has a statutory obligation to publish its response by the end of September 2025. The Panel would be very interested in hearing your views on the below questions which it would then plan to use in its response to Scottish Ministers. The Panel would also welcome your general reflections on the Periodic Report. If you would like to offer your thoughts to the Panel, please could you respond by Monday 4th August. If you have any questions, please don't hesitate to get in touch at enquiries@fuelpovertypanel.scot.

Q1a. Lived experience has been an important part of the engagement MECOPP have been doing with the wider Gypsy/Traveller community and much of the funding for this has come from Scottish Government. This has been used to inform a number of outputs we have had recently. Some of it is indirect – ie the accommodation papers, where arguably issues around mould etc are partly related to fuel poverty. Some of it has been more direct – we have used that lived experience to inform consultation responses (NCO response to Pension Age Winter heating Payment Consultation, Consumer Scotland surveys and work, Housing Bill Consultation, Scrutiny of Scottish Housing Regulator Consultation, Rural Delivery Plan: vision, strategic objectives and key performance indicators consultation). We also fed back into the Scottish Government Fuel Poverty Team's Fuel Poverty Periodic Report - Gypsy/Travellers.

Q1b. Has SG supported research with Gypsy/Traveller communities (Action 8 of the Fuel Poverty Strategy Action Plan)?

While our BME carers research has mainly been funded by Oxfam, some staff time and their findings (funded directly through SG) supported this research. This included looking into fuel poverty and the research demonstrated that carers in Gypsy/Traveller communities were substantially more likely than most to be struggling to pay utility bills. Around 25 Gypsy/Traveller carers took part in the research.

*We were initially funded – last three years through SG poverty directive- we worked on fuel and food poverty/insecurity- this funding stream however was pulled for 25/26 so we could no longer fund this work that encompassed rural and urban areas.

Q1c. What is the energy price challenge (on LA sites) for Gypsy/Traveller communities (Action 29 of the Fuel Poverty Strategy Action Plan)?

There are a number of issues around these services on local authority sites. These issues include; cost of calor gas bottles (not being capped- have risen since covid/the difficulty in obtaining these (they will only be delivered in bulk- adds to cost), all sites follow their own historic procedures ie; top up cards for pre-payment meters-proving more costly for residents. On some sites cards cant be obtained locally (if site manager is not on site to provide) MECOPP have case studies where vunerable community members have went without fuel over the weekend, some sites claim they are off the grid and so residents have no alternative choice for fuel, issues around poor energy efficiency of some amenity blocks etc, mould issues, insufficient heating/infustructures. In short if the amenities and infrastructures are not fit for purpose (maintenance/standards) its evident the cost of fuel to heat etc will inevitably cost these residents more, they are at a automatic disadvantage as a resident on a LA GT site.