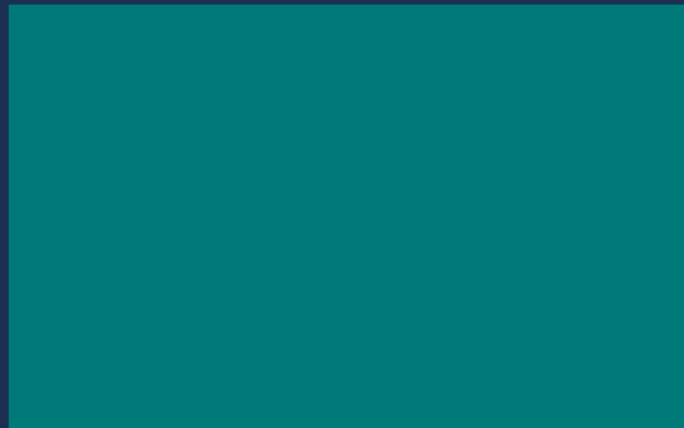


THE SCOTTISH
FUEL POVERTY
ADVISORY PANEL



Island Fuel Poverty - Findings

The Scottish Fuel Poverty Advisory Panel

August 2026

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1. Introduction

1.1 The Scottish Fuel Poverty Advisory Panel's has previously highlighted that island and remote rural communities suffer the worst fuel poverty in Scotland ([The Panel's Periodic Report Response](#) September 2025). The Panel has concluded that a bespoke approach to the structural disadvantage suffered by rural and remote areas is needed to tackle the fuel poverty in these communities. One of the Panel's recommendations was that "island and remote rural communities should have a specific, more focused and co-ordinated, approach for tackling fuel poverty with clear leadership and enhanced resources."

1.2. The Panel's ['25-'26 Workplan](#) included a continuation of its previous year's focus on rural and remote fuel poverty. It aimed to explore what solutions are being deployed, the issues they unearth and their effectiveness.

1.3. This prior work informed the Panel's approach to the Islands' Fuel Poverty Roundtable, held online on the 17th of March 2026. Ahead of the Roundtable, the Panel held individual bilateral meetings with the 3 island local authorities (LAs) [Comhairle nan Eilean Siar, Orkney Islands Council, Shetland Islands Council] and the 3 Authorities with islands in their jurisdiction [Argyll and Bute Council, The Highland Council and North Ayrshire Council].

1.4. The purpose of the Roundtable was to explore the nature of and priorities for tackling fuel poverty in island communities with a view to the Panel making recommendations on how the needs of island communities can be represented in the revised Fuel Poverty Strategy.

2. Output from the Bilateral Meetings and Roundtable

2.1 The Panel, represented by Matt Cole, the Panel Chair and Alister Steele, Panel Member and Philippa Brosnan, Head of Secretariat held online meetings with the 6 local authorities between 16th February and 12th of March.

2.2 These meetings explored the drivers of fuel poverty in island communities and how they can be mitigated ensuring that any local drivers were understood.

2.3 The Panel developed initial reflections on the drivers of and mitigations for fuel poverty and its thoughts on these were presented to the attendees at the Island Fuel Poverty Roundtable on the 17th of March.

2.4. The Roundtable explored 6 priority areas for mitigating island fuel poverty, identified during the bilateral meetings with the island local authorities. These were:

- I. Increased investment in energy efficiency measures, recognising the higher cost of delivery in island communities, and ensuring a fabric first approach.
- II. Core funding for integrated advice and support services.
- III. Leadership, including an enhanced role for local authorities.
- IV. Energy market reform and pricing, including the support and the actions open to the Scottish Government.
- V. The effectiveness and structure of community benefits and how these can be used to tackle fuel poverty.
- VI. The potential to access renewable electricity generation to tackle fuel poverty.

A mural board was used to capture ideas and thoughts during the Roundtable.

2.5. The outputs from the bilateral meetings and the Roundtable are set out below:

- The drivers of fuel poverty in island communities.
- Mitigations for the fuel poverty drivers.
- Reflections on the drivers and mitigations
- Summary of the discussion at the Roundtable on the priority areas for tackling island fuel poverty.

3. The Drivers of Fuel Poverty in Island Communities



Impact of remote rural factors exacerbated in Island Communities

Geography – population scale & distribution, climatic challenge of wind driven rain & seasonal factors - impacting on household capacity to heat and house condition.

The message about the depth and breadth of island fuel poverty is not being heard.



High energy prices

Higher consumption needs – off-gas grid, unregulated fuels, and climatic factors.

Failure of current energy supply at both domestic and island level, e.g. domestic - radio teleswitch service switch over delays, and subsequent metering and tariff issues, as well as slow Smart meter roll out. Island - delays to energy transmission for potential community energy renewable projects.

Disparity between domestic and EV tariffs (the later much cheaper) is unfair. Standing charges higher too.



Poor energy efficiency of the home

Funding - more is needed to pick up the pace and to consolidate and build the supply chain.

Funding criteria, e.g. mismatch between mandated grant-funding heating upgrades to be low emission deepening FP where a whole fabric approach has not been funded.

Older, detached housing more prevalent and crofting housing legacy.

Lack of clarity on future energy standards.

Supply chain issues –barriers include higher capital costs, lack of contractor accommodation, connectivity.



Low household income

The higher cost of Island living.

Lack of core funding for local energy advice services undermines resilience and reach.

MIS island uplift does not reflect the Island cost of living premium.



How energy is used in the home

Low energy literacy.

Aging population.

Self-sufficiency ethos.

Distrust and reticence to share data.

4. Fuel Poverty Mitigations



Impact of remote rural factors exacerbated in Island Communities

Island Energy Strategy with greater local powers.

Improved infrastructure to enhance opportunities to benefit from renewables but also improve existing domestic supply (grid and transport etc.).

Robust Island Impact Assessments for new policies would strengthen policy-making and enable the island "voice" to be heard.

Greater recognition of fuel poverty impacts.



High energy prices

A Scottish Islands discount mechanism recognising the real level and impact of fuel poverty on wellbeing - education and health.

Community benefits designed to reduce energy bills.

Community ownership of renewables to reduce energy bills.



Poor energy efficiency of the home

Proportionate funding uplift, recognising additional costs associated with delivering measures in island communities.

Fabric first principle.

Strengthening the supply chain.

Better targeting of funding for the fuel poor.

Set out Scottish Housing Net Zero Standard and funding package.



Low household income

Assessment standard for individual assessment.

Leverage data held by local authorities - well-designed funded interventions can increase engagement.



How energy is used in the home

Core funding for local energy advice services.

Learning from best practice.

5. Scottish Fuel Poverty Advisory Panel - Reflections

5.1 The Panel reflected on what it had heard at its bilateral meetings with the six local authorities, drawing these together under the following ten points.

Reflections

1. Under the current fuel poverty definition, the cost of island living, level of energy consumption and energy costs mean that higher levels of fuel poverty in island communities are inevitable.
2. National policy and strategy need to be island-proofed, recognising the scale and impacts of fuel poverty on island communities.
3. Priorities for tackling fuel poverty sit differently in each local authority, reflecting local differences and the complex and cross-cutting nature of fuel poverty.
4. Additional multi-year energy efficiency funding is required with a holistic approach championed, including addressing supply chain issues.
5. Strong local energy advice networks exist in many island communities, and the structure and funding of these support services is critical.
6. The retail energy system does not reflect the needs and situations of people who live in island communities, including meter upgrades and tariff provisions, which leads to detriments.
7. Energy pricing and energy market reform are key to eradicating fuel poverty. The relative consumption and cost of heating (electricity and oil) needs to be recognised by UK policy makers to enable Fuel Poverty and Net Zero targets to be met.
8. Island authorities engage in innovative projects to tackle electricity supply issues.
9. Island communities collectively are significant net exporters of electricity but with no beneficial impact on local prices.
10. Islands can be viewed as operating like “plant rooms.” The curtailment of local renewable energy generation is a point of tension.

6. Priorities for tackling Island fuel poverty drivers and what needs to change

6.1. The Panel used its reflections to identify 6 priorities for discussion at the Roundtable. A summary of the discussion on these priorities is set out below. The summary of the discussion draws out both challenges and solutions.

	PRIORITY	SUMMARY FEEDBACK POINTS
1.	Increased investment in improving energy efficiency ensuring a fabric first approach.	➤ Multi-year funding unlocks investment capacity both for delivery but also other funding sources. ➤ Intervention sequencing is key – e.g. a fabric first approach aligning with post improvement measure support. Policy sequencing is needed too, or delays/vacuums result e.g. the long-awaited Social Housing Net Zero Standard. ➤ Funding specifications need to recognise the higher cost of delivery in island communities.
2.	Core funding for integrated advice and support services.	➤ Local expertise is crucial in embedding new technology for vulnerable households and supporting energy literacy. ➤ The advisory and support landscape is complex and therefore can be hard to navigate. Advice delivery models need to be as joined up as possible to meet needs fuel poverty or otherwise. ➤ Multi year core funding would make advisory agents more resilient as well as creating capacity and building trust within the community. ➤ Funding “autonomy” for advice and support, would be more effective without strict conditions set from the centre.

3.	Leadership, an enhanced role for local authorities.	➤ Island communities' expectations of their local authorities are often very high. ➤ Leadership is often constrained by limited resources, but where capacity exists, it can enable strong joined-up working. e.g. the Western Isles linking up with renewable developers to explore housing for temporary workers which can transition to permanent Island homes when these workers leave. ➤ Local authorities have traditionally played a role in developing capacity. They have a key role here given the Islands' role in the energy transition but there are resource deficits. ➤ There is a collective sense that the island voice is not heard, as is the case with the North of Scotland generally. This has led to the feeling there was a missed opportunity for the Islands Plan to engage.
4.	Energy market reform and pricing, the support and the actions open to the Scottish Government.	➤ Zonal pricing may have been dismissed but there are potentially other local options for intervention in the energy system, e.g., redistributing curtailed energy or establishing local generation and supply. ➤ An innovative approach by UK Government and Ofgem would be to deliver an island tariff. ➤ The Scottish Government has to champion the needs of communities both in the short term and long term to ensure that the energy market works for island communities, which it does not at the moment.
5.	The effectiveness and structure of community benefits and how these can be used to tackle fuel poverty.	➤ Consensus that community benefits and shared ownership of renewables should be used to alleviate fuel poverty. ➤ Community benefits should be mandated at the planning stage, with recognition that the Scottish Government and local authorities also have levers as the planning authorities. [Recognising that, currently, the Newbury Principles would prohibit this]. ➤ There needs to be a split between a regional and local approach allowing strategic and tactical deployment of community benefits.
6.	The potential to access renewable electricity generation to tackle fuel poverty.	➤ An energy framework is needed for the islands which recognises both collective and individual island place-based needs and opportunities. ➤ Shared ownership offers opportunities at community, local & SG level in terms of revenue flows. ➤ Curtailed energy, along with other energy sources which are not used, offer the potential for energy support if models can be found to capture them. There is a dependency on a robust infrastructure, e.g. the presence of working smart meters.

		➤ Current funding is channelled to pilot projects, often at the expense of mainstreaming successful ones. ➤ Several innovative approaches and pilot projects are underway or being considered, demonstrating the appetite to change the energy system for local benefit.
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7. Next Steps

7.1. The Panel will reflect further on what it has heard and learned, on what is set out in this report from its bilateral meetings and the Roundtable.

7.2. The Panel intends to send advice to the Minister for Europe, External Affairs and Energy recommending how the revised Fuel Poverty Strategy, to be published by December 2026, should reflect the needs of island communities.

7.3 The Panel also intends to share this advice with Ofgem and the Department of Energy Security and Net Zero to highlight the fuel poverty impact on island communities and how deficits in the current energy system have made island fuel poverty endemic. It will also be sent to the [Committee on Fuel Poverty](#), which advises on the effectiveness of policies aimed at reducing fuel poverty in England, as well as with fuel poverty policy units in the Welsh and Northern Ireland Governments.