

# Communities Committee inquiry on the Central heating programme and warm deal - a response from Citizens Advice Scotland



Citizens Advice Scotland is the umbrella body for Scotland's network of Citizens Advice Bureaux, which provide free, independent and confidential advice at over 200 service points across Scotland. As one of the thirteen signatories of a joint letter asking the Committee to examine current fuel poverty initiatives, we welcome both the inquiry itself and the opportunity to contribute evidence to it. This response is based on client case evidence supplied by bureaux since October 2006, when the managing agent for the central heating programme changed.

The central heating programme has been a welcome and effective initiative to help tackle fuel poverty. Concerns remain, however, that without reform and additional measures, its impact on eradicating fuel poverty will remain limited. Since its inception in 2000, over 83,000 central heating systems have been installed<sup>1</sup>, free of charge to pensioners with either irreparable or non-existent central heating. The scheme was extended in 2003 to include upgrade of partial or inefficient central heating systems for the over 80s. It was extended further in 2006 to include upgrade of partial or inefficient systems for those over 60s in receipt of the guarantee element of Pension Credit.<sup>2</sup>

Research on the efficacy of the programme in its first three years of operation showed a number of key benefits<sup>3</sup>:

- An average reduction in fuel expenditure of 13.7%
- A 47.8% reduction in the average cost to heat the home to a comfortable standard
- A new mean NHER rating of 6.98, meaning household energy efficiency more than doubled
- Whilst only 53.4% of households were in fuel poverty prior to the installation work, 76.2% of households in fuel poverty were removed from fuel poverty by the programme- (meaning a reduction in numbers in fuel poverty from 53.4% of the sample to 12.7%).
- 53.9% of those with health conditions reported a subjective improvement in health following the work

The installation of 12,000 central heating systems a year, whilst lifting around 4,800 households out of fuel poverty (according to the above research), is dwarfed by the overall numbers in fuel poverty. According to the latest published figures, there are 419,000 homes in fuel poverty, representing 18.2% of all households in Scotland<sup>4</sup>. This increase, from 328,000 the year before, is largely attributable to increasing fuel costs.

Modelling has shown that had fuel prices risen at the rate of inflation since 2002 there would have been no significant change up or down in rates of fuel poverty between 2002 and 2004/2005. There is, therefore, an overall failure to remove significant numbers of people from fuel poverty through income and energy efficiency measures, including the central heating programme, whilst significant price rises are in fact increasing the numbers in fuel poverty.

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<sup>1</sup> Answer to Parliamentary Question, S3W-318

<sup>2</sup> [http://www.communitiesscotland.gov.uk/stellent/groups/public/documents/csnews/cs\\_017072.hcsp](http://www.communitiesscotland.gov.uk/stellent/groups/public/documents/csnews/cs_017072.hcsp)

<sup>3</sup> Impact of the Central Heating Programme on Tackling Fuel Poverty: The First Three Years, 2001 – 2004 Bill Sheldrick & David Hepburn <http://www.scotland.gov.uk/Resource/Doc/172139/0048162.pdf>

<sup>4</sup> SHCS Key Findings for 2004/2005

## **Problems with the installation process**

The main problem encountered by bureaux with the programme is delays to the installation, but there are also ongoing difficulties with the application process, the standard of work and charging for additional costs.

### **Delays**

Delays can cause hardship, particularly if the delay is over the winter and the client is vulnerable:

*A North of Scotland CAB reports of an elderly client who is a vulnerable member of the community His hot-water boiler broke down in late 2006. After seeking advice from the CAB he successfully applied to the central heating programme in February 2007. Two months later his new gas meter was installed, but he still did not know when his boiler would be installed and still was without hot water. The bureau was told by the managing agent that it was not an emergency service and the client was informed at the time of application that there may be a four month wait. The bureau feels that the anomaly in this approach is that the applicant's system must be beyond repair before a grant will be considered.*

*A West of Scotland CAB reports of a female client whose central heating broke down beyond repair in December 2006. She was advised of the central heating programme and successfully applied. She was told the system would be installed in April. By August 2007 the system was still not installed and every time the client contacts the managing agent they cannot give her a date for installation. The bureau were told that the property required to be re-surveyed and they were waiting on an installer being allocated the job. Two weeks later the client still had not heard and the information was relayed again. After a further two weeks of inaction the bureau copied correspondence to Communities Scotland and within 24 hours were given an installation date.*

*A West of Scotland CAB reports of an elderly couple whose hot air heating was condemned in December by Transco when they were replacing gas pipes in the area. They were left with one small portable heater for the winter and had been informed that the earliest date that a surveyor can see them for free central heating was three months later.*

*A West of Scotland CAB reports of an elderly male client who has had no central heating since last October when his gas boiler broke irreparably. He successfully applied to the central heating programme in January and was awaiting a survey. By August there had still been no survey – the client was told that he would need to wait until there were three people in his area before a surveyor would come. The client was using a friend's house for showering and washing as he has no hot water and is frustrated at the length of time he has had to wait. The bureau tried on two successive days to contact the managing agent but could not get through as the lines were busy. Eventually the bureau wrote a letter and are still awaiting reply.*

*A South of Scotland CAB reports of a female client who was assessed for central heating in July 2006. Gas was fitted to the property and storage heaters removed but then the managing agent changed. It was January 2007 before someone returned. After lifting a floorboard, he said that the work couldn't be done and left. They have not been able to contact anyone to explain why the work cannot be done. The bureau involved the local MSP and, as a result, received word that the work would be undertaken the following week.*

## **Application process**

Since the change of managing agent it has been much harder to get hold of promotional literature on the programme.

*A West of Scotland CAB reports that, since the change of managing agent, they have not been able to obtain leaflets on the central heating programme, despite repeated requests.*

*A West of Scotland CAB reports of a female pensioner who wanted to know how to apply for free central heating. The bureau contacted the managing agent to request information and was told that they don't have any leaflets for members of the public.*

## **Poor quality work**

As with any scheme of this size, there have been a number of problems with the quality of some installations.

*A South of Scotland CAB reports of an 80 year old female client who had free central heating installed in February by a firm from Chester. The pipes go through holes in the ceiling and have not been boarded in, there are still holes and the carpet has not been nailed back down. Despite numerous calls, nothing has happened and the work remains uncompleted. The bureau contacted the managing agent who apologised for the poor service and promised to send an inspector out as soon as possible.*

*A West of Scotland CAB reports of a female client on Pension Credit who had free central heating installed in December 2006. Significant faults have developed, there is copper piping across electricity sockets and exposed wiring. Despite frequent phone calls, nothing has been done. The bureau contacted the managing agent and were promised immediate action. Nine days later, the client returned to the bureau as nothing had happened. The bureau phoned again to be told all managers were in a meeting. Over the next two months it required a total of 13 phone calls from the bureau to the managing agent, as well as four estimates for the damage to the client's home, before the situation was resolved.*

## **Additional costs**

Charging for additional costs can cause problems, particularly for clients who are off the gas network:

*A West of Scotland CAB reports of an elderly male client who had applied and been approved for a free central heating system. When the survey was carried out the client had requested an oil system and was told by the surveyor that this would be fine. He has now been contacted by the managing agent, who are requesting £3,000 from the client to cover the cost of oil heating, which he cannot afford. On contacting the managing agent, the bureau was told that there are new criteria which mean they cannot afford to fund oil heating.*

## **Inelegibility**

The programme criteria mean that there are some pensioners who would benefit from an installation who are not eligible.

*An East of Scotland CAB reports of an elderly female client whose husband is about to have major heart surgery. Their first floor flat has solid fuel central heating and they are finding it very difficult to stoke the boiler and struggle to carry coal upstairs to their flat from the bunker. They have to rely on the kindness of neighbours for help with this. They were wondering if any grants were available for them to convert the boiler to gas. They are ineligible for the central heating programme as their system works, but without assistance from others they cannot run it.*

## **Limitations with the programme**

The central heating programme has undoubtedly been of some benefit in tackling fuel poverty. There are, however, two main limitations with the programme as currently constituted. Firstly, there are vulnerable groups without central heating other than pensioners who would benefit from the scheme and secondly, on its own, it will never eradicate the scourge of fuel poverty by 2016, as pledged by the Scottish Government.

## **Vulnerable groups who could benefit**

Pensioners are the largest group in fuel poverty (224,000 households) but they are not the only group.

*A West of Scotland CAB reports of a female client on incapacity benefit whose husband is in receipt of Disability Living Allowance (high rate mobility and middle rate care). They are in financial difficulties and were seeking advice on this as well as if any grants were available to help with heating. The client was told free heating was only available for over 60s and was referred to local care and repair.*

Households with disabilities and households with children under five, who do not have any central heating, are other groups who could benefit from the programme. In addition, the second largest group in fuel poverty after pensioners are single adult households<sup>5</sup>. The private rented sector has the worst standard of housing of any tenure in Scotland<sup>6</sup> and yet the Tolerable Standard is not mandatory for private sector housing. There is continuing debate over balancing the obligations and responsibilities of landlords with state interventions that benefit tenants.

## **What else is required?**

The installation of 80,000 central heating systems over the past five years has been significant. However, with 419,000 households still in fuel poverty, and at most 40% of installations going into fuel poor households, the rate of installations would need to rapidly multiply over the next nine years to make significant inroads. This assumes that central heating will always be the answer – in fact, 15% of all households with full gas central heating remain in fuel poverty<sup>7</sup>.

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<sup>5</sup> 79,000 households, SHCS Key Findings for 2004/2005 page 19

<sup>6</sup> SHCS Key Findings for 2004/2005 page 12, figure 5

<sup>7</sup> SHCS Key Findings for 2004/2005 page 20

The lack of energy efficiency in many properties is compounded by the rising cost of fuel, and no significant change in the numbers of households below average income in the past year<sup>8</sup>.

It is clear, therefore, that further action and investment is required if the 2016 target is to be achieved. Closer links with UK departments are also needed on reserved issues such as welfare benefits and regulation of gas and electricity. It is worth noting that the Association for the Conservation of Energy has already raised the possibility of legal action in England over the UK Government's likely failure to meet the 2016 target<sup>9</sup>.

The Scottish Executive Fuel Poverty Advisory Group was established to advise the Executive on the initial fuel poverty statement, including the definition of fuel poverty, the targets and interventions required. Now known as the Fuel Poverty Forum it has met with decreasing frequency, eroding the potentially valuable contribution that it could make in this debate.<sup>10</sup>

The re-establishment of a Fuel Poverty Advisory Group, independently chaired (as in England and Wales), and with the specific remit of exploring policy options and making recommendations to ministers, would be a significant step forward. A larger budget for interventions is inevitably required if the Government is determined to meet the 2016 target.

In summary, the following are just some of the policy ideas that deserve further examination by the Scottish Government:

- Establishing an independently chaired Fuel Poverty Advisory Group to examine in depth both progress and future policy
- Extending the central heating programme to other vulnerable groups without heating, such as families with children under five and households with disabilities.
- Updating the Fuel Poverty Statement to include analysis of the main groups in fuel poverty, what is currently being done for each of these groups and what still needs to be done
- Exploring an explicit link between eradication of fuel poverty and regeneration policy
- Exploring bulk purchasing of energy for vulnerable groups
- Examining and supporting the role of micro-generation in tackling fuel poverty
- Establishing an innovation fund for local authorities, linked to the production of their fuel poverty strategies and enabling them to access extra funds for innovative projects that tackle fuel poverty locally

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<sup>8</sup> Households Below Average Income 2005/2006

<sup>9</sup> <http://news.independent.co.uk/business/news/article2790902.ece>

<sup>10</sup> There were four meetings in 2003, three in 2004, two in 2005 and two in 2006. The last meeting of the group to date was in June 2006.