Fuel Poverty in Rural Scotland

Achieving Affordable Warmth

The issue

- The Scottish Government’s Scottish Fuel Poverty Statement (2002) defines fuel poverty as existing if a household needs to spend more than 10% of its income on fuel to maintain a satisfactory heating regime.
- 35% of those living in rural parts of Scotland are likely to be in fuel poverty, compared to 30% in urban areas. Energy prices tend to be higher and incomes tend to be lower in rural areas.
- Improving energy efficiency is key to addressing rural fuel poverty. However, rural areas remain at a disadvantage to urban areas, due to less energy-efficient housing, and weather and temperature differences.
- Around 61% of households in rural Scotland rely on means other than mains gas to heat their homes, which can exacerbate fuel poverty. At present, around 36% of those who are off-gas in Scotland are in fuel poverty.
- Switching tariff or supplier can save consumers up to a third of their energy bills. There are low levels of switching in rural Scotland.

Key Points

- In rural areas, 82% of housing is rated at Energy Performance Certificate band D or lower, compared with 59% in urban areas.
- CFU research suggests that the Scottish Government area-based energy efficiency schemes have begun to address an urban bias in previous schemes.
- In many rural areas, there is no access to mains gas. Many households rely on fuels like heating oil, electricity, LPG and solid fuel. These markets can be limited, restricting consumer choice and increasing costs.
- Around 31.5% of rural households rely on heating oil. Heating oil prices can be volatile, and collective purchasing clubs, which can reduce costs, are uncommon in many parts of rural Scotland.
- Around 22% of households rely on electric heating. They tend to have the lowest incomes and are also likely to pay a poverty premium, as electric heating is by far the most expensive type of heating.
- Consumers with time of use (ToU) meters (e.g. Economy 7) in Scotland are more likely to live in rural locations. ToU consumers have the lowest switching rates in the UK. 85% of customers in the North of Scotland on ToU tariffs haven't switched.
Key Recommendations / Key Asks

Energy Efficiency

- Scotland’s Energy Efficiency Programme should ensure that energy efficiency support is delivered based on need, and that rural areas, and in particular remote rural areas, are not at a disadvantage.
- Social and private landlords should provide appropriate guidance to tenants on the use of new heating systems.
- More monitoring and evaluation should be carried out on tenants’ experience of replacement heating systems in rural, off-gas areas to understand their impact on running costs.

Fuel type

- The UK and Scottish governments should work, with suppliers and others, to overcome barriers to delivering extensive energy efficiency measures to off-gas consumers in fuel poverty.
- More should be done to promote collective buying clubs for heating oil through bespoke advice services and direct support to set up clubs at a local level.
- There should be increased funding for enabling measures for off-gas consumers, such as domestic oil and LPG tanks, electrical upgrades, flue lining and the installation of the most efficient storage heaters.

Consumer Engagement

- An objective of the Scottish Government’s new fuel poverty/affordable warmth strategy must be to lead a well-coordinated switching campaign.
- There should be more support for face-to-face, bespoke advice services that guide people through the process of switching. This should complement existing online services.

The Consumer Futures Unit seeks to put consumers at the heart of policy and regulation in the regulated industries of energy, post and water. Part of Citizens Advice Scotland, it gathers, develops and acts on evidence, advocating and empowering to improve consumer outcomes. It develops practical policy solutions that lead to consumers being informed, engaged and protected.