

**HIGHLAND COUNCIL**  
**12<sup>th</sup> March 2015**

Agenda Item	14
Report No	HC/2/15

**Affordable Warmth Campaign for the Highlands & Islands**  
**Report by the Director of Community Services**

**Summary**

This report details the current call for support from the Highland & Islands Affordable Warmth Campaign and asks Members to support the campaign and the issues being highlighted.

**1. Introduction**

- 1.1 The Highland Council has already committed to work to tackle fuel poverty in the Highlands. (Council Programme, Economy, Commitment 28).
- 1.2 More recently an Affordable Warmth Action Plan was presented to Community Services Committee (6 November 2014) and the following priority actions were agreed:-
- i. Maximising funding and uptake of energy efficiency works in private housing;
  - ii. Delivering energy efficiency improvements in Council housing by reaching the Scottish Housing Quality Standard and the new Energy Efficiency Standard for Social Housing;
  - iii. Proactively targeting fuel poor households to offer appropriate advice, assistance and income maximisation; and
  - iv. Lobbying UK and Scottish Governments and utility companies to assist Highland as an area of recognised fuel poverty;
- 1.3 The Affordable Warmth Campaign originated from the Highlands and Islands Housing Associations Liaison Group. The Liaison Group meets twice a year and its members comprise all of the Highlands and Islands Housing Associations and it is also attended by local authority and Scottish Government representatives.
- 1.4 It is understood that the affordable warmth campaign is currently supported by the following signatories:
- All the Highland & Island Housing Associations, including Albyn Housing Society, Cairn HA, Hebridean Housing Partnership, Hjalmland HA, Lochalsh & Skye HA, Lochaber HA , Orkney HA and Pentland HA
  - Western Isles Fuel Poverty Alliance

- Tighean Innse Gall, The Highlands Small Communities Housing Trust, Highland Housing Alliance, Rural & Islands Housing Associations Forum and the Scottish Federation of Housing Associations
- Inverness, Badenoch & Strathspey CABx, East Sutherland CABx – all the other H&I CABx are still formally considering the matter
- The support of all 5 Highland & Island Local Authorities is currently being sought and, to date (3/3/15), the Western Isles Council is supportive with the other 4 currently going through their processes of formally considering the matter

## **2. Affordable Warmth Campaign for the Highlands and Islands**

2.1 Members are asked to sign up to the campaign which set out in full at Appendix 1. This lists 4 key campaign issues:

- i. Standing charges and the price of a standard unit of electricity should be exactly the same wherever you live in the UK.
- ii. There should be no delay in equalising the standard electricity price in the Highlands and Islands.
- iii. Off peak/economy rate electricity should also be made available to domestic consumers at exactly the same *minimum* unit cost wherever they live in the UK.
- iv. The currently unregulated domestic heating oil and LPG (bottled gas) supply market in the Highlands & Islands should be *thoroughly* investigated with a view to Government intervention (regulation and/or subsidy) that results in retail prices being brought down to UK averages.

2.2 The context for this campaign is that the Highlands and Islands of Scotland experience the harshest climactic conditions in the UK and record levels of fuel poverty. The latest Scottish House Conditions Survey data on fuel poverty reports that 50% of households in Highland experience fuel poverty, with 18% in extreme fuel poverty. This is the 3<sup>rd</sup> highest level of fuel poverty in Scotland. Lack of mains gas in most areas of Highland is a significant factor in these figures, but relative income and cost of fuel are also major contributory factors.

2.3 Moreover, there is far greater area-wide dependence on the use of electricity for heating as well as lighting but the standard unit price charged is 2p a kw/hr more than in most other parts of the UK and 6p and more for the various 'economy' tariffs on offer. On top of all this there is also a far greater reliance in off-gas areas on using domestic heating oil and solid fuel which pushes up household heating costs further still. As a result, domestic energy bills in off-gas areas are, on average, around £1000 more per annum than the £1369 pa dual fuel national average (2014). To cap it all, customers on prepayment meters (often the least well off) not only have to pay additional standing charges but also discover that their notional right to change to a cheaper electricity supplier has become impracticable. The Council is doing what it can to address these issues through investment in renewable technology in our own housing stock.

2.4 In addition to the 4 Key campaign issues listed by the Affordable Warmth campaign, members are also asked to support moves to have this matter raised at EU level.

### 3. **Implications**

3.1 **Resources** - the Council has already committed resources targeted at addressing fuel poverty; the Affordable Warmth Campaign does not have any additional resource implications.

3.2 **Legal** - the report reflects the legal duties placed on the Council in relation to climate change.

3.3 **Equalities** - addressing fuel poverty contributes to tackling health and other inequalities.

3.4 **Climate Change/Carbon Clever** - the Affordable Warmth Campaign will help the Council achieve its climate change/Carbon Clever commitments.

3.5 **Gaelic** – there are no implications arising from this report.

3.6 **Rural** - fuel poverty is more acute in rural rather than in urban areas of Highland and the Affordable Warmth Campaign will help tackle this issue.

### 4. **Recommendations**

4.1 Members are asked to confirm their support for the Affordable Warmth Campaign and the issues detailed in Section 2. Members are also asked to note that the support for this campaign does not set a precedent for future lobbying activity.

Signed: William Gilfillan

Designation: Director of Corporate Development

Date: 24 February 2015

Author: David Goldie, Kate Lackie

## APPENDIX 1

### AFFORDABLE WARMTH MANIFESTO FOR THE HIGHLANDS AND ISLANDS

***We the undersigned\* members of the Highlands & Islands Affordable Warmth Campaign call upon all General Election candidates standing for Highland & Island constituencies to pledge that, if elected to the UK Parliament, they will do their utmost to bring the long-standing, energy pricing unfairnesses being applied to Highland & Island households to a rapid and conclusive end.***

*The context for this campaign is that the Highlands and Islands of Scotland experience the harshest climactic conditions in the UK and record levels of fuel poverty (71% of all households in the Western Isles according to a recent survey). Mains gas – which is by far the cheapest heating fuel – is simply unavailable for most Highlanders and Islanders, offering them no chance therefore of accessing the additional, money-saving ‘dual fuel’ discounts which are widely available across the rest of the UK. Moreover, there is far greater, area-wide dependence on the use of electricity for heating as well as lighting but the standard unit price charged is 2p a kw/hr more than in most other parts of the UK and 6p and more for the various ‘economy’ tariffs on offer. On top of all this there is also a far greater reliance in off-gas areas on using domestic heating oil and solid fuel which pushes up household heating costs further still. As a result, domestic energy bills in off-gas areas are, on average, around £1000 more per annum than the £1369 pa dual fuel national average (2014). To cap it all, customers on prepayment meters (often the least well off) not only have to pay additional standing charges but also discover that their notional right to change to a cheaper electricity supplier has become impracticable .*

***Such energy pricing unfairnesses are unacceptable wherever they occur in the UK and we invite each of our prospective political representatives to tell us exactly where they stand in relation to the following manifesto issues:***

**1. Standing charges and the price of a standard unit of electricity should be exactly the same wherever you live in the UK.** The total costs of transmitting and distributing electricity across all parts of the UK, including the Highlands & Islands of Scotland and other ‘high cost’ areas, should be shared equally by all UK consumers and the standard unit charge equalised accordingly. Those on pre-payment meters should have the same charges and choices as all other customers.

**2. There should be no delay in equalising the standard electricity price in the Highlands and Islands.** Priority action should be taken by the Government of the day – either before or immediately after the General Election - to ensure that the existing mechanisms of the Hydro Benefit Replacement Scheme and Common Tariff Obligation (which have consistently failed to create the expected level playing field) receive sufficient financial investment to bring electricity prices in the Highlands & Islands down to *precisely* the same average levels as are applied in the rest of the UK.

**3. Moreover, off peak/economy rate electricity should also be made available to domestic consumers at exactly the same *minimum* unit cost wherever they live in the UK.** To this end Ofgem should ensure that no electricity supplier can operate an *effective* monopoly in the Highlands & Islands and that customers can, *in reality*, *switch easily and readily* from one economy tariff to another and/or from one electricity supplier to another in order to make *clearly explained* savings on their energy bills and, in particular, the domestic heating element of those bills.

**4. The currently unregulated domestic heating oil and LPG (bottled gas) supply market in the Highlands & Islands should be *thoroughly* investigated with a view to Government intervention (regulation and/or subsidy) that results in retail prices being brought down to UK averages.** This is to ensure that the scarcity of suppliers in the Highlands & Islands cannot continue to mean that customers pay by far the highest prices in the UK - eg 20%+ more per litre of domestic oil than from the much more competitive Northern Ireland supply market.

*\*This affordable warmth campaign is supported by the following signatories*  
**(STILL TO BE CONFIRMED):**

- *All Highland & Island Housing Associations, including Albyn Housing Society, Cairn HA, Hebridean Housing Partnership, Hjaltland HA, Lochalsh & Skye HA, Lochaber HA , Orkney HA and Pentland HA*
- *Western Isles Fuel Poverty Alliance*
- *Tighean Innse Gall, The Highlands Small Communities Housing Trust, Highland Housing Alliance, Rural & Islands Housing Associations Forum and the Scottish Federation of Housing Associations*
- *All Highland & Island Local Authorities, including Argyll& Bute Council, Highland Council, Orkney islands Council, Shetland Islands Council and Western Isles Council*
- *All Highland & Island Citizens Advice Bureaux, including Inverness, Badenoch & Strathspey CABx, etc., etc*