

# Fuel Poverty in Rural Scotland:

## The Solutions

APRIL 2023

CHANGEWORKS



This document is an output from research to provide a solutions-focused evidence base on rural fuel poverty. The research was commissioned by:

- Rural & Islands Housing Associations Forum (RIHAF)
- Highlands & Islands Housing Associations Affordable Warmth Group (HIHAAW)
- Highlands and Islands Enterprise

The solutions have been identified and discussed by the stakeholders consulted as part of the research. There is some alignment with the recent recommendations from the Scottish Fuel Poverty Advisory Panel, as well as actions in the Fuel Poverty Strategy. Many of the solutions in this document will help address fuel poverty across all areas of Scotland, not only rural areas. The key distinction is that these solutions have been identified in response to the specific fuel poverty challenges faced by rural communities.

Many solutions have co-dependencies which are highlighted. The solutions were generally accepted by all stakeholders, although a small number of solutions divided opinion. As the solutions have been identified by stakeholders, some do contradict each other, for example suggestions for both targeted and universal financial support. Where this is the case, it is explained in the commentary below each table of solutions.

The solutions have been grouped into nine themes. We have indicated a timescale for each solution as follows:

- Immediate: implemented immediately to bring relief from rural fuel poverty.
- Medium-term: implemented in the next two years.
- Long-term: part of a long-term approach to alleviating fuel poverty, as part of a just transition to next zero by 2045.

We recommend reading this document alongside the research report [A Perfect Storm](#) for the full rationale and context behind the solutions.

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# 1. Defining and identifying fuel poverty

Whilst the Scottish House Condition Survey provides an estimate of how many people are in fuel poverty overall, it does not allow for targeting specific households or areas. Fuel poverty data is only available at the local authority level. Proxies for fuel poverty can be used (such as energy efficiency ratings), but this does not give the full picture. Additionally, we do not have information around households that may be self-rationing and therefore not maintaining a satisfactory heating regime. This creates challenges for the targeting of fuel poverty support, explored in more detail in section 2.

	<b>Solution</b>	<b>Barriers addressed</b>	<b>Intended impact</b>	<b>Timescale</b>	<b>Implementation</b>
1.1	<b>Identification of enhanced heating needs</b>	Poor understanding of the scale of households requiring an enhanced heating regime.	Enable targeting of fuel poverty support to those most vulnerable to the impact of cold homes.	Immediate	Define and model households with enhanced heating requirements.
1.2	<b>Identification of self-rationing and self-disconnection</b>	Self-rationing/ disconnection are not captured in fuel poverty metrics.	Enable policies and fuel poverty support to be targeted towards rationing households.	Medium	Link with Ofgem’s new requirement for suppliers to identify all PPM customers who are self-disconnecting. <sup>1</sup>

## Enhanced heating needs

The Fuel Poverty Advisory Panel has recommended the Scottish Government fund initiatives to define and model the distribution of households with advanced heating requirements.

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<sup>1</sup> Ofgem (2020) [Self-disconnection and self-rationing: decision](#)

### **Self-rationing and self-disconnection**

The current fuel poverty definition and statistics measure the ability of households to pay for their energy but do not provide data on whether heating regimes are actually being met. Undertaking 1.2 would allow the identification of households who significantly ration their energy consumption. A greater understanding of the scale and distribution of self-rationing is required to target fuel poverty support.

## 2. Targeting fuel poverty support

We do not have the data to assess household need based on their income, energy requirements, housing costs, care costs, and the efficiency of their home. Therefore, existing support is targeted mostly using the welfare system and benefit eligibility. This is particularly problematic in rural and remote Scotland where a large number of households in fuel poverty are not in receipt of benefits.

	Solution	Barriers addressed	Intended impact	Timescale	Implementation
2.1	<b>Introduce a rural uplift to payments</b>	Higher costs of energy and living in rural areas.	Provide additional financial support to balance households' energy expenditure as a proportion of their household budget.	Immediate	Scottish Government to implement an uplift for flat rate payments.
2.2	<b>Broaden eligibility beyond benefits</b>	Households in fuel poverty do not receive financial support.	Improved targeting to ensure households in fuel poverty but not in receipt of benefits can receive financial support.	Long-term	UK Government and Scottish Governments to develop better mechanisms for assessing household need.
2.3	<b>Expand eligibility to all off-gas households</b>	High energy costs.	Financial support to pay energy bills for all off-gas households.	Immediate	Scottish Government to expand eligibility for devolved schemes to automatically include all off-gas households.

### Rural uplift

For flat rate payments such as Winter Heating Payment and Warm Home Discount, introduce a rural uplift to payments to account for higher fuel and living costs. There was recognition from stakeholders that this may have knock-on impacts for non-rural consumers depending on how it is funded. Rural uplifts have been implemented by the Scottish Government in other areas, such as grant funding for energy efficiency improvements.<sup>2</sup>

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<sup>2</sup> Home Energy Scotland (n.d.) [Home Energy Scotland Grant and Loan: Overview](#)

## Eligibility

In the longer term, we need a better mechanism for identifying and assessing household need for energy bills and for other sectors. Research is currently being undertaken to explore this.<sup>3,4</sup> Alternatively, a universal approach to financial support was suggested. This removes the cost and resource associated with targeting, and the risk of people ‘falling through the cracks’. However, a number of stakeholders disagreed with this due to the cost and use of resource where it is not needed.

A middle-ground solution is to consider all off-gas households in Scotland as at risk of fuel poverty (2.3), in both urban and rural areas. Another suggested solution was to expand eligibility to all remote rural households, to reflect the higher cost of living and of energy. This was supported by some stakeholders, but others felt it was unviable or undesirable due to implications of fairness with non-rural areas.

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<sup>3</sup> Social Market Foundation and Public First (2022) [Energy bill support – designing policies to support British households in an age of high prices](#)

<sup>4</sup> Citizens Advice (2020) [Getting support to those who need it: How to improve consumer support in essential services](#)

### 3. Funding for advice services

A consistent theme from the research was the difficulty faced by local organisations in accessing funding. Ongoing revenue funding is required to support and maintain locally based fuel poverty alleviation and outreach services. Stakeholders are concerned that funding bodies and funding application forms do not consider the realities of delivering fuel poverty services in rural areas. They felt that more funding should be provided by the UK and Scottish Governments, as well as energy companies (similar to the Energy Redress fund), and oil and gas companies making record profits during the energy crisis.

	Solution	Barriers addressed	Intended impact	Timescale	Implementation
3.1	<b>Consistent and long-term funding for advice services</b>	Organisations spend a disproportionate amount of time securing grants and income every year. Loss of skilled advisors due to fixed-term contracts.	Enable advice organisations to plan. Long-term provision of support to householders. Staff retention.	Immediate	A Scottish Government review of the design of energy advice services and how they are funded. A 3-year minimum for funding.
3.2	<b>Improve funders’ understanding of providing support in rural areas</b>	Funding applications favour urban projects which have greater reach. Funding applications are very resource intensive.	Funding applications are no longer unfairly biased toward urban projects.	Immediate	Funders to re-evaluate their award criteria. Feedback channels to improve funders’ understanding of rural delivery.
3.3	<b>Collective funding applications for small organisations</b>	Minimum funding amounts (e.g. £20,000 for Energy Redress Fund).	Small organisations can work together to access large funding pots.	Immediate	Funders to facilitate and encourage collective applications.

### **Long-term funding**

Short-term funding for advice services diverts resource from delivering advice and support to households, due to time-consuming application processes which are repeated annually. Short-term contracts can lead to the loss of skilled and experienced advisors. The competitive nature of funding is also a key barrier. Overcoming these challenges requires additional funding to lessen competition, and long-term funding to reduce uncertainty and reduce administrative burdens of annual funding applications. Multi-year funding is needed from the Scottish Government and other funders, stakeholders suggested a three-year minimum.

The Fuel Poverty Advisory Panel have called for Scottish Government to immediately review the design of energy advice services, including the funding model for advice services.

### **Understanding rural service delivery**

Stakeholders expressed that within the competition for funding, advice projects in rural areas are disadvantaged as award criteria is often based on a project's reach. It was felt that funding applications can be unfairly biased against applications from rural organisations due to a lack of understanding of the reality of delivering advice in these areas. Feedback channels from small rural delivery organisations to funders could improve this and allow funding bodies to re-evaluate their award criteria.

### **Collective funding applications**

Some small organisations would benefit from the ability to submit collective applications, for example where funding pots have minimum award amounts. This requires funders to accept, encourage and facilitate collective applications.



## 4. Delivering support on the ground

The delivery of advice and support is key to both long-term fuel poverty alleviation and emergency support. Advice must be available through multiple channels, including face-to-face, telephone and online to meet different consumers' needs.<sup>5</sup> The solutions in this section focus on local face-to-face delivery as stakeholders felt this form of advice provision must increase in rural areas to complement existing national channels.

Locally based service providers support the work of regional and national organisations, as is recognised in the Fuel Poverty Strategy. Locally based advisors and local delivery of services were perceived as key to building trusted relationships. Trust and local knowledge are invaluable in identifying and reaching people in fuel poverty. However, local delivery can also bring with it perceptions of unfairness between householders and a lack of anonymity due to the close-knit nature of some rural communities. These solutions are dependent on those outlined in section 3 to ensure sustainable funding.

	Solution	Barriers addressed	Intended impact	Timescale	Implementation
4.1	<b>Collaboration between community organisations</b>	Partial outcomes for householders due to siloed working.	Coordination of multiple strands of advice delivery.	Immediate	Co-location of services in hubs, for example regional climate action hubs. <sup>6</sup> Data sharing requires robust GDPR compliant practices to be designed. Ringfenced funding for development of collaborative structures.
4.2	<b>Community anchor organisations</b>	Distrust or reluctance to engage with non-local services. Low awareness of available services.	Local, trusted, accessible, face-to-face energy support through a single point of entry. Coordination of contractors for maintenance and retrofit,	Immediate	Empowering and funding existing local organisations to fulfil this role. Community anchors could be private sector organisations, with the specific role of coordinating existing local services.

<sup>5</sup> Energy Consumer Commission (unpublished) Fuel Debt: Support for Energy Consumers Across Energy Types [research undertaken by Changeworks]

<sup>6</sup> Scottish Government (2023) [Funding local climate action](#)

Solution	Barriers addressed	Intended impact	Timescale	Implementation
		to enable work to be conducted at a community scale.		
4.3 <b>Warm home prescriptions</b>	Poor health outcomes as a result of fuel poverty. 'Heat or eat' dilemma.	Heating bills paid for people with health conditions worsened by the cold. Reduced need for health services.	Immediate	Acute care wards, Care and Repair services or Occupational Health may be more appropriate routes than GP surgeries. Could be supported by 4.4.
4.4 <b>Local delivery of Energycarer services</b>	To move beyond the emergency, short-term and 'sticking plaster' delivery of advice.	Holistic advice delivered by local people. Energy efficient retrofits in fuel poor homes. Meeting individual needs, particularly health needs.	Immediate	Public health and social care services, in partnership with local advice organisations. Recruit and train a variety of professionals as Energycarers, such as plumbers and electricians. Utilise existing structures, for example CAB network.
4.5 <b>Single assessment for energy efficiency grants</b>	Confusing landscape of multiple energy efficiency grants for fuel poor households. Funding is not maximised.	Maximise energy efficiency funding (such as EES:ABS, WHS, ECO4) and improve accessibility for households.	Immediate	Some local authorities provide this for households, e.g., in Shetland as part of EES:ABS assessments. Additional resource is required to scale this up.

### Collaboration

The main barrier to increased collaboration is a lack of capacity and resource within frontline delivery organisations. Ringfenced funding could make this possible. Colocation of services in local hubs could facilitate collaboration. Organisations require template data sharing agreements and practices which will ensure they are GDPR compliant.

### Community anchor organisations

This solution aims to coordinate existing local efforts, whilst creating a single accessible entry point for householders looking for advice on a wide range of topics including retrofit. As well as advice, anchor organisations could play a key role in coordinating

area-based approaches to retrofit. Coordinated standards across delivery organisations could ensure a fair and consistent approach to prioritisation and targeting of funding to householders. Some communities may have existing organisations that could fulfil the anchor role (with additional capacity and funding). Other communities may need a new organisation to step into this role.

Anchor organisations may also be an appropriate hub for coordinating local ownership of energy generation, for example through the Scottish Government's Community and Renewable Energy Scheme (CARES).

### **Warm home prescriptions**

A pilot by Energy Systems Catapult<sup>7</sup> will now inform a national taskforce on Warm Home Prescriptions.<sup>8</sup> For remote rural Scotland, stakeholders suggested that prescriptions through GPs may result in inconsistent implementation in different areas. Transparency and consistency of delivery is important as perceptions around fairness can be heightened in small communities.

### **Energycarer services**

HES currently provides in-home support through the Energycarer<sup>9</sup> service and aims to deliver this in partnership with local organisations. Stakeholders proposed increased local delivery of Energycarer style support in order to build and maintain long-term relationships and trust. The approach requires a systematic strategy, particularly to identify vulnerable people<sup>10</sup> and for cross-sector collaboration. There were also concerns that this is an expensive service and could divert resource from other areas.

### **Energy efficiency grants**

Householders would benefit from a single point of contact for all energy efficiency grants, for example the ReFLEX project in Orkney. Currently, households may be referred for a single energy efficiency scheme, but multiple sources of funding are not always maximised based on their specific property / circumstances. This requires dedicated resource and funding.

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<sup>7</sup> Energy Systems Catapult (2022) [Could keeping people warm and well at home reduce their need for health services? Pilot findings 2021-22](#)

<sup>8</sup> Energy Systems Catapult (2023) [Helping those most in need through the energy crisis](#)

<sup>9</sup> Energy Saving Trust [Energycarer support in Scotland](#)

<sup>10</sup> Scottish Government (2019) [Evaluation of HES Homecare pilot](#)

## 5. Energy retail market reform

The research report [A Perfect Storm](#) evidences that high energy costs are a significant driver of fuel poverty in remote rural areas. These solutions aim to address inequalities in the structure of the energy retail market which disproportionately impact off-gas and other rural households.

	<b>Solution</b>	<b>Barriers addressed</b>	<b>Intended impact</b>	<b>Timescale</b>	<b>Implementation</b>
5.1	<b>Introduce a social energy tariff</b>	High energy prices.	A targeted discounted tariff. Affordable energy bills for those in most need.	Medium	Two-part implementation, <sup>11</sup> firstly by Ofgem (without legislation) and then by UK Government, possibly as part of the Review of Electricity Market Arrangements (REMA). Dependent on targeting (Section 2).
5.2	<b>Re-evaluate standing charges</b>	Regressive charges which are highest for consumers using PPM or paying by cheque and cash.	Progressive funding mechanisms.	Immediate	Ofgem and energy providers to remove or redesign standing charges. An interim step before medium or long-term solutions such as in Section 6.
5.3	<b>Accelerate smart meter rollout</b>	Inaccurate billing and debt Inability to access incentives and tariffs.	Accurate bills to enable household budgeting. Equal access to demand flexibility incentives and time of use tariffs.	Immediate	Dependent on solutions in Section 8 to increase number of engineers available. Greater consistency from suppliers. Dependent on connectivity.
5.4	<b>Improve protection for restricted meter customers</b>	Higher prices. Difficulty accessing supplier advice.	Informed suppliers and consumers. Customers can compare and switch tariffs.	Immediate	Develop a customer-facing switching tool.

<sup>11</sup> Fair by Design (2022) [Solving the Cost of Living Crisis: the Case For a New Social Tariff in the Energy Market](#)

		Poor communication from suppliers and DNOs.			Ofgem to raise awareness of CMA Restricted Meter Remedy <sup>12</sup> and Ombudsman Services.
5.5	<b>Recognise regional variation in consumption</b>	Policy tools which assume national averages and do not account for significant regional variations.	Recognition in energy market policy of high energy consumption in rural areas.	Immediate	As part of Ofgem's current revision of Typical Domestic Consumption Values (TDCV).

### Social energy tariff<sup>13</sup>

There is widespread support for this,<sup>14</sup> including amongst stakeholders consulted for this research. Stakeholders discussed whether this would result in higher bills for consumers on standard tariffs, and the acceptability of this. Specific to rural Scotland it was suggested that a social tariff is available for households which have not previously had heating bills (e.g., using open fires) as part of a just transition towards net zero.

### Standing Charges

Flat rate charges disproportionately affect low energy users who are rationing their energy use. Stakeholders suggested the removal of standing charges, and the use of a progressive mechanism to fund the Supplier of Last Resort (SOLR) costs and other fixed and variable costs included in standing charges.

### Accelerate smart meter rollout

Suppliers and engineers offer different reasons for not installing smart meters, and greater consistency is required. The main barriers impeding the rollout of smart meters are low supplier and installer capacity, connectivity issues<sup>15</sup> and a lack of demand from households. In particular, recent media attention on suppliers remotely switching smart meters to prepayment mode may have increased householder wariness of smart meters. All three of these must be addressed to provide equal access to smart meters.

<sup>12</sup> Citizens Advice (2017) [Good practice guide: Supporting customers with restricted meters](#)

<sup>13</sup> Fair By Design and National Energy Action (2022) [Solving the Cost of Living Crisis: the Case For a New Social Tariff in the Energy Market](#)

<sup>14</sup> National Energy Action, Age UK, Scope, Fair by Design, and Energy Action Scotland (2023) [Letter to the Chancellor of the Exchequer](#)

<sup>15</sup> SMETS2 meters in Scotland use Long-Range Radio communications, which has connectivity issues in some areas.

### **Improve protection for restricted meter customers**

A key theme from stakeholders was around improving supplier understanding of restricted meters and improving communication from suppliers and network operators to advice organisations. Uncertainty around Radio Teleswitching (RTS) arrangements<sup>16</sup> was cited as a key example of this.

An immediate solution to protect vulnerable consumers is for suppliers to reduce standing charges, based on a standing charge cap from Ofgem. Analysis of Ofgem and CMA costs suggests that the efficient level of the standing charge is approximately £60.<sup>17</sup> A cap at this level would protect vulnerable consumers, whilst also reducing emissions and encouraging competition.<sup>18</sup>

### **Regional variations in energy consumption**

Key policy tools such as the energy price cap and the Energy Price Guarantee are based on Typical Domestic Consumption Values (TDCV), which are standard values for the annual gas and electricity usage of a typical domestic consumer. The use of national averages hides the significant variations in typical consumption across the country, for example due to climate and among non-dual fuel customers. Ofgem's current revision of TDCVs<sup>19</sup> is an opportunity to improve the reliability of TDCV assumptions, which will highlight the price disadvantage that many rural customers face.

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<sup>16</sup> SFHA (2023) [Update on RTS restricted meters](#)

<sup>17</sup> Ideal Economics (2018) [The case for a cap on the standing charge in energy bills](#)

<sup>18</sup> Ideal Economics (2022) [The high level of the standing charge in energy bills](#)

<sup>19</sup> Ofgem (2023) [Call for Input: Review of Typical Domestic Consumption Values 2023](#)

## 6. Energy wholesale market reform

High electricity prices in rural areas can only be addressed through the reform of the wholesale energy market, in addition to changes in the retail market outlined in Section 5.

	Solution	Barriers addressed	Intended impact	Timescale	Implementation
6.1	<b>Decouple electricity and gas prices</b>	High electricity prices.	Maximise the benefits of lower marginal pricing of renewables for consumers living in rural areas of high renewable energy generation. Accelerate the electrification of heat.	Medium	By UK Government. Stakeholders felt this could be an interim step before a full redesign of the electricity market as per 6.2.
6.2	<b>Redesign the electricity market</b>	High electricity prices. Higher prices in locations with high renewable generation.	Lower and more predictable bills for consumers. Fair and accessible electricity market. Cost-savings from lower marginal price of renewable generation are passed to households.	Long-term	UK Government as part of the REMA.

### Decouple electricity and gas prices

For off-gas consumers in areas of high renewable generation, high electricity prices are considered unjust. The problems with consumer bills still being set by marginal gas prices are widely recognised<sup>20</sup> and urgent action is required to avoid further consumer detriment, as well as to deliver net zero energy.

<sup>20</sup> Ofgem (2022) [Net Zero Britain: developing an energy system fit for the future](#)

## Redesign the electricity market

Some stakeholders favoured reform aimed at rectifying the unfair and high costs which consumers in parts of rural Scotland currently pay. Nodal or Locational Marginal Pricing (LMP) could offer cost savings for consumers, and there is evidence that the most significant savings will be for consumers in Scotland.<sup>21</sup> However, the impacts of an LMP market for consumers are still poorly understood.<sup>22</sup> Additionally, this pricing structure is not favoured by professionals working in the energy industry due to concerns that the model may halt investment.<sup>23</sup>

Other stakeholders felt that variable energy prices for consumers based on location was unfair, regardless of whether it corrects a perceived injustice of historic higher energy prices.

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<sup>21</sup> Energy Systems Catapult (2022) [Location, location, location: Reforming wholesale electricity markets to meet Net Zero](#)

<sup>22</sup> UKERC (2023) [The Potential Impact of Locational Marginal Pricing](#)

<sup>23</sup> Cornwall Insight (2022) [Two thirds of energy industry professionals think the market needs to be drastically reformed, but say locational pricing is not the answer](#)



## 7. Maximising local energy generation benefits

Community Benefit Funds (CBF) are voluntary donations from developers for communities affected by development such as renewable energy generation. The solutions below were proposed in response to feelings that CBF do not go far enough to ensure that communities benefit from local energy generation. These solutions aim to reduce reliance on the national grid and its associated pricing structures, and to generate income for local communities. There were, however, concerns around fairness as some rural areas will be unsuited to local generation or grids.

	Solution	Barriers addressed	Intended impact	Timescale	Implementation
7.1	<b>Microgrids and heat networks</b>	High cost of energy from the national grid. Power outages. Grid constraints for the export of locally generated energy.	Low cost electricity and heat. Resilience to national grid outages. Greater flexibility in national grid.	Medium	Incentivise developers to invest in rural energy networks in partnership with housing providers and local authorities.
7.2	<b>Local ownership of energy assets</b>	Profits from renewable energy generation not reinvested locally.	Local wealth generation from renewable energy.	Medium	Progressed through Scottish Government's Community Wealth Building agenda. <sup>24</sup> Support required from DNO/DSO. <sup>25</sup> Build on Local Energy Scotland CARES programme.

<sup>24</sup> Scottish Government (2023) [Building community wealth: consultation](#)

<sup>25</sup> Increases in distributed generation require Distribution Network Operators (DNOs) to transition to Distribution System Operator (DSOs)

## **Microgrids and heat networks**

These solutions are being successfully pioneered in Scottish Islands, primarily due to grid capacity issues. Microgrids enable the use of locally generated electricity which the national grid does not currently have the capacity to export. In Lerwick, a large heat network provides low-cost heat to over a thousand homes.<sup>26</sup>

## **Local ownership**

Local ownership of electricity generation, storage assets, or heat networks can generate financial profits for communities, as well as social and environmental benefits. Stakeholders described how some areas had been ‘cushioned’ from the impact of the energy crisis due to local energy production, for example in Knoydart and Eigg.

There are a number of possible ownership structures, all of which require access to finance, simple administrative processes, and technical and administrative assistance within communities. The Scottish Government’s Community and Renewable Energy Scheme (CARES) provides capital loans and enablement grants for established groups. Additional support is needed for communities without existing structures, capacity or enthusiasm for such projects.

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<sup>26</sup> Shetland Heat Energy & Power (n.d.) [About the Lerwick Scheme](#)

## 8. Supporting local supply chains

The solutions below focus on the energy efficiency supply chain, rather than wider economic development in remote rural areas. These solutions aim to address both poor energy efficiency of homes and local economic development as drivers of fuel poverty.

Solution	Barriers addressed	Intended impact	Timescale	Implementation
8.1 <b>Support for training and accreditation</b>	Administrative and financial burden of accreditation required to undertake publicly funded work.	Local supply chain is supported to undertake retrofit work and has clarity on the required accreditation.	Immediate	Uptake of accreditations is dependent on a clear pipeline of work.
8.2 <b>Funding for apprenticeships in the energy supply chain</b>	High cost and extensive paperwork for businesses to host apprenticeships.	Clear pathways from an apprenticeship to secure and well-paid employment.	Immediate	Funding and administrative support to local businesses. Resource, commitment, and promotion by local authority education departments.
8.3 <b>Group purchasing for small contractors</b>	High unit costs of energy efficiency and heating systems, particularly single purchases.	Ability to access economies of scale.	Medium	Dependent on solutions above to ensure an installer base in rural areas.
8.4 <b>Additional engineers to install and service domestic meters</b>	Broken meters. Slow smart meter deployment.	Regionally based engineers with knowledge of complex meters. Coordinated visits from meter engineers to address all metering issues in a certain area.	Immediate	Meter operators to employ additional engineers in rural and island regions. Intermediary to coordinate meter visits on behalf of energy suppliers. Possibly dependent on 8.2.

8.5 <b>Improve accessibility of public procurement to microbusinesses</b>	Microbusinesses are excluded from undertaking publicly procured retrofit work.	Microbusinesses can access local publicly procured jobs. Develop and grow local supply chains.	Medium	Buyers to assist with pre-qualification process for small suppliers. Introduce lower levels of assurance for low-value contracts.
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### **Support for training**

Stakeholders identified two main barriers to upskilling local supply chains: uncertainty around PAS 2035 (and therefore training requirements), and financial and administrative burdens of accessing training. Once small businesses have certainty, they will require support, for example with travel and accommodation costs.

### **Apprenticeships**

Stakeholders considered apprenticeships as crucial to overcoming supply chain barriers. However, small businesses lack the capacity to host, and require support which could be provided by Skills Development Scotland. Promotion of available apprentices by local authority education departments could help with uptake.

### **Group purchasing**

Collective purchasing could be self-organised by microbusinesses, sole contractors or retrofit agencies, or centrally organised with a role for local authorities or regional development agencies such as Highlands and Islands Enterprise or South of Scotland Enterprise.

### **Meter engineers**

Additional engineers are needed to work through the backlog of broken meters. Regionally based engineers would improve the efficiency of visits to an area and enable engineers to have specialist knowledge of the different types of meters commonly found in remote rural areas.

### **Accessible public procurement**

Assistance with pre-qualification questions and lower levels of assurance for low-value contracts were suggested as two ways in which public procurement processes could be made more accessible to microbusinesses.

## 9. Improving the energy efficiency of homes

To remove poor energy efficiency as a driver of fuel poverty, stakeholders called for further provision of retrofit schemes and stricter standards for new builds.

	Solution	Barriers addressed	Intended impact	Timescale	Implementation
9.1	<b>Stricter standards for new build properties</b>	New build properties are still being built with a heating demand that could still require retrofitting.	Warm and energy efficient homes which do not require future retrofitting.	Medium	Forthcoming Bill for all new-build housing to meet a 'Scottish equivalent' of the Passivhaus standard. Must address concerns that Passivhaus standards are not suitable to rural climates and weather conditions.
9.2	<b>Coordinate targeted energy efficiency upgrades</b>	Single measure retrofits which can prevent access to future funding. Piecemeal retrofit of individual buildings.	Whole-house retrofit for all buildings regardless of tenure, delivered as an area-based scheme.	Long term	Dependent on solutions in Section 8 and possibly anchor organisations (4.2). Funding from UK and Scottish Governments.

### New build standards

A proposed bill,<sup>27</sup> if passed, will mean that all new builds must meet a 'Scottish equivalent' of the Passivhaus standard. New homes in remote rural Scotland must be designed and built for local weather conditions.

<sup>27</sup> The Scottish Parliament (2022) [The Proposed Domestic Building Environmental Standards \(Scotland\) Bill](#)

### **Coordinate targeted energy efficiency upgrades**

Stakeholders called for further policy interventions to retrofit homes. Widespread schemes for whole-house retrofits (rather than single measure installs) were suggested. Area-based deployment was also favoured. As well as reducing fuel poverty, stakeholders highlighted the co-benefits of improved health outcomes, reduced energy demand and lower carbon emissions. For fuel poverty reduction, funding should be targeted at households in-need rather than 'able to pay' households. However, stakeholders expressed that retrofit schemes should be open to all in order to meet our net zero goal.

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