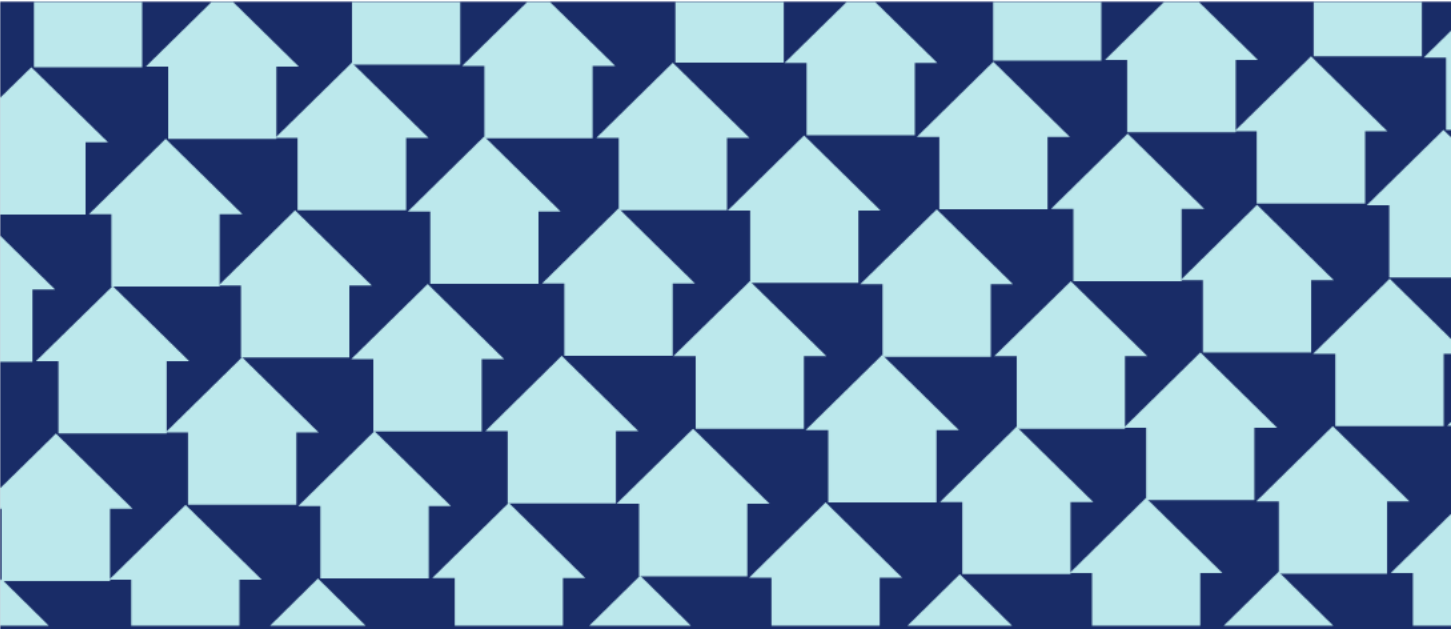




A PERFECT STORM: 2026 UPDATE ON FUEL POVERTY IN RURAL SCOTLAND

June 2026

CHANGEWORKS.

Table of contents

Executive summary	3
1. Introduction	5
1.1. Fuel poverty in Scotland	5
2. Changes in the drivers of rural fuel poverty	9
2.1. High fuel costs	9
2.2. Energy infrastructure	11
2.3. Poor energy efficiency of homes	11
2.4. Higher cost of living	13
2.5. A lack of affordable housing	13
3. Structural barriers to reducing rural fuel poverty	14
3.1. Supply chains	14
3.2. Funding for addressing fuel poverty	15
3.3. Standards for social landlords	17
4. Solutions to rural fuel poverty	19
5. Conclusion	23
6. Appendices	24
6.1. Solutions to rural fuel poverty	24

Executive summary

This report provides an update to Changeworks' 2023 analysis 'A Perfect Storm: Fuel Poverty in Rural Scotland'.¹ It draws on the latest Scottish Government Scottish House Condition Survey, a nationally representative survey commissioned by Changeworks (March 2026), and a workshop with stakeholders from rural and island areas. It examines how fuel poverty in rural Scotland has changed, which drivers of fuel poverty remain most acute, and what action is needed from the UK and Scottish Governments, local authorities, housing providers and delivery partners.

Fuel poverty has serious consequences for households, worsening physical and mental health, particularly for children, older people and those with existing health conditions, while also increasing pressure on public services and reducing economic productivity. The issue is especially acute in rural Scotland, where households face overlapping pressures including higher heating costs, weaker energy infrastructure, energy-inefficient homes, higher living costs and limited affordable housing, alongside structural barriers that can hinder effective support for rural and island communities.

Key findings

- Fuel poverty remains significantly above pre-pandemic levels: **29% of households were in fuel poverty in 2024**, with **14% in extreme fuel poverty**. The current energy crisis and energy market volatility put even more households at risk.
- **Rural heating and associated costs are structurally different:** Fewer rural homes use mains gas and a higher proportion use alternative heating fuels (urban vs rural: gas **89% vs 40%**, electricity **8% vs 22%**, oil **1% vs 28%**). Households using electricity for primary heating are disproportionately represented among those in fuel poverty, reflecting higher costs and standing charges.
- **Energy market volatility exposes off-grid households:** Households relying on heating oil remain vulnerable to price swings because oil is not covered by the Ofgem price cap.
- **Housing and retrofit challenges remain:** Rural housing is often older, more exposed and complex to upgrade, and rural geographies increase upgrade costs.
- **Delivery constraints slow progress:** Supply chain limits, skills availability, and short-term or disconnected funding cycles limit the reach and efficiency of retrofit and advice programmes; delays in smart meter rollout in remote areas can restrict access to favourable tariffs.

Solutions to rural fuel poverty

Published in 2023, 'A Perfect Storm: Fuel Poverty in Rural Scotland' recommended a set of actions to tackle rural fuel poverty. However, a large number of these have seen no progress to date and remain sorely needed. Based on the recommended actions from 2023, this report sets out more immediate measures to protect households, alongside steps to reduce exposure to future price shocks and permanently lower energy demand.

¹ The 2023 report was commissioned by Rural & Islands Housing Associations Forum (RIHAF), Highlands & Islands Housing Associations Affordable Warmth Group (HIHAAW), and Highlands and Islands Enterprise. Changeworks has produced this 2026 update independently and is solely responsible for the content of this report.

- **Address electricity pricing:** Progress electricity pricing reform, including decoupling electricity and gas prices and introducing a social energy tariff to protect vulnerable households.
- **Strengthen rural delivery capacity:** Expand apprenticeships and sector training; improve access to public procurement for microbusinesses (including group purchasing approaches) to build resilient local supply chains.
- **Improve the accessibility of financial support for households:** Introduce a rural uplift for flat-rate payments; improve how need is assessed beyond benefit eligibility; and expand devolved scheme eligibility so off-gas households are included by default.
- **Commit to sustained retrofit investment:** Provide long-term multi-year funding for householder retrofit programmes, supporting fabric-first improvements and appropriate low-carbon heating to achieve lasting bill reductions.
- **Align funding cycles for organisations:** Align and extend funding cycles for energy advice and retrofit delivery programmes to enable long-term planning and reduce administrative burden for local authorities, housing providers and delivery partners.
- **Invest in local energy infrastructure and community benefit:** Incentivise investment in rural energy networks with housing providers and local authorities and expand community ownership so rural areas benefit more directly from local renewable generation.

Conclusion

With coordinated policy and action by the UK and Scottish Government, local authorities and delivery partners, Scotland can reduce rural fuel poverty, while improving health outcomes, strengthening local economies through jobs and skills, and supporting climate goals. Without action on structural barriers, particularly electricity pricing, rural supply chain capacity and the design of funding, rural households are likely to remain disproportionately exposed to future energy shocks.



Image credit: iStock

1. Introduction

Almost a third of Scottish households lived in fuel poverty in 2024.² Recent global conflicts, alongside the lingering effects of the 2022 energy crisis, have exposed just how vulnerable households remain to shocks in energy markets. For many, that vulnerability has translated into continued insecurity about whether they can afford to heat their homes. In rural Scotland, these pressures are compounded by a greater reliance on more expensive fuels, a higher cost of living, colder and more weather-exposed homes, and structural barriers that make fuel poverty harder to address.

Fuel poverty has serious consequences. Many households respond by self-rationing energy (for example, heating only one room or relying on extra layers instead of adequate heating) which can contribute to, and worsen, physical and mental health problems.³ These impacts are felt most acutely by people with existing health conditions, older people and children.⁴

Addressing fuel poverty not only presents opportunities to help households financially but can also result in benefits for health, wellbeing, jobs and local economic growth. This can in turn contribute to other policy aims, including mitigating the effects of climate change and increasing energy security.

This report builds on Changeworks' 2023 publication 'A Perfect Storm: Fuel Poverty in Rural Scotland', revisiting the interlinking factors that drive and exacerbate fuel poverty in rural Scotland. It assesses the key drivers, structural barriers and solutions, highlighting what has changed since 2023 and what should be prioritised going forward. The original 2023 report set out a full range of factors and solutions. This update focuses on the drivers that remain most acute and identifies interventions that would have the greatest impact.

This update draws on:

- Analysis of the Scottish House Condition Survey 2024 (see 2023 report for methodology).
- A review of the literature published since 2023.
- Findings from a nationally representative survey commissioned by Changeworks and undertaken by 56 Degree Insight.
- A stakeholder workshop exploring how fuel poverty is changing in rural and remote Scotland.

1.1. Fuel poverty in Scotland

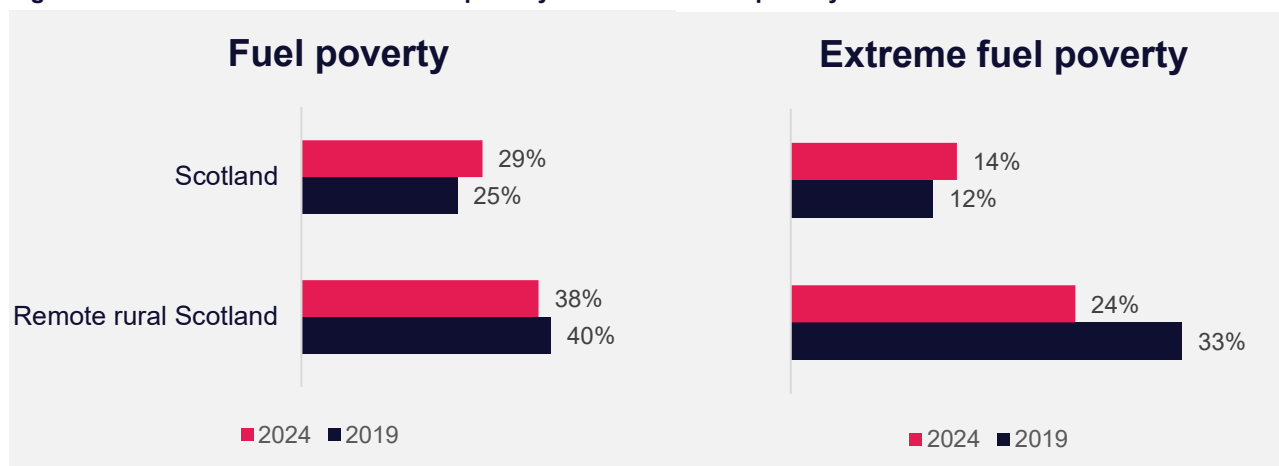
The 2023 publication, 'A Perfect Storm: Fuel Poverty in Rural Scotland', demonstrated that fuel poverty rates were significantly higher in rural areas compared to the national average. At that time, 25% of Scottish households were in fuel poverty and 12% in extreme fuel poverty, but rates were much higher for rural areas: 40% of households in remote rural Scotland were in fuel poverty and 33% were in extreme fuel poverty. Latest estimates on extreme fuel poverty show that the gap has narrowed slightly, but fuel poverty remains high. National fuel poverty has increased by four percentage points to 29% in 2024, while remote rural rates have decreased by two percentage points to 38% in 2024 (see Figure 1).

² Scottish Government. 2026. *Scottish House Condition Survey: 2024 Key Findings* [online]. Available: <https://www.gov.scot/publications/scottish-house-condition-survey-2024-key-findings/>

³ Marmot Review. 2011. *The health impacts of cold homes and fuel poverty*. Available: <http://www.instituteofhealthequity.org/projects/the-health-impacts-of-cold-homes-and-fuel-poverty>

⁴ Scottish Government. 2016. *Health, Energy Efficiency & Affordable Warmth Evidence Review* [online]. Available: <https://www.gov.scot/binaries/content/documents/govscot/publications/strategy-plan/2016/10/action-plan-deliver-affordable-warmth-rural-scotland-proposed-scottish-rural/documents/00508138-pdf/00508138-pdf/govscot%3Adocument/00508138.pdf>

Figure 1: National and remote rural fuel poverty and extreme fuel poverty: 2019 vs 2024



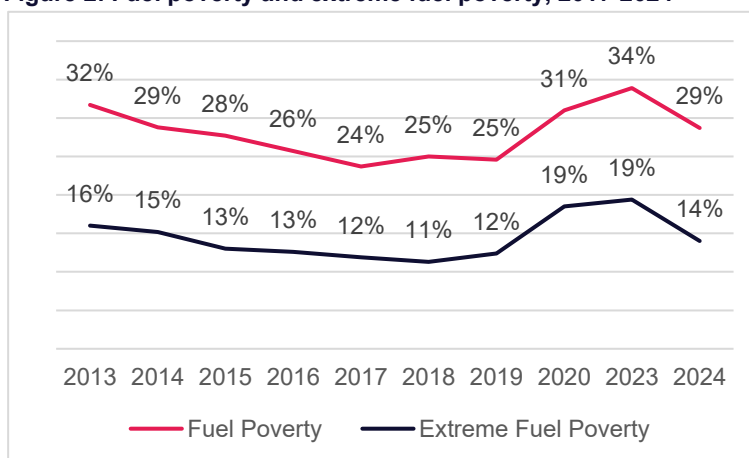
Source: Scottish Government 2026, Housing Condition Survey 2024 (Note: percentages rounded to the nearest whole number)

Despite the slight decrease in rural fuel poverty from 2019 to 2024, rural areas continue to represent a higher proportion of fuel poverty and extreme fuel poverty in Scotland. Importantly, more people in Scotland are now living in both fuel poverty and extreme fuel poverty than in 2019, pointing to the worsening situation on a national level.

1.1.1 A deeper dive into fuel poverty changes in Scotland

As Figure 2 shows, the levels of fuel poverty have fluctuated over the last five years. Between 2013 and 2019, the number of people living in both fuel poverty and extreme fuel poverty had been slowly but steadily decreasing. This trend was reversed following the COVID-19 pandemic, and again during the energy crisis of 2022.⁵ These events brought the rates of fuel and extreme fuel poverty to 34% and 19% respectively in 2023, the highest in 14 years.

Figure 2: Fuel poverty and extreme fuel poverty, 2017-2024



Source: Scottish Government 2026, Housing Condition Survey 2024 (Note: percentages rounded to the nearest whole number)

Despite improvement between 2023 and 2024 (34% to 29%), the most recent rates of fuel poverty have not fallen below the 2019 figure (25%). The latest available data show that as of 2024, 29% of people in Scotland lived in fuel poverty, and 14% lived in extreme fuel poverty.

The current fluctuations in global energy markets and the continued increase in energy prices since the early 2020s put recent progress into question. The Scottish Fuel Poverty Advisory Panel has stated that Scotland

⁵ National Energy Action. 2025. *Energy crisis timeline: how the energy crisis unfolded*. National Energy Action. Available: <https://www.nea.org.uk/energy-crisis/energy-crisis-timeline/>

is extremely unlikely to meet the target of no more than 15% of households in fuel poverty and 5% in extreme fuel poverty by 2030,⁶ set by the Scottish Government in 2021.⁷⁸

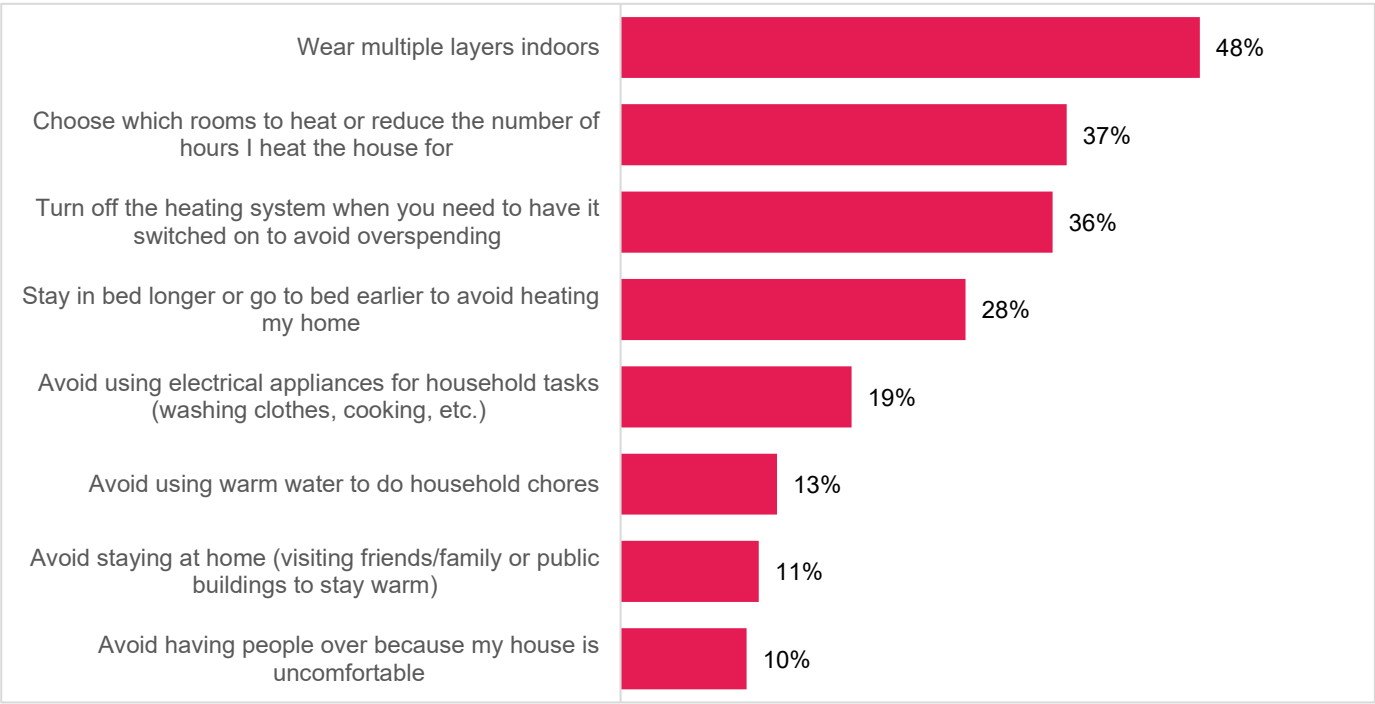
1.1.2 Consequences of fuel poverty

To further investigate the impact of fuel poverty and provide a clearer picture of its lived experience, Changeworks commissioned a nation-wide survey with research agency 56 Degree Insight in March 2026 on the topic of climate and energy use.⁹

Around **37% of respondents reported being ‘extremely concerned’ or ‘very concerned’ about their ability to pay their energy bills, a three-percentage-point rise since the survey was last conducted in 2025.**¹⁰ The groups expressing the highest concern included women, social renters and those on benefits.

Over the course of a winter’s day, **35% of respondents said that their home was heated to a comfortable temperature for only three to five hours, considerably less than the recommended heating regime of nine hours.**¹¹ When asked what steps they take to manage the cold, over a third of respondents said they choose which rooms to heat (37%) and/or turned their heating off to cut bills last winter (36%), and over a quarter stay in bed to avoid turning on the heating (28%) (see Figure 3).

Figure 3: ‘Thinking back to the last couple of months of winter, have you or anyone in your household had to do any of the following?’



Source: Survey conducted in March 2026 by 56 Degree Insight for Changeworks

⁶ Scottish Fuel Poverty Advisory Panel. 2025. *SFPAP Response to the Scottish Government's First Fuel Poverty Periodic Report*, accessed 6 April. Available: <https://fuelpovertypanel.scot/our-publications/periodic-report-response/>

⁷ Scottish Government. 2021. *Tackling fuel poverty in Scotland: a strategic approach*. Available: <https://www.gov.scot/publications/tackling-fuel-poverty-scotland-strategic-approach/>

⁸ This difference in fuel poverty increasing nationally and slightly decreasing in remote rural areas can likely be explained by the factors driving fuel poverty, like fuel costs, housing costs and other costs of living, changing differently throughout the country.

⁹ This is a recurring survey taking place at around the same time every year.

¹⁰ Survey conducted in March 2026 by 56 Degree Insight for Changeworks (n=1,117). Weighted to be nationally representative.

¹¹ Scottish Government. 2019. *Enhanced heating regimes: consultation*. Available: <https://www.gov.scot/publications/consultation-enhanced-heating-regimes-within-new-definition-fuel-poverty/>

The above highlights how deeply fuel poverty impacts the comfort and wellbeing of households. Half (51%) of respondents reported having health problems due to a cold or poorly insulated home and 49% reported having issues with their mental health because of it. The need for more effective structural intervention to improve energy efficiency is clear in the face of rising concern over energy bills translating into widespread heat rationing.

Reducing rural fuel poverty is both a public health and a cost-of-living measure.¹² It can help prevent avoidable ill health associated with cold homes, reduce demand on health¹³ and other public services, and improve household financial resilience; supporting participation in work, education and local economies.¹⁴

Fuel poverty is also intrinsically connected with Scotland's climate and heat decarbonisation ambitions.¹⁵ Introducing measures that permanently reduce energy demand, such as energy efficiency improvements and appropriate low-carbon heating, will consequently lower bills and reduce exposure to future price shocks.¹⁶

Done well, investment in reducing fuel poverty can also strengthen rural delivery capacity and economic outcomes.¹⁷ Longer-term programmes enable suppliers and installers to plan, build skills and expand, creating sustained local employment.¹⁸ Designing funding and procurement to work for rural and island contexts can maximise local spend and improve delivery efficiency.



Image credit: iStock

¹² Changeworks. 2026. *Co-benefits of net zero retrofit and stock investment management: Social landlords in Scotland*. Available: https://www.changeworks.org.uk/wp-content/uploads/2026/01/2026-Changeworks-Co-benefits-of-Retrofit_Final-Consultation-Report-compressed.pdf

¹³ Howden-Chapman, P. et al. 2007. *Effect of insulating existing houses on health inequality: cluster randomized study in the community*. *British Medical Journal*, 334(7591):460; Shwashreh, L. et al. 2024. *Retrofit Strategies for Alleviating Fuel Poverty and Improving Subjective Well-Being in the UK's Social Housing*. MDPI Buildings, 14(2), p.316

¹⁴ Jakub, M. and Nutter, S. 2006. *Marginal costs and co-benefits of energy efficiency investments: The case of the Swiss residential sector*. *Energy Policy*. 34(2) pp. 172-187; Sudmant, A., et al. 2024. Climate policy as social policy? A comprehensive assessment of the economic impact of climate action in the UK. *Journal of Environmental Studies and Sciences*, 15. pp.1-15.

¹⁵ Scottish Government. 2026. *Scotland's Climate Change Plan: 2026-2040*. Available: <https://www.gov.scot/publications/scotlands-climate-change-plan-2026-2040-annexes/>

¹⁶ OECD. 2023. *Aiming better: Government support for households and firms during the energy crisis*. Available: https://www.oecd.org/content/dam/oecd/en/publications/reports/2023/06/aiming-better-government-support-for-households-and-firms-during-the-energy-crisis_23a629de/839e3ae1-en.pdf

¹⁷ McGinn, C. 2024. *The challenge of retrofitting homes across 20 remote Scottish islands*. Scottish Housing News [online]. Available: <https://www.scottishhousingnews.com/articles/chris-mcginn-the-challenge-of-retrofitting-homes-across-20-remote-scottish-islands>

¹⁸ Ibid

2. Changes in the drivers of rural fuel poverty

Fuel poverty is shaped by a combination of social, economic and environmental factors. Many of these apply across Scotland, but their effects are often intensified in rural and remote areas by higher living costs, a greater reliance on more expensive fuels, and housing characteristics that increase energy demand. The 2023 report identified the following as the major drivers of fuel poverty in Scotland:

General drivers	Rural specific drivers
High fuel costs (including energy infrastructure)	Cold and wet climates
Poor energy efficiency of homes	Employment and training
High cost of living	Affordable housing
How energy is used in the home	Ageing demographics
	Limited access to support service

This 2026 update draws on desk research and a stakeholder workshop to identify the drivers of rural fuel poverty that have been most significant and most consistently raised since 2023. These include:

- High fuel costs
- Energy infrastructure
- Poor energy efficiency of homes
- Higher cost of living
- Lack of affordable housing

It is important to note that the rural-specific drivers identified in the original report continue to contribute to higher fuel poverty rates in rural Scotland. However, as there was little change over the last three years, they are not explored in further detail in this update.

2.1. High fuel costs

In the 2023 report, high fuel costs were highlighted as one of the main drivers of fuel poverty, aggravated in rural areas by the prevalence of electric heating systems, restricted metering and the use of unregulated fuels. **In this 2026 update, data analysis from the desk research and workshop highlighted that fuel costs and commonly used fuel types in rural areas remain one of the biggest drivers of fuel poverty.** It is important to consider that the situation remains fluid at the time of writing and policy changes in the area are being announced, including plans to decouple electricity prices from gas prices.¹⁹

While the latest Scottish House Condition Survey showed a moderate decrease in fuel poverty rates between 2023 and 2024, this was driven largely by lower energy prices rather than systemic improvement.²⁰ **The recent energy price rise, linked to the Iran conflict, is therefore likely to reverse that progress. Rural households are particularly exposed because they are far more likely to rely on more expensive heating fuels.** Significantly higher rates of electricity and oil use as primary heating fuels in rural areas compared to urban areas have persisted since 2023; substantial differences are seen between urban

¹⁹ See recent announcements by UK Government: <https://www.gov.uk/government/news/decisive-action-to-break-influence-of-gas-on-electricity-prices>

²⁰ Scottish Government. 2026. *Scottish House Condition Survey: 2024 Key Findings*. Available: <https://www.gov.scot/publications/scottish-house-condition-survey-2024-key-findings/>

and rural areas in the use of mains gas (89% and 40%, respectively), electricity (8% and 22%), and oil (1% and 28%).²¹

This matters because the fuels more commonly used in rural areas are associated with higher and more volatile costs. **Scottish households using electricity as their primary heating are overrepresented in the fuel poor population** (42%) compared to households using gas (27%), oil (23%), and other fuel types (26%),²² reflecting higher standing charges for electricity.²³ These increasing prices are in part a result of the marginal pricing system, which couples electricity and gas prices, based on the reliance on gas to generate electricity. Ofgem has recently set the energy price cap for July to September 2026 at £1,659 for a typical dual-fuel household,²⁴ an increase of 13% from the last price cap. However, the longer-term outlook remains uncertain.

Rural households that rely on heating oil face additional risks, as oil used for heating remains outwith the energy price caps set by Ofgem, leaving customers vulnerable to volatile markets, and workshop participants highlighted growing difficulties with fuel distribution in remote areas. Alongside wider energy-related increases in transport and food costs, these pressures leave rural households more vulnerable to debt: **Citizens Advice Scotland data for 2023/24 show rural energy debt rising to more than 30% above the national average.**²⁵ In 2026, the Scottish Government announced an emergency fund to support households using heating oil and LPG.²⁶ Households in receipt of qualifying benefits are prioritised for the fund, while those that can show they are in financial hardship or at risk of self-rationing energy are also eligible.²⁷

Additionally, **the delayed roll out of smart meters and transition from Radio Teleswitch Service (RTS) meters put consumers living in remote rural areas at a further disadvantage as they have limited access to flexible tariffs with more favourable rates.** The rollout of domestic electricity smart meters in Scotland lags behind that of England and Wales (at 57% and 70%, respectively),²⁸ by the same proportion as in 2023 (43% and 56%).²⁹ Recent data show that this is even further delayed in rural local authority areas (18% in Shetland, 26% in Orkney, 26% in Na h-Eileanan Siar, 35% in Argyll and Bute and 44% in Highland).³⁰ Organisations spoken to by Changeworks highlighted that the delay has led to rushed installations of smart meters without proper explanation of available tariffs, often leading to people staying on or choosing tariffs that are unfavourable for their heating use or homes.

²¹ Scottish Government. 2026. *Scottish House Condition Survey: 2024 Key Findings*. Available: <https://www.gov.scot/publications/scottish-house-condition-survey-2024-key-findings/>

²² Ibid

²³ UK Parliament. 2026. *Energy Standing Charges*. Available: <https://commonslibrary.parliament.uk/research-briefings/cbp-10339/>

²⁴ Ofgem. 2026. *Energy price cap will rise by 13% from July* [online]. Available: <https://www.ofgem.gov.uk/press-release/energy-price-cap-will-rise-13-july>

²⁵ Citizens Advice Scotland (CAS). 2025. *Response to Ofgem's consultation on resetting the energy debt landscape*. Citizens Advice Scotland. Available: https://www.cas.org.uk/sites/default/files/2025-02/cas_response_to_resetting_debt_landscape_consultation.pdf

²⁶ Scottish Government. 2026. *Support for households using heating oil and LPG* [online]. Available: <https://www.gov.scot/news/support-for-households-using-heating-oil-and-lpg/>

²⁷ Home Energy Scotland. 2026. *Help for Households using Heating Oil* [online]. Available: <https://www.homeenergyscotland.org/help-households-using-heating-oil>

²⁸ UK Government. 2026. *Quarterly statistics on the roll-out of smart meters in Great Britain, covering meters operating and meters installed: Q1 2025 data*. Available: https://www.data.gov.uk/dataset/ed44b45d-6651-4767-9f73-92abd3f51e48/smart_meter_installations

²⁹ UK Government. 2023. *Quarterly statistics on the roll-out of smart meters in Great Britain, covering meters operating and meters installed: Q1 2023 data*. Available: https://www.data.gov.uk/dataset/ed44b45d-6651-4767-9f73-92abd3f51e48/smart_meter_installations

³⁰ UK Government. 2026. *Quarterly statistics on the roll-out of smart meters in Great Britain, covering meters operating and meters installed: Q1 2025 data*. Available: https://www.data.gov.uk/dataset/ed44b45d-6651-4767-9f73-92abd3f51e48/smart_meter_installations

2.2. Energy infrastructure

As identified in the 2023 report, despite the volume of renewable energy being produced in rural Scotland, existing energy infrastructure limits the use of electricity produced locally from renewables.

Workshop participants stated that communities must benefit more fully from local energy production as the UK transitions to renewable energy to reduce reliance on the national grid and volatility in energy prices. They stressed that local energy infrastructure needs to be improved significantly to enable community-owned production and reduce the curtailment of wind power.

Stakeholders highlighted the potential for the decoupling of electricity and gas prices to benefit rural communities substantially, owing to the high rates of renewable energy generated in those areas and the low levels of mains-gas usage. A stakeholder noted that in rural areas, households are 'paying a higher cost for the electricity, yet it's generated here', while another stated that **'fuel poverty would be immediately slashed if electricity prices became a bit more affordable and decoupled from that pricing mechanism'**. Recent announcements by UK Government suggest that electricity prices could begin to be decoupled,³¹ however, it is unclear as to the extent this will filter down to rural households and when.

The Scottish Government has supported microgrids and heat networks through the Community and Renewable Energy Scheme (CARES),³² including new infrastructure projects as well as further funding for existing projects, while UK funding has also been provided for this purpose through Great British Energy.³³

Local ownership of energy assets remains limited, and existing schemes tend to be small scale.³⁴ While some community benefit is provided by other, larger schemes,³⁵ these schemes are dependent on the community organising the allocation of funds and their approaches vary considerably.³⁶

2.3. Poor energy efficiency of homes

The 2023 report identified poor energy efficiency of homes in rural areas as one of the main drivers of fuel poverty due to the property archetypes and cost of energy efficiency improvements, compounding the problem of high fuel costs.

Many of the issues affecting the condition and therefore efficiency of rural housing remain unchanged in 2026. Rural homes are often older, larger and more exposed to wind and rain than urban homes. They are more likely to be detached (49% in rural areas, compared with 18% in urban),³⁷ meaning they do not benefit from shared warmth from neighbouring properties, and are on average 37% larger than in urban areas. Rural, and especially coastal, areas of Scotland experience substantially **higher rates of wind-driven**

³¹ UK Government. 2026. *Decisive action to break influence of gas on electricity prices* [online]. Available: <https://www.gov.uk/government/news/decisive-action-to-break-influence-of-gas-on-electricity-prices>

³² Scottish Government. 2025. *Delivering renewable energy benefits to communities* [online]. Available: <https://www.gov.scot/news/delivering-renewable-energy-benefits-to-communities/>

³³ UK Government. 2025. *Great British Energy backs Scotland, Wales and Northern Ireland* [online]. Available: <https://www.gov.uk/government/news/great-british-energy-backs-scotland-wales-and-northern-ireland>

³⁴ UK Government. 2025. *Great British Energy backs Scotland, Wales and Northern Ireland* [online]. Available: <https://www.gov.uk/government/news/great-british-energy-backs-scotland-wales-and-northern-ireland>

³⁵ Local Energy Scotland. 2026. *Projects index* [online]. Available: https://localenergy.scot/projects-overview/projects-index/?project_type=cb_offered&project_stage=&local_authority_id=&area_of_benefit-la=&area_of_benefit-cc=&colo=&project_owner=

³⁶ Local Energy Scotland. 2026. *Community benefits income for net zero*. Available: <https://localenergy.scot/resource/community-benefits-income-for-net-zero/>

³⁷ Scottish Government. 2026. *Scottish House Condition Survey: 2024 Key Findings*. Available: <https://www.gov.scot/publications/scottish-house-condition-survey-2024-key-findings/>

rain,³⁸ which increases the amount of fuel needed to keep homes warm and dry. These factors, combined with the dispersed nature of rural housing,³⁹ make **homes in rural areas more expensive to heat**.

The built fabric and natural environment of rural homes also result in them being **more expensive and complex to retrofit**. For example, rural properties often have more unusual or multiple types of construction, meaning that the measures required to make fabric improvements are more involved than those for a typical property.⁴⁰ The wider geographic distribution of properties means there are fewer opportunities for cost savings associated with scaled works. In addition, forthcoming research by Changeworks suggests that **further barriers exist when conducting retrofit on traditional and stone buildings**, which are more prevalent in rural Scotland, **due to lack of guarantees that installers can provide for their work**.⁴¹ Stakeholders noted that the costs of retrofit are likely to increase following the most recent energy crisis, not only because the production and distribution of materials have been affected, but also because of the higher costs of oil-derived insulation. As a result of these **barriers to fabric improvements, rural homes are less suitable for the installation of clean heating options**.⁴²

While several factors driving rural housing conditions and fuel poverty remain, there has been some progress. Specifically, **there has been a growing uptake and awareness of energy efficiency and low-carbon measures since 2023**. A 2025 Scottish Government survey⁴³ showed that owner-occupiers were more likely to have wall, floor and/or loft insulation in rural (92%) than in urban (81%) areas. The same survey identified that those living in rural areas were more likely than average to say that it was common for people they knew to have installed a heat pump.⁴⁴ Lastly, the 2023 report identified that properties in a state of disrepair were preventing retrofit progress. However, the latest House Condition Survey (2024), showed overall disrepair rates to be broadly similar between rural and urban areas.⁴⁵ This suggests that **the state of repair of housing stock is becoming a less significant barrier to energy efficiency improvements in rural areas compared to urban**.



Image credit: iStock

³⁸ Scottish Government 2016. *Delivering affordable warmth in rural Scotland: action plan*. [online]. Available: [Appendix 2 - Map - Delivering affordable warmth in rural Scotland: action plan - gov.scot](#)

³⁹ Innovate UK. 2025. *Retrofit in Rural Environments: an Insight Report for UK Local Authorities*. Available: <https://iuk-business-connect.org.uk/wp-content/uploads/2025/11/Retrofit-in-Rural-Environments-An-Insight-Report-for-UK-Local-Authorities-compressed.pdf>;

⁴⁰ Chartered Institute of Building. 2024. *Meeting Scotland's Retrofit Challenge: solutions from the industry*. Available: https://www.ciob.org/sites/default/files/2024-05/Retrofit%20Roundtable%20-%20Meeting%20Scotlands%20Retrofit%20Challenge_1.pdf

⁴¹ Changeworks. *Installer Experiences of Remote and Rural Communities*. Forthcoming.

⁴² Ibid

⁴³ Scottish Government. 2025. *Scottish Climate Survey: main findings 2024 to 2025* [online]. Available: <https://www.gov.scot/publications/scottish-climate-survey-main-findings/pages/home-energy-and-heat-decarbonisation/>

⁴⁴ An important consideration is higher prevalence of flats in urban areas, which can be more difficult to retrofit.

⁴⁵ Scottish Government. 2025. *Scottish Climate Survey: main findings 2024 to 2025* [online]. Available: <https://www.gov.scot/publications/scottish-climate-survey-main-findings/pages/home-energy-and-heat-decarbonisation/>

2.4. Higher cost of living

As noted in the 2023 report, rural households face higher prices for goods and services. This remains the case for food costs, which are often higher in smaller ‘convenience’ shops that are often relied upon in rural areas.⁴⁶ Analysis conducted subsequently showed that food price inflation between 2022 and 2023 stood at over 19%, the highest for 45 years.⁴⁷ Meanwhile, the cost of transport is the largest additional cost for rural communities in comparison to those in urban areas, at an additional £50 per week.⁴⁸

Workshop participants reiterated how higher living costs and difficulties accessing affordable housing leave rural Scotland economically vulnerable. For example, one stakeholder noted that cost of living in Shetland varies between 40–60% above the national average. **Recent analysis estimates that budgets for remote rural Scottish working-age adults need to be 26% higher to meet a minimum acceptable living standard, rising to 30% for those not on the mainland.**⁴⁹ However, as the 2023 report outlined, hourly rates of pay are lower in rural areas than in urban areas, owing to the dominance of seasonal service sector employment. This, coupled with higher energy and heating costs, contributes to greater numbers of households living in fuel poverty in rural areas.

2.5. Lack of affordable housing

The 2023 report identified that a lack of affordable housing and lower levels of social housing in rural areas exposes households to higher rental costs and less energy-efficient homes. The shortage of housing remains an issue in 2026. The Scottish Government declared a national housing emergency in 2024 and pledged to build 110,000 new homes, with 11,000 of them built in remote rural and island areas by 2032.⁵⁰ **It is projected that the government will not be able to meet its targets by 2030,**⁵¹ with housebuilding completions down between 2023/4 and 2024/5.⁵² The efforts to increase the supply of affordable rural housing are impeded by a lack of availability of appropriate land, the extra costs of installing infrastructure and housebuilding itself, and lack of competition between contractors, leading to people often living in larger houses that do not meet their needs.⁵³ The limited or unsuitable housing options leave households with fewer options and can lead to higher rates of fuel poverty.

⁴⁶ UK Parliament. 2024. *Cost of living: impact on rural communities in Scotland* - Scottish Affairs Committee. Available: <https://publications.parliament.uk/pa/cm5804/cmselect/cm Scotaf/153/report.html#heading-4>

⁴⁷ Ibid

⁴⁸ Scottish Government. 2021. *Poverty in rural Scotland: evidence review*. Available: <https://www.gov.scot/publications/poverty-rural-scotland-review-evidence/pages/4/>

⁴⁹ Scottish Government. 2025. *Fuel poverty measurement - reflecting higher living costs in remote rural Scotland: 2023 update*. Available: <https://www.gov.scot/publications/cost-remoteness-reflecting-higher-living-costs-remote-rural-scotland-measuring-fuel-poverty-2023-update/pages/1/>

⁵⁰ Changeworks. 2023. *A perfect storm: Fuel Poverty in Rural Scotland*. Available: <https://www.changeworks.org.uk/insights/a-perfect-storm-fuel-poverty-in-rural-scotland/>

⁵¹ Scottish Housing News. 2026. *Budget boosts affordable housing investment, but sector warns measures still fall short* [online]. Available: <https://www.scottishhousingnews.com/articles/budget-boosts-affordable-housing-investment-but-sector-warns-measures-still-fall-short>

⁵² Scottish government. 2025. *Affordable Housing Supply Programme - Housing Statistics for Scotland Quarterly Update: New Housebuilding and Affordable Housing Supply to end March 2025* [online]. Available: <https://www.gov.scot/publications/quarterly-housing-statistics-june-2025/pages/affordable-housing-supply-programme/>

⁵³ Scottish Fuel Poverty Advisory Panel. 2025. *Fuel poverty in rural and remote Scotland – literature review*. Available: <https://fuelpovertypanel.scot/wp-content/uploads/2025/03/Rural-FP-Literature-Review-Final.pdf>

3. Structural barriers to reducing rural fuel poverty

Fuel poverty in rural Scotland remains persistently high, despite sustained action by local authorities, delivery partners and communities. This reflects not only the underlying drivers set out in Section 2, but also the structural barriers that constrain what can be delivered, where, and at what cost, limiting the scale and effectiveness of interventions.

The 2023 report identified barriers faced by households, local supply chain and local support organisations.

Households	Supply chains	Organisations
Energy efficiency schemes	Accreditation and training	Accessing funding
Self-funding requirements	Procurement barriers	Short-term funding
Digital infrastructure	Apprenticeships	Running costs

In this update, three categories were identified through stakeholder engagement and desk research as persistent barriers to addressing fuel poverty in rural Scotland over the last three years. These barriers are the most acute, where targeted action would allow faster progress towards reaching government goals on fuel poverty by 2030:

- Supply chains
- Funding for addressing fuel poverty⁵⁴
- Standards for social landlords

3.1. Supply chains

The 2023 report captured several supply chain barriers under one category, including accreditation and training, apprenticeships and procurement barriers. Issues with local supply chains for improving the energy efficiency of homes remain persistent and complex today. Organisations spoken to by Changeworks reported that, in some areas, **small companies do not have the resources to achieve accreditation for publicly funded retrofit work**, meaning they cannot access public funds and grow in order to do so.

Stakeholder workshop participants also added that **other companies may choose not to take this route due to government funding streams being deemed unreliable in the long-term**, such as with the ending of the ECO4 scheme by the end of 2026. Local firms' inability to deliver publicly funded schemes reduces local job opportunities, makes the funding harder for householders to access and raises retrofit costs as larger companies charge higher prices to travel from urban areas. As noted in the 2023 report, stakeholders highlighted how a reliance on installers from the Central Belt of Scotland can create issues around follow-up visits and maintenance, as well as costs. A possible solution to these issues is to strengthen networks and

⁵⁴ This update addresses funding under one subsection to compare the options available to different stakeholders in the sector and how their ability to act is hindered.

existing connections to support place-based delivery of retrofit at scale in rural areas, as exemplified by the work of the Highland Energy Community Partnership⁵⁵ and the Carbon Neutral Island programmes.⁵⁶

Housing providers spoken to by Changeworks stated that in the Highlands, there is an adequate supply of low-carbon technology installers, and the standard of work has improved through PAS 2030 and 2035. However, they noted that **improving the building fabric of homes has not been prioritised accordingly, limiting the widespread installation of insulation**. Research shows that rural areas are often those with the highest need for insulation and facing the lowest supply.⁵⁷ This can lead to reduced efficiencies for technologies reliant on a suitable level of thermal insulation (such as heat pumps) and consequently higher heating costs for households. Stakeholders noted that this risked a disconnect between reducing fuel poverty and achieving decarbonisation targets.

In line with the 2023 research, stakeholders reiterated that **more education and training regarding the installation of energy efficiency technology is needed** (e.g., through apprenticeships and further education courses). However, they also highlighted a lack of coordinated action resulting in missed opportunities to develop new talent or upskill the existing workforce, due to the lack of structured training programmes and proper communication. As a possible solution, the workshop attendees identified an opportunity to offer ongoing training to people leaving education, as well as coordinating local opportunities to eliminate the added burden of expense of travel and accommodation for training.

3.2. Funding for addressing fuel poverty

While the original report did not collate funding options for different actors in the sector, this report found that the changes in different funding streams over the last three years have a substantial impact on the ability to undertake retrofit and methods of addressing fuel poverty.

3.2.1 Funding for retrofit schemes

The Scottish Government has strengthened support for households in remote rural areas to improve the energy efficiency of their homes through increased investment in Energy Efficient Scotland: Area Based Schemes (EES: ABS) and the rural uplift within the Home Energy Scotland (HES) Grant and Loan scheme.⁵⁸ Meanwhile, the development of effective supply chains through the Warmer Homes Scotland framework has improved delivery in these areas.⁵⁹

Despite the increase in available investment, workshop participants highlighted that **misaligned funding cycles and the short timescales to deliver within financial years can lead to missing out on available funds or result in underspending, limiting their ability to deliver retrofits and home improvements**. For example, Scottish Government data show that local authorities underspent on EES: ABS funding by an average of £304,000 in the 2023/24 financial year. This is lower than the underspend in the three preceding years, but higher than in 2019/20, where the average underspend was £200,000.⁶⁰

⁵⁵ Changeworks (2026). *Highland energy Community Partnership*. Available: [Supporting decarbonisation and fuel poverty in the Highlands](#)

⁵⁶ Scottish Government. 2026. *Renewable and low carbon energy* [online]. Available: <https://www.gov.scot/policies/renewable-and-low-carbon-energy/carbon-neutral-islands/> (accessed 19/06/26)

⁵⁷ Which? 2024. *Priority Places for Insulation Index: Mapping Scotland's Home Insulation Needs*. [Online] Available: <https://www.which.co.uk/policy-and-insight/article/priority-places-for-insulation-index-mapping-scotlands-home-insulation-needs-acEBD1w9sZTX#identifying-the-priority-places-for-insulation> (accessed 06/04/26)

⁵⁸ Home Energy Scotland. 2026. *Home Energy Scotland Grant and Loan* [online]. Available: <https://www.homeenergyscotland.org/home-energy-scotland-grant-loan>

⁵⁹ Warmworks. 2025. *Warmer Homes Scotland annual report 2024-2025*. Available: <https://www.warmworks.co.uk/wp-content/uploads/2025/11/Warmer-Homes-Scotland-annual-report-2024-25-web-version.pdf>

⁶⁰ Changeworks' analysis of Scottish Government data. Data available: <https://www.gov.scot/publications/area-based-schemes-allocation-per-local-authority/>

Adding to this, Changeworks also consulted with housing providers and related experts who expressed similar challenges in delivering retrofit owing to the complexity in coordinating different funding streams. Despite schemes being managed by the same area of government, their **management and funding cycles are disconnected, increasing the workload of social landlords**. Stakeholders argued that **the short-term nature of much of the funding available also makes retrofit delivery challenging and less efficient**.

Householders also face complications arising from the patchwork of retrofit funding available. For example, many rural households who are in fuel poverty but not in receipt of benefits would not qualify for funding through Warmer Homes Scotland. Stakeholders consulted in the original research highlighted how this limited the impact of the scheme, underscoring the potential for change in this area. At the same time stakeholders also noted that the current funding landscape is difficult to navigate and would benefit from a single point of assessment, which is not widely available. A potential place-based model for such assessment was undertaken by Home Energy Scotland Highlands and Islands, partnered with the Raasay Development Trust to conduct home assessments for the island. This resulted in opportunities identified for 32 households to be referred to different funding schemes, showing that a place-based approach can prove successful in this regard.⁶¹ The Existing Homes Alliance⁶² has advocated for a 'one-stop-shop' model to support delivery across Scotland, particularly for those deemed 'able to pay' and thus not eligible for funding through Warmer Homes Scotland or EES: ABS.⁶³

Lastly, as noted in the previous section, **stakeholders stated that the withdrawal of ECO4 funding has heavily impacted both installers and businesses, as well as householders, who relied on projects funded through this grant**. Between 2013 and 2025, 13% of Scottish households had received funding for home energy efficiency measures through ECO4.⁶⁴ Given its significant contribution in helping homes in fuel poverty, there is high likelihood of the impact of its discontinuation being noticed in future assessments of fuel poverty levels in Scotland. Meanwhile, while the rural uplift to funding for measures through Warmer Homes Scotland recognises higher costs in these areas, many who do not receive qualifying benefits are excluded.

3.2.2 Funding for fuel poverty support

Workshop participants stated that current eligibility criteria for fuel poverty support programmes omit demographics that would benefit from support. Currently, households that are not in receipt of specific benefits are not eligible for support such as the Winter Heating Payment and Warm Home Discount. These schemes do not factor in the higher baseline costs for remote and rural households discussed in Section 2. Moreover, stakeholders highlighted that lack of awareness as well as perceived stigma surrounding accessing support can limit the access to and uptake of available fuel poverty support. Some steps have been taken to improve this; programmes such as Highland Energy Community Partnership help approach community benefit holistically, raising group awareness, reducing stigma associated with fuel poverty, and delivering help and advice directly to households.⁶⁵

⁶¹ See: <https://www.changeworks.org.uk/wp-content/uploads/2024/05/Isle-of-Raasay-Carbon-Neutral-Island-case-study-of-support-offered-by-Home-Energy-Scotland.pdf>

⁶² The Existing Homes Alliance is a group of organisations, of which Changeworks is a part, which is calling for action to improve Scotland's existing housing stock to address fuel poverty and cut carbon emissions.

⁶³ Existing Homes Alliance. 2025. *One stop shops and Retrofit Agencies - a vision for retrofit support across Scotland*. Available: <https://existinghomesalliancescotland.co.uk/wp-content/uploads/2025/02/EHA-One-stop-shops-and-Retrofit-Agencies-a-vision-for-retrofit-support-across-Scotland-January-2025-1.pdf>

⁶⁴ Scottish Government. 2025. *Household Energy Efficiency Statistics, headline release October 2025*. Available: [Household Energy Efficiency Statistics, headline release October 2025 - GOV.UK](https://www.gov.uk/government/statistics/household-energy-efficiency-statistics-headline-release-october-2025)

⁶⁵ Changeworks (2026). *Highland energy Community Partnership*. Available: [Supporting decarbonisation and fuel poverty in the Highlands](https://www.changeworks.org.uk/wp-content/uploads/2026/01/Highland-energy-Community-Partnership.pdf)

3.2.3 Funding for energy advice and support

There are inherent challenges in how funding for energy advice is allocated and assessed. Stakeholders highlighted that funding is often awarded on the basis of numbers of households reached and return on investment, criteria that tend to disadvantage rural areas. In urban settings, return on investment can be more easily increased through simple measures such as sharing energy advice at a well-attended community event. However, these metrics do not adequately reflect rural contexts, where smaller-scale engagement may have greater impact because households often require more specialised advice.

In addition, representatives from Changeworks' Community Engagement and Energy Advice Services (CEEAS) highlighted that funding is often more accessible to national organisations. The team stressed the importance of stronger cooperation between local and national organisations to deliver effective energy advice in rural areas and address the underlying shortage of, and limited access to, meaningful and transformative support. These groups are well embedded in communities, meaning they have established trusted relationships which are more likely to result in take-up of advice.

As energy debt continues to be widespread, risking households being locked into a cycle of fuel poverty, it would benefit Scotland to look for practical intervention. Specific fuel poverty support programmes, such as the Home Heating Support Fund from the Scottish Government, have proven their effectiveness.⁶⁶ However, delivery of such schemes as well as wider support for households facing energy debt, requires experienced advisors as well as earlier intervention from energy companies.⁶⁷

3.3. Standards for social landlords

The 2023 report did not identify standards for social landlords as a barrier to addressing fuel poverty, as regulatory uncertainty was anticipated to be short-lived as the Energy Efficiency Standard for Social Housing 2 (ESSH2) standard was updated. Subsequent research by Changeworks revealed that the **uncertainty surrounding standards and housing providers' obligations reduces social landlords' confidence and ability to plan investments in housing stock in the long-term.**⁶⁸

As of 2026, ESSH2 remains paused and will be replaced by the Social Housing Net Zero Standard (SHNZS). The latter was consulted on in 2023 and was anticipated to be introduced in 2025 at the earliest.⁶⁹ In practice, this means that social landlords looking to be compliant with upcoming standards are waiting for these to be finalised before taking action, to avoid the risk of incorrect investments which could make achieving compliance more difficult further down the line. The upcoming Energy Performance Certificate (EPC) rating changes, which are being updated to align with Scotland's Net Zero targets,⁷⁰ are now delayed until 2027. This includes measurements of fabric performance. **Lack of certainty in this area further complicates delivery for social landlords.**⁷¹

Compounding the aforementioned complex funding environment, housing providers stated that this lack of clarity surrounding standards is causing them to focus on short-term upgrades, rather than more holistic interventions. For example, installing only low-carbon technology rather than taking a fabric-first approach to

⁶⁶ Shetland Islands Council. 2025. *Home Heating Support Fund – Shetland Islands Council* [online]. Available: <https://www.shetland.gov.uk/news/article/2305/home-heating-support-fund>

⁶⁷ Citizens Advice Scotland. 2025. *Resetting the Energy Debt Landscape Response from Citizens Advice Scotland*. Available: https://www.cas.org.uk/sites/default/files/2025-02/cas_response_to_resetting_debt_landscape_consultation.pdf

⁶⁸ Changeworks. 2026. *Co-benefits of net zero retrofit and stock investment management: Social landlords in Scotland*. Available: https://www.changeworks.org.uk/wp-content/uploads/2026/01/2026-Changeworks-Co-benefits-of-Retrofit_Final-Consultation-Report-compressed.pdf

⁶⁹ Scottish Government. 2023. *Social housing net zero standard: consultation*. Available: <https://www.gov.scot/publications/consultation-new-social-housing-net-zero-standard-scotland/pages/8/>

⁷⁰ Scottish Government 2025. *Reforming Energy Performance Certificates*. Available: [Reforming Energy Performance Certificates - gov.scot](https://www.gov.scot/publications/consultation-reforming-energy-performance-certificates/pages/8/)

⁷¹ Scottish Government. 2025. *Energy Performance of Buildings (Scotland) Regulations 2025 - EPC reform consultations: SG response – update*. Available: <https://www.gov.scot/publications/energy-performance-buildings-scotland-regulations-2025-update-government-response-epc-reform-consultations/>

retrofitting older housing stock which would enable them to lower household costs and improve home environments more effectively.⁷² In rural areas, the ability to plan such an approach is especially important, due to the complexity of delivery, as discussed previously (such as higher costs, lack of local chains and more dispersed housing).

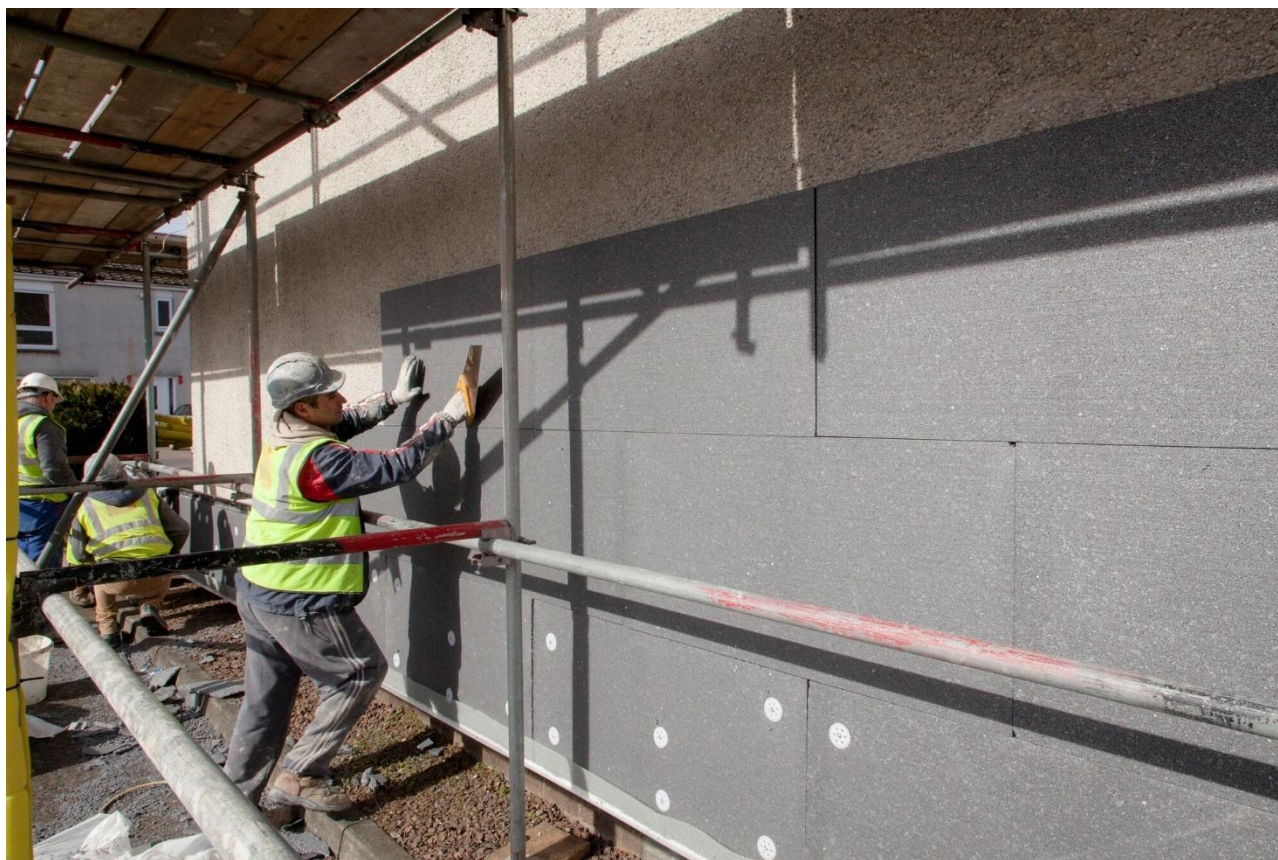


Image credit: Changeworks

⁷² Changeworks. 2026. *Co-benefits of net zero retrofit and stock investment management: Social landlords in Scotland*. Available: https://www.changeworks.org.uk/wp-content/uploads/2026/01/2026-Changeworks-Co-benefits-of-Retrofit_Final-Consultation-Report-compressed.pdf

4. Solutions to rural fuel poverty

This section suggests solutions to address and reduce rural fuel poverty. These solutions are a selection of those developed from the 2023 'Fuel Poverty in Rural Scotland: The Solutions' published by Changeworks,⁷³ most of which still apply, with further exploration of their current context. For a comprehensive overview of all solutions identified in the 2023 report see the appendix [Solutions to rural fuel poverty](#). Each category identifies the driver and/or barrier of fuel poverty addressed and the scope for impact on fuel poverty.

Fuel poverty support



Driver/barrier addressed	Scope for impact	Actor/Governance
High cost of living; A lack of affordable housing	High	Scottish and UK Government
• Provide a rural uplift to flat rate energy support payments to households • Develop more effective mechanisms for assessing household needs beyond existing benefits criteria • Broaden eligibility criteria for households off mains gas across all devolved fuel poverty support schemes		

Cost of living remains higher in rural Scotland than in urban areas, while recent rises in energy prices have increased costs nation-wide. However, support schemes for households in fuel poverty do not currently fully account for higher rural costs. This necessitates rural uplifts to energy support and direct funding, as well as expanded eligibility to the schemes. Such changes would increase the efficacy of support by reaching those most in need, and if delivered alongside energy efficiency improvements, would help to prevent fuel debt.

Electricity pricing



Driver/barrier addressed	Scope for impact	Actor/Governance
High cost of living; Poor energy efficiency of homes	High	UK Government Energy suppliers Ofgem
• Decouple electricity and gas prices • Introduce a social energy tariff • Ensure access to smart tariffs to households dependent on pre-payment meters		

⁷³ Changeworks. 2023. *Fuel Poverty in Rural Scotland: The Solutions*. Available: [Fuel-Poverty-in-Rural-Scotland-The-Solutions.pdf](#)

Rural households are more likely to use electricity as their primary heating fuel and less likely to use mains gas. Due to electricity prices being linked to those for gas, volatile energy markets have increased costs for rural households. Decoupling gas and electricity prices would lower running costs for households and encourage take-up of low-carbon heating. Meanwhile, introducing a social energy tariff, as recommended by the Scottish Government,⁷⁴ would allow households to access more affordable energy and prevent self-rationing of heating. Those on pre-payment meters should also be able to benefit from smart technology and have access to smart tariffs, enabling them to access cheaper off-peak energy and giving them greater control of their energy usage.

Education and training



Driver/barrier addressed	Scope for impact	Actor/Governance
Supply chain barriers and skills shortages	Medium	Scottish Government
• Fund apprenticeships in the energy supply chain • Improve accessibility of public procurement to microbusinesses • Facilitate group purchasing of energy efficiency and heating systems for small contractors • Offer local training opportunities in rural areas to eliminate added cost of travel and accommodation		

Delivering retrofit in rural areas is often more complex and more expensive than elsewhere, affecting the take-up of measures and the cost of doing so. This is due in part to shortages of qualified installers in the supply chain and the number of small businesses able to take on funded work. Investing in apprenticeships as well as improving accessibility of public procurement would increase capacity, improve competition and therefore quality, and reduce costs and waiting times for households seeking insulation and heating upgrades. Existing place-based initiatives could serve as models for creating the scale of demand for retrofit services in a given area to spark supply chain development.

⁷⁴ Scottish Government. 2025. *Social Tariff Working Group: final report – spring 2025*. Available: <https://www.gov.scot/publications/social-tariff-working-group-final-report-spring-2025/>

Retrofit programmes



Driver/barrier addressed	Scope for impact	Actor/Governance
High cost of living; Poor energy efficiency of homes	Medium	Scottish Government
- Continue and expand fabric-first, area-based retrofit through schemes such as EES: ABS - Continue rural uplifts and consider wider eligibility criteria for nation-wide programmes such as Warmer Homes Scotland. - Ensure that timescales and alignment of domestic retrofit support programmes take into account realities of delivery.		

Household-focused retrofit funding is needed to reduce energy demand permanently by improving the fabric of homes and replacing polluting heating systems, particularly in older and exposed rural housing where retrofit is more complex and costly. Long-term, multi-year, predictable programmes help households and the supply chain plan retrofit implementation. Current annual funding cycles and difficulties faced in aggregating funding support across fabric and low-carbon heating measures limit uptake and increase delivery risks for home-owners and social landlords. A possible solution to this would be to support place-based, single point of assessment or 'one-stop-shop' models. This has the potential to connect home-owners with retrofit programme funding as well as the supply chain for delivery. Addressing these known issues could increase the uptake of retrofit, leading to sustained energy bill reductions for households as opposed to the short-lived relief of high costs through support payments.

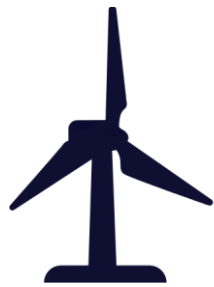
Funding for energy advice services



Driver/barrier addressed	Scope for impact	Actor/Governance
Funding for addressing fuel poverty	Medium	Scottish Government Funding organisations
- Provide consistent and long-term funding for advice services - Improve funders' understanding of providing support in rural areas - Reduce complexity in coordinating funds		

Multiple, short funding cycles reduce efficiency and limit energy advice delivery providers. Restructuring funding to be more predictable and coordinated would enable planning and improve outcomes for households living in fuel poverty. Meanwhile, funding organisations often favour urban projects, jeopardising progress in rural communities. Adjusting mechanisms of assessing funding allocation, such as social return on investment, would avoid bias towards urban areas. In addition, funders should incentivise larger national organisations to form partnerships with local community-based organisations to help facilitate uptake of advice and support local jobs.

Local energy generation



Driver/barrier addressed	Impact	Actor/Governance
High fuel costs; Energy infrastructure	High	Scottish Government Local authorities
● Incentivise developers to invest in rural energy networks in partnership with housing providers and local authorities ● Increase local ownership of energy assets through community wealth building agenda		

There are currently limited ways for local communities to benefit from their proximity to renewable energy production sites, despite wind farms generating significant renewable energy and being independent from volatile fossil fuel markets. While there is some investment supporting community energy generation,⁷⁵ such schemes are currently limited, and local communities do not directly benefit from their proximity to privately owned generation sites. Investing in local energy infrastructure and increasing local ownership can create resilience and routes for community benefit to be reinvested into lower bills, warmer homes and other support. This would also reflect the fact that rural areas generate a significant amount of renewable energy in Scotland.⁷⁶



Image credit: Changeworks

⁷⁵ Scottish Government. 2024. *Support for community energy generation* [online]. Available: <https://www.gov.scot/news/support-for-community-energy-generation/>

5. Conclusion

This update on the 2023 report shows rural fuel poverty remains a concern and will require coordinated action from organisations, and both local and national government. The priorities below summarise key recommendations for policymakers, funders and delivery partners:

- Fuel poverty levels in rural Scotland have decreased only minimally since 2023 and remain higher than in 2014–2019. While energy prices have fallen from their recent peak, household bills remain substantially higher than before the cost-of-living crisis and are expected to continue to rise. Meanwhile, the gap between energy costs in rural and urban areas remains significant. Volatile global energy markets and the prevalence of energy-inefficient homes in rural areas highlight the scale of work still needed to tackle fuel poverty.
- Without decisive action, fuel poverty and exposure to cold, damp homes will continue to have negative impacts on health and wellbeing, deepen rural inequalities, and place avoidable strain on public services. Energy-efficiency retrofit can help improve health outcomes while supporting local jobs, supply chains and sustainable economic growth. Addressing fuel poverty is therefore central to a fair, credible transition to net zero.
- Action is needed at both Scottish and UK levels. The solutions proposed in this report address immediate affordability through fairer energy pricing and better-targeted financial support, while setting out a long-term pathway based on fabric-first retrofit, stable investment in addressing the causes of fuel poverty, and skilled local supply chains.

6. Appendices

6.1. Solutions to rural fuel poverty

Changeworks' 2023 report, 'A Perfect Storm: fuel poverty in rural Scotland', identified a set of actions that should be undertaken to tackle fuel poverty. While previous sections of this report focused on particular elements of these solutions, the full list of solutions, and any changes within those areas that have occurred since the original report was published, are detailed below.

Area	Solution	Driver or barrier addressed	Update since 2023	Responsibility
Defining and identifying fuel poverty	Define and model households with enhanced heating requirements.	Higher costs for rural households.	Action still needed.	Scottish Government
	Identification of self-rationing and self-disconnection - Link with Ofgem's new requirement for suppliers to identify all PPM customers who are self-disconnecting.			UK Government
Targeting fuel poverty support	Scottish Government to implement a rural uplift for flat rate payments	Higher costs for rural households.	Action still needed.	Scottish Government
	UK and Scottish Governments to develop better mechanisms for assessing household needs beyond benefits eligibility.			Scottish Government UK Government
	Expand eligibility for devolved schemes to automatically include all off-gas households.			Scottish Government
Funding for advice services	A Scottish Government review of the design of energy advice services and how they are funded, with a three-year minimum for funding.	Short-term funding for advice services	Action still needed.	Scottish Government
	Improve funders' understanding of providing support in rural areas	Difficulties delivering support in rural areas.	Anecdotal evidence shows that only a minority of funders understand depth over breadth of impact and therefore the value of advice in rural areas.	Funding organisations
	Funders to facilitate and encourage collective applications.			Funding organisations
	Co-location of services in hubs, for example regional climate action hubs.	Difficulties delivering support in rural areas.	Action still needed.	Fuel poverty support and

Delivering support on the ground	Ringfenced funding for development of collaborative structures.			advice organisations
	Empowering and funding existing local organisations to fulfil role of community anchors			Local authorities
				Scottish Government
				Local authorities
	Warm Home prescriptions (acute care wards, Care and Repair services or Occupational Health may be more appropriate routes than GP surgeries.)	Poor health outcomes Resulting from fuel poverty.	Action still needed.	Scottish Government
	Recruit and train a variety of professionals as Energycarers, such as plumbers and electricians.	Embedding proactive energy advice and support.	Action still needed.	Public health and social care services, in partnership with local advice organisations.
Improving the energy efficiency of homes	Single assessment for energy efficiency grants.	Difficulties accessing fuel poverty support.	Action still needed.	Scottish Government
				Local authorities
	Coordinate targeted energy efficiency upgrades through area-based, tenure non-specific whole-house retrofit.	High energy costs.	EES:ABS delivering this, but should be expanded and fully utilised.	Scottish Government
	Ensure retrofit programmes are long-term to enable reliable funding streams for households and installers.	Complexity of retrofit in rural homes	ECO4 scheme has ended, creating uncertainty in the workforce.	UK Government
				Scottish Government
	Stricter standards for new build properties	High energy costs.	Updated building standards are expected in 2026 and expected to become mandatory from 2028.	Scottish Government
			The second-stage consultation on a Scottish Passivhaus-equivalent standard for new-build homes is expected in the summer of 2026.	

Funding for housing providers	Long-term funding cycles (e.g., for SHNZHF and EES:ABS) to enable more effective financial planning and delivery of retrofit.	Difficulties delivering retrofit.	Action still needed.	Scottish Government
Energy retail market reform	Introduce a social energy tariff	High energy prices.	The Scottish Government's Social Tariff Working Group recommended the introduction of a unit-rate discount or real-time rebate. However, there has been no move to introduce it from UK Government.	UK Government
	Ofgem and energy providers to remove or redesign standing charges.		Ofgem are piloting tariffs with a lower standing charge for eligible households, beginning in April 2026. UK Government has confirmed that energy suppliers should recover costs for the Warm Home Discount scheme from unit rates, rather than standing charges.	Ofgem
	Accelerate smart meter rollout	Inability to access incentives and tariffs.	Rate of uptake has slowed, although has been moves to accelerate it by increasing pressure on suppliers.	UK Government Energy companies
	Improve protection for restricted meter customers	High energy prices.	Ofgem forced suppliers to pay compensation to customers on restricted meters who were overcharged and to update systems. These customers also benefit from wider improvements to protection in energy market.	UK Government Ofgem
	Recognise regional variation in consumption	High energy prices.	Action still needed.	Ofgem
Energy wholesale market reform	Decouple electricity and gas prices	High energy prices.	Some progress made in decoupling prices by continued expansion of renewables, while recent announcements by UK Government state that more action is imminent.	UK Government
	Redesign the electricity market			
Maximising local energy generation benefits	Incentivise developers to invest in rural energy networks in partnership with housing providers and local authorities.	Lack of rural community benefit from renewables.	Some funding allocated and community schemes supported, but this should be expanded.	Scottish Government
	Local ownership of energy assets - progressed through Scottish Government's Community Wealth Building agenda	High energy prices.		

Supporting local supply chains	Support for training and accreditation	Supply chain difficulties in rural areas.	Action still needed.	Scottish Government Education providers Skills Development Scotland Local authorities
	Funding for apprenticeships in the energy supply chain			
	Group purchasing for small contractors			
	Additional engineers to install and service domestic meters			
	Improve accessibility of public procurement to microbusinesses			

Changeworks is a trusted partner, leading the way in delivering affordably warm, healthy and energy efficient homes, supporting households in fuel poverty and contributing to a sustainable, just future.

Authors:

Mariana Scholzova

Dr Ewan Brady

Lauren Salmon

Miguel Rodrigues

Approved by:

Dr Ian Cochran

Call 0131 555 4010

Email consultancy@changeworks.org.uk

Visit www.changeworks.org.uk

Sign up changeworks.org.uk/subscribe

CHANGEWORKS.

Changeworks
Orchard Brae House
30 Queensferry Road
Edinburgh
EH4 2HS

Changeworks Resources for Life is a company limited by guarantee registered in Scotland No SC103904 and a Scottish Charity No SC015144.

Copyright © 2026 Changeworks. No part of this publication may be reproduced without prior permission except for purposes of review or referral. All images in this publication copyright Changeworks.