



SUPPORTING HOUSEHOLDS WITH COST OF LIVING PRESSURES AND RISING ENERGY BILLS

WWF Scotland MSP Briefing – March 2025

SUMMARY

Fuel poverty has reached unprecedented levels during the cost-of-living crisis with **1 in 3 households in Scotland struggling to afford to heat their homes** as a result of poor insulation and unstable fossil fuel prices. Installing clean heating systems, such as electric heat pumps, powered by Scotland's abundant homegrown renewables and combining this with much better insulation in our homes and workplaces will have a massive impact on whether Scotland remains on track with its legally binding 2045 net zero ambition, while also **changing the lives of people by delivering clean and affordable warmth**.

Furthermore, heating for homes and buildings is **one of the largest emitting sectors in Scotland**, accounting for 20% of our annual carbon emissions and 50% of our annual energy use. Around 90% of homes still use oil and gas for heating, with 50% of homes below the recommended levels of energy efficiency.

The **introduction of a Heat in Buildings (Scotland) Bill as committed in the 2024-25 Programme for Government** is crucial to put in place the long-term policies needed to give industry the confidence to invest, scale up, and reduce upfront costs of clean heating technologies and energy efficiency measures. This will make the benefits of cleaner heating like warmer homes, lower energy bills, and protection from unstable fossil fuel prices available for everyone.

FUEL POVERTY

The UK is one of the countries most exposed to gas price rises, pushing up heating bills to unprecedented levels and pushing millions into fuel poverty.

- Heating buildings accounts for 20% of Scotland's climate emissions, with homes accounting for the largest single sector within this.
- The poor energy efficiency of Scotland's housing stock is also a major driver of fuel poverty, which has reached unprecedented levels during the cost-of-living crisis.
- Cleaner heating (heat pumps and heat networks) and energy efficiency measures (insulation) are the **best way to lower homes' energy bills and end exposure to unstable fossil fuel prices**¹.

¹ WWF-Scotland (Feb 2023) Affordable Warmth: Next Steps for Clean Heat in Scotland. Available via: <https://www.wwf.org.uk/our-reports/wwf-affordable-warmth-scotland>.

Research by WWF Scotland shows that 80% of homes could soon enjoy lower energy bills with heat pumps¹.

- Significant upfront investment is needed but the best way to support vulnerable households will be to expand provision of current grant schemes, rather than exempt poorer or rented homes from upgrades which will leave people saddled with higher bills.
- Research by the International Public Policy Institute, University of Strathclyde, has shown how valuable such investment can be, **delivering £5 for every £1 investment** by Government².

DELIVERING AFFORDABLE WARMTH

Regulation is required to unlock the clean heat transition in Scotland, creating warmer and healthier homes for everyone - meeting our ambition to tackle fuel poverty by 2040 and reach net zero by 2045.

- Polling showed that the **majority of Scots support policies to phase out fossil fuel boilers** with even stronger support for regulation to improve the energy efficiency of homes³. Regulation to phase out the use of fossil fuel boilers will be crucial to give homeowners long-term clarity and industry the confidence to invest, expand, and reduce upfront costs of clean heating technologies such as heat pumps.
- The longer clear regulation and investment on affordable warmth is delayed the further astray we will be from the pathway to reaching net zero by 2045 and tackling fuel poverty, while leaving households dependent on volatile fossil fuel prices for longer.

It is vital that the proposed Heat in Buildings (Scotland) Bill is introduced before summer 2025 to provide certainty to industry delivering the transition to warmer and healthier homes for everyone.

- This regulation would need to:
 - Establish a power for Scottish Ministers to introduce requirement for homeowners to fit clean heating within a 2-5 year grace period after property purchase;
 - Establish a power for Scottish Ministers/Local Authorities to introduce a requirement for homeowners within a designated “heat network zone” to receive a deadline for connecting to a heat network once available;
 - Create a requirement for all owner-occupied homes to meet the minimum energy efficiency standard by 2033, and include a requirement for all private-rented to meet this standard by 2028;
 - Ensure a requirement for all building owners to end the use of polluting heating systems by 2045.

This regulation must crucially include a combination of public and private financial support alongside advice for households to help them make these improvements.

- The Scottish Government must continue working closely with the UK Government to tackle unaffordable household electricity prices by restructuring the electricity market in Great Britain to rebalance the gas and electricity price ratio. This will ensure that clean heating systems, such as electric heat pumps, become cost-effective with progress towards decarbonising heating at scale made possible.
- The Scottish Government should maintain financial support for existing grant and loan schemes covering energy efficiency upgrades and clean heating installation costs for fuel poor and able-to-pay households, as well as explore new public and private financial mechanisms that incentivise installations of clean heating systems.

² Turner, Karen and Katris, Antonios and Figus, Gioele and Low, Ragne (2018) *Potential Wider Economic Impacts of the Energy Efficient Scotland Programme*. University of Strathclyde, Glasgow. Available at: <https://doi.org/10.17868/63819>

³ WWF-Scotland (2023) Public Support for Phase Out of Fossil Fuel Boilers. Available via: <https://www.wwf.org.uk/updates/public-supports-phase-out-fossil-fuel-boilers>.

- The Scottish Government should deliver a high-profile **awareness-raising campaign** on the benefits of the transition to clean, warm, and healthy homes for everyone in Scotland with information on the level of financial support available to households.
- The Scottish Government should support the development of a **national network of one stop shops** across local authorities in Scotland to supplement the provision of retrofit advice by Home Energy Scotland (HES) and deliver tailored support to homeowners throughout the entire retrofit process⁴.

CO-BENEFITS OF THE CLEAN HEAT TRANSITION

The decarbonisation of homes can deliver wider health and economy outcomes for everyone⁵.

- The transition to clean heating has been estimated to create **16,000 new green jobs by 2030** in Scotland⁶.
- Households could **save up to £2,300 annually** and reduce their CO2 emissions by over 50 tonnes over 30 years when comparing a low-carbon home to an energy-inefficient home with an old gas boiler⁷.
- Delivering healthier and warmer home environments through clean heating and energy efficiency measures can **reduce health-related public spending** and deliver improved public health outcomes. It is estimated that it costs NHS Scotland between **£48m and £80m per year** to treat health conditions caused as a result of living in cold homes⁸.
- Improving energy efficiency in properties and installing low-carbon technologies can **increase property value**, with an air source heat pump alone able to increase the sales value of a home by around £5,000-£8,000⁵.

Contact	Frances Johnston, Public Affairs Advisor
Email	FJohnston@wwfscotland.org.uk

1961-2025: Over 50 years of conservation. WWF works in over a hundred countries to safeguard the natural world so that people and nature thrive.

⁴ Existing Homes Alliance (EHA) (2025) One Stop Shops and Retrofit Agencies – A Vision for Retrofit Support Across Scotland: A Discussion Paper. Available via: <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>.

⁵ WWF-UK and Scottish Power (2025) Warm Homes, Better Living: The Double Win for Health and Economics. Available via: https://www.scottishpower.com/userfiles/file/DECARBONISATION_REPORT_FULL_REPORT.pdf.

⁶ Scottish Government (2021) Decarbonising Heating – Economic Impact: Report. Available via: <https://www.gov.scot/publications/economic-impact-decarbonising-heating-scotland/>.

⁷ WWF-UK and Scottish Power (2022) Better Homes, Cooler Planet: How Low-Carbon Technologies Can Reduce Bills and Increase House Value. Available via: <https://www.wwf.org.uk/our-reports/better-homes-cooler-planet>.

⁸ Consumer Futures Scotland (2014) Economic Impact of Improving the Energy Efficiency of Fuel Poor Households in Scotland. Available via: <https://www.cas.org.uk/system/files/publications/economic-impact-of-energy-efficiency-investment-in-scotland.pdf>.