EU / UK / Scottish Policy: Transport Fuel Poverty

Fuel Poverty
There are 3 key components of fuel poverty:
The definition of fuel poverty, used by UK & Scottish Governments, is when a household has to spend more than 10% of its income on heating costs. Extreme fuel poverty is where a household has to spend 20% or more of its household income on heating costs.
NB: The definition does not take account of the amount that a household actually spends on fuel (to heat, light and cook with), nor the amount available for the household to spend on fuel after other costs have been met. It also does not take account of the fact that many low income households prefer to switch heating off or down for fear of not being able to pay. Many pensioners only heat one room (the living room) leaving bedrooms unheated. Only one element of the three however can be influenced by the Council and Government – property condition.

Multi – agency work can be carried out to maximise household income e.g. benefit checks. A number of Government assistance schemes are limited to those in receipt of income related benefits. However failure to access benefits leaves a large tranche of islanders unable to access extra energy efficiency funding because they are just above the income limit for benefit receipt but still in considerable fuel poverty due to the high islands cost of living.

This explains why it is so difficult to tackle fuel poverty – interventions at one corner of the equation can be unbalanced by changes at the other corners. A study published in the Scottish Fuel Poverty Statement showed that, nationally, every time energy prices increase by 5% a further 2% of households will be pushed into fuel poverty. Similarly it showed that every time incomes increase by 3%, around 1% of households are taken out of fuel poverty.

**Scottish Government’s Progress Report on the Fuel Poverty Statement and Strategy**
This is a government publication, providing a good overview of the key fuel poverty policy issues in Scotland and some of the challenges to be overcome if the November 2016 statutory target is to be reached. It demonstrates the complexity of lobbying on the subject and demonstrates that we need to aim to tackle all factors in a systematic way.
The connection between fuel poverty and carbon reduction is often confused. This has been raised nationally through OIOF e.g. ECO / Green Deal.

Previous national schemes to fit insulation, boiler replacement programmes etc have been difficult to apply locally. This was often due to restrictions on who can run the programmes – e.g. government appointed south agents with no local representatives. The appointed south installers were working to tight delivery timescales due to the limited time to be spent on the islands.

UK schemes such as the Energy Company Obligation (ECO) are not designed for rural dispersed properties. ECO is best delivered through mass install of similar quick fit works as found in urban housing estates.

In the past, social housing has benefitted from having very specific energy efficiency standards to be met by all landlords (the Scottish Housing Quality Standard 2015 and the Energy Efficiency Standard for Social Housing 2020). The variation in energy efficiency and fuel poverty is much greater in the private housing market, both rented and owner-occupied, as this sector has not been given specific energy efficiency standards to meet.
Energy efficiency, fuel poverty and carbon reduction are three separate, but inter-linked agendas.

Increased energy efficiency measures in the form of added insulation and air tightness do help to keep warmth in, but can lead to increased dampness, mould and condensation in properties unless householders use heating effectively and increase ventilation. This has been seen increasingly Shetland over the past two years. A level of householder education in how to best use their fitments is needed.

Fuel poverty can affect health. There is a strong correlation between the effects of living in poorly heated and ventilated properties and a number of health conditions.

There is a need for much wider advice and information on fuel poverty and appropriate energy efficiency advice in Shetland. For example, options to switch tariffs has little take-up locally mainly due to the monopoly of the locally derived tariff from SSE. Many people are unsure how to best maximise their existing heating system. Some are even unsure how to work their heating controls.
Challenges of Fuel Poverty

- Climate
- Local property market
- Lifestyle
- Total cost of retrofit works

Shetland has one of the worst climates in the UK in relation to impact on levels of Fuel Poverty. The amount and duration of wind contributes to higher ventilation levels and wind-chill, and the average low temperatures all year round mean some form of heating is often required throughout the year – with a longer winter and cooler summer. In the UK, it is common to assume that heating is required if the average outside temperature is below the baseline level of 15.5°C, and that the heat requirement will be in proportion to the temperature deficit in degrees. The daily temperature deficits over a month provide an indication of the amount of heating required for a household. As would be expected, Degree Days each month are less in the summer, but there is still a deficit in Shetland. For example, in East Anglia, the total deficit Degree Days for the four months, June-September 2010 was 179, compared to 501.3 in Shetland, and 289 in Eastern Scotland. For the whole of 2010, the total deficit Degree Days in East Anglia was 2626, compared to 3201.5 in Shetland. Therefore, households in Shetland will, on average, heat their homes on more days of the year than elsewhere.

Wind-chill is not taken into account for any benefits related cold-weather payments. Nationally cold weather payments are based on the number of days an area is beneath a given freezing temperature – not the number of days a property needs heating because of constant low level (but not actually freezing) temperatures and associated wind chill factor. SSE are aware that Shetland needs to use twice the national average of energy per home because of the constant wet and windy climate. This is not taken into account for payments, however.

The property market locally is very different to the norm: people tend not to ‘downsize’, there are few flats, particularly in rural areas, and under-occupation of properties is a real issue. These factors have serious implications for property condition. Unheated areas of homes lead to damp and condensation problems and contribute to health difficulties for the householder.
Lifestyle will determine to a large extent how households choose to spend their income. Shetland has a high cost of living, although generally higher household incomes than other island counterparts, which means that the extent of fuel poverty may be hidden.

A further issue is the high cost of raising many Shetland homes out of a low SAP rating into an energy efficiency bracket and thus out of fuel poverty. Many homes surveyed under the HEPSABS programme would require in the region of £20,000 of works to be really lifted to a high level of energy efficiency. No single funding stream offers anything like this amount of money and many elderly and fuel poor clients do not wish to take out loan funding to cover some of the costs of the works. Maximum grant funding is c £7500 so the best retrofit for the money available needs to be negotiated to help the householder gain the most savings on fuel. This negotiation takes time and requires a scheme that is flexible enough to look at one off, whole house costing. The current HEEPSABS scheme is operated by the Council in this way – hence its success to date.
Challenges of Fuel Poverty

• Choice and cost of heating
• Challenges of Shetland construction market
• Lack of Government definition on how to blend funding streams

Shetland homes are also restricted in their choice of heating source. For example, the cheaper fuel of mains gas is unavailable. Storage heaters are a popular heating source, but are relatively costly. In addition, primarily due to freight, costs are higher than elsewhere. Costs have increased rapidly in recent years, exacerbating problems for households. 86% Shetland homes have central heating, compared to 96% nationally (Scottish Household Condition Survey).

Council’s Energy Team: The higher energy tariff levied in the Highlands and Islands raises energy costs on low income families. Bills are at least £1,000 more per annum than the £1369 pa duel fuel average. Through our HEEPSABS work we know of a good number of homes paying over £3,000 pa.

The high costs of heating oil in Shetland also means homes heated in this way are paying c 20% more than elsewhere. Dual fuel discounts available across the rest of the UK are not available in Shetland. The standard unit cost for electricity in the isles is 2p a kw/hr higher than elsewhere and 6 p more than various economy tariffs – with a greater climatic need to heat for longer (SIC).

The nature of the construction market in Shetland makes it challenging to find installers for this type of retrofit work. Many prefer the more pleasant new build work to crawling about in old lofts or under floors.

The Government’s lack of definition on how to blend funding and statements regarding a proposed maximum level of funding leivable by any householder will negatively impact on Shetland where build costs are higher and property conditions lower, which increases the total spend required – even if costs are met from a variety of funding sources.
Fuel Poverty – Who is Most at Risk?

• Low income households
• Households reliant on benefits
• Households with inefficient heating systems
• Households with insufficient insulation
• Poorly maintained properties
Weekly household fuel bill by area and tenure (source MIS report)

Source:
Minimum Income Standard for Remote and Rural Scotland - Summary
http://www.hie.co.uk/regional-information/economic-reports-and-research/archive/a-minimum-income-standard-for-remote-rural-scotland.html

This slide is taken from the MIS (Minimum Income Standard) report presentation. It shows a comparison of weekly household fuel bills between English rural towns (far left of the graph) and rural Shetland (far right of the graph). The blue sections represent social housing and the pink sections are private rented properties.

The average household bill is claimed to be £1400. In Shetland, it is known that many pensioners and households are paying in excess of £3000 for heating (SIC Energy Unit).
More than 43% of all households in Shetland are living in Fuel Poverty according to Scottish figures – over 4644 homes. And 13%+ of households in Shetland are living in extreme Fuel Poverty.

Of these households, a slightly higher proportion of households in private housing and private-rented housing will be in Fuel Poverty, compared to social housing. Households tend to be in the more remote areas of Shetland and in areas of Lerwick. Households in Lerwick will tend to be fuel poor because of low incomes and / or because of living in large properties, whilst in rural areas fuel poverty tends to be due to low incomes and / or poor housing standards.

68% of pensioner households in Shetland are in Fuel Poverty, compared to 24% of families and 23% of single adults / couple households (2007/09/2013 figures).

Shetland figures compare favourably to other island authorities: the Western Isles claim a fuel poverty rate of 71% and Orkney c 60%. But much of main reason for higher levels of Fuel Poverty in Orkney and the Western Isles is the lower average household income.

All data is from the Scottish Housing Survey, 2013.
There is likely to be an underestimation of fuel poverty levels in Shetland as no recent all household detailed survey has taken place. Both Orkney and the Western Isles have recently carried out this type of work and discovered increased levels not recognised in Government statistics.

The Western Isles Energy Advisory Service Fuel Poverty Report 2014 evidences that fuel poverty is a more extreme problem for island communities. N.B. Some have questioned the methodology underpinning the research, so it should be used with caution.

A recent minor study in Unst showed a level of 53% fuel poverty instead of the supposed 43% national figure. A detailed whole Shetland study is about to commence so we will be better able to quantify levels for future years. It should be noted that Government figures for Western Isles prior to their study were 53%. The study has demonstrated a real level of 71%. Shetland is unlikely to be as high as this but could well be c 60%.
CAB Fuel Bills Survey Report, 2013

• 468 respondents from all parts of Shetland
• Home owners and renters
• Fuel types, cost of bills and payment methods
• Insulation levels: **52.1% felt their homes needed insulation**
• A third of respondents had struggled to pay their fuel bills

Source: [Shetland CAB Fuel Bills Survey Report, 2013](#)

The above report covered a good cross section of the community: all areas, range of incomes, home owners and tenants.

65.2% have electric heating. Many difficulties were reported with storage heating:

“Storage is useless. It comes on when I’m not in!”

“I wish storage heaters worked better. Cheap heat, but often when you don’t need it - so it isn’t really cheap!”

“A majority of respondents had double glazing (87%) and some level of loft insulation (86.4%) in their homes.” But felt further home improvements were needed.

“Several tenants did not know what level of insulation was in their property and many owner-occupier respondents had good levels of insulation in new extensions, but were unable to insulate the original stone-built part of the house.”

Of those who had struggled to pay: **64.1% had used a credit card.** 39.1% had borrowed from friends/family, 6.4% had used pay day loans, 5.1% had used Social Fund loans.

The level of arrears was increasing: **“Five years ago 81% of respondents said they were never in arrears with fuel bills, that figure dropped to 69% last winter”**
CAB Report: difficult choices

• 46% of respondents leave rooms unheated due to fuel costs
• Borrowing money to pay bills
• 56% of respondents have had to cut back on essentials to pay for fuel.
• Older people, families with young children and people with health problems particularly vulnerable

“I normally have the heating on first thing in the morning. The rest of the time I do not have it on unless I have a visitor”

“Leave all bedrooms and upper floor of our house unheated as can’t afford to heat them”

Over 36% of (folk who have cut back) advised they had to cut back on food and almost 16% of respondents made cut backs on their children’s clothes and shoes, in order to pay fuel bills

Older person: “I am unable to carry the coal anymore so I rely on a single halogen heater to keep the house warm”

Mother: “It is really difficult to try and keep the house warm and with having a six month old baby the house really needs to be warm all the time. The cost of coal has gone up so I either have to ask for help or not pay a bill. When I don’t have the heating on (because I have nothing to burn), then me and my daughter have to stay at my parents’ house as it’s too cold”

Person with asthma: “Most winters I have three or four bouts of bronchitis and I had pneumonia a few years ago, so now I keep the heating on all winter, despite the cost”
Impacts

• Case Studies Taken from Fuel Bills Survey Report
My house has loft insulation and the old style storage heaters. I am a single parent and I receive benefits. I find it very difficult to heat all the rooms in the house as it is just so expensive. I spend £35 per week into a key meter and I am also paying off arrears ... I have to cut back on things such as household items, clothes and other bills when the meter needs money. I wanted to change my supplier, but SSE would not supply the new supplier with my information so I was forced to stay with the Hydro.

Housing Association tenant, North Isles

It is very difficult to pay for heating on a benefit level income

Paying Off Arrears
The use of a pre-payment meter prevents getting into further arrears, but means that unless she pays, the tenant “self-disconnects”

Difficulty of “Switching”
“22.6% of respondents had tried switching tariff or supplier, 77.4% had not. Of the respondents who gave additional information, 30% had been unable to switch due to problems finding a new tariff due to the unique local tariff they were currently on (often linked to storage heating). 17% hadn’t tried to switch or had given up, due to poor administration, delays or because it was too complicated. 7% couldn’t switch because they paid using a key or card meter or had moved from a meter to direct debit and found it too expensive. 12% had experienced no problems switching supplier and 17% had found it more expensive or ‘not worth the hassle’. Of the remainder, some couldn’t switch due to arrears, some said it was too early to tell if it was a benefit and some had fixed price tariffs already.”
We own a three-bedroom house and are on the Total Heating Total Control tariff with SSE for which we pay £100 monthly Direct Debit. We also buy bags of coal to burn in the fire. We do not heat some of the rooms in our house as they have convection heaters and generally we heat the home from August to May. I would say that our home feels cold half of the time and sometimes when the bill comes in we have to cut back on other things such as food or clothing. We have on occasions been in arrears in the winter months. We do have insulation in the loft, walls and under the floors, but these will need replacing eventually, as well as the heating system, and we are not in a position to do this at the moment.

**Home-owning family with 2 children under 15, Scalloway & Burra area**

Fuel poverty does not just affect people in rented accommodation.
<table>
<thead>
<tr>
<th>Advice Area</th>
<th>Advice Area</th>
<th>Definition</th>
<th>No of issues</th>
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<tbody>
<tr>
<td>Utilities</td>
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<td>methods of payment</td>
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<td>Housing</td>
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<tr>
<td>Benefits</td>
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<td>Cold Weather Payment</td>
<td>claiming process/backdating, entitlement</td>
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<td>Debt</td>
<td>Fuel Debts</td>
<td>difficulty making payments, liability for debt, threatened and actual disconnection of supply</td>
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<tr>
<td></td>
<td></td>
<td><strong>TOTAL</strong></td>
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</table>

The table summarises advice codes for fuel and related codes in housing, benefits and debt i.e. it shows all related CAB enquiries in 2014/15. (NB Numbers are for issues not individuals. Non-regulated fuel = oil, coal, peat. Regulated fuel = electricity.)

Fuel poverty may be under-reported, as it tends not to be the presenting issue. There is perhaps a tendency to accept that everyone has the problem of high bills that little can be done about it.

Problems are caused by the complexity of charging and equipment: e.g. Clients can’t understand their bills or their meters. Not getting meter readings can lead to under or over charging. Clients sometimes don’t know how to set up storage heaters.

CAB carries out Welfare Benefit Checks to ensure clients are getting all the benefits they are entitled to. CAB assists vulnerable people to apply for e.g. DWP Winter Fuel Payment, SSE Warm Homes Discount and SSE Priority Service Register.

The patchwork of available support makes it complicated to source help for people. A one stop shop would be helpful.

CAB refers clients to Home Energy Scotland: a visit from someone with technical knowledge is helpful. CAB also signposts clients to the SIC Energy Efficiency Officer.

CAB is seeing a growth in the level of utilities debt – from £30,427 in 2013/14 to £48,773 in 2014/15.
Intervention Impacts

- Pensioner household – Solid fuel heating system but no longer able to transport heavy fuel indoors
- Upgraded heating system and controls so can now work system to full capacity
- Installed underfloor insulation as well as new heating system
- Immediate reduction in heating costs and condensation levels in the home

Data source:
The SIC Energy Unit.
Case Study 1

- Mid terraced property – high heating costs due to on-peak heating by householder on benefits
- Underfloor insulation installed
- Air source heating system fitted
- Heating costs halved

Data source:
The SIC Energy Unit.
Case Study 2

- Young couple – first home – mortgage limited to buying old croft house
- Full insulation installed
- Replaced single glazing with double
- Reduction in dampness of home
- Daughter’s asthma improved
- High heating costs reduced considerably

Data source:
The SIC Energy Unit.
Fuel poverty can lead to deteriorating health conditions for householders e.g. increased asthma due to damp homes; circulatory complications due to cold homes. This in turn leads to increased visits to GP surgeries and in some cases longer stays in hospital, as the patient cannot be released into a cold home.

A number of admissions to care homes could be limited or delayed if suitably warm homes were available for the patient. Higher costs to health and social care budgets result from this unquantified level of need.
Case Study 1

- Mass concrete property with no insulation except minimum in the loft
- Elderly pensioner client with reduced mobility and arthritis
- Internal insulation, loft top up and underfloor insulation fitted
- Increased comfort level health improvement immediate plus reduction in energy bills

Data source:

The SIC Energy Unit.
Case Study 2

- Client with auto immune health condition
- Replaced inefficient heating
- Fitted insulation underfloor and loft top up
- Immediate improved client mobility
- Reduced joint pain
- Reduced medication
- Reduced heating bills

Data source:
The SIC Energy Unit.
Shetland Islands Council has been invited to sit on the recently formed Scottish Rural Fuel Poverty Task Force. This body was set up to specifically examine issues relative to fuel poverty in remote and rural areas. It has powers to make recommendations to Government and will deliver its final findings in late 2016. Evidence based topics already being examined are the usefulness of SIMD datazones when applied to rural areas and the cost and availability of fuels and tariff patterns in these areas. It will also be instrumental in designing the new devolved ECO proposals currently under review and the proposed REEP Regulations due in 2017.

SIC is about to carry out a survey of all households in Shetland (similar to that already carried out in Western Isles and Orkney). This mail shot questionnaire will identify how much households in Shetland spend on heating and lighting and what level of insulation their homes contain. The results will be used to argue for improved grant funding for Shetland under the HEEPSABS programme to tackle fuel poverty.

**Previous Sessions of the Tackling Inequalities Commission**

For the past two years, Shetland Islands Council has operated its HEEPSABS programme as a “whole house approach”, with each home dealt with as a one off project. Our assessors wish to maximise available funding to best benefit the household: two adjacent homes could have different solutions as their ‘best fit’. This approach is unusual in Scotland, but recent moves to duplicate this method in other authorities have been noted. Previous programmes to just offer loft insulation or boiler replacement could still leave a home deep in fuel poverty, as this might have not been the optimum measure mix for the household. A recent survey of homes already retrofitted under this method showed a very high satisfaction level combined with a real cost saving of 25%+ on bills.
Some Solutions

• MIS Policy Recommendations:
  – Policy measures that address energy efficiency and fuel poverty
  – Micro generation
  – Improved evidence and data of levels of fuel poverty
  – Significant move to heat being delivered through small scale district heating in rural areas
  – Retrofit of properties being made a mandatory requirement e.g. proposed REEP legislation

From Minimum Income Standard Recommendations.

The national profile of energy efficiency has been raised since it was nominated as a National Priority. With improved data gathering, we will be better able to access the funding required for our real level of fuel poverty.

Changes in technology will also help us address fuel poverty. Small scale local dispersed community based district heating schemes are being developed throughout Scotland and the SIC is examining the potential for such solutions in Shetland. Schemes could be constructed through external funding currently available from the EU and various Government schemes. These schemes have been demonstrated to cut fuel poverty and ensure a fair energy price for the householder.
Some Solutions

- Greater co-ordination by delivery partners e.g. Councils and NHS
- Upskilling of local contractors through courses delivered by local FE Colleges
- Introduction of fuel clubs
- Improved advice
- Whole-household approaches (ESF?)

Closer working by NHS and Social Care services with local authorities managing retrofit works through the HEEPSABS programme could better identify those in need and schedule priority clients for intervention. This is already being embryonically developed for Shetland.

Many contractors do not wish to leave the island to attend upskilling courses for such nationally recognised levels as PAS 2030 – the standard accreditation level now required by funders. Some local FE Colleges elsewhere e.g. Inverness have already introduced such courses within their local training programmes. Shetland FE College might consider this.
Additional Background
Reading

- Energy Advice in Detail (http://www.cas.org.uk/publications/advice-detail-energy-2012/13). Details all of the advice provided by the Citizens Advice Service in Scotland.


- Providing energy advice to the public, e.g. the bespoke advice provided by Energy Best Deal sessions (http://www.cas.org.uk/bureau-zone/advice-giving/energy-best-deal-2014/15), and other sources of advice.

- Promoting energy efficiency improvements to people’s properties (see “Coming in from the Cold” (http://www.cas.org.uk/publications/coming-cold), an evidence review that makes the case for minimum standards of energy efficiency in private sector housing.

### External Transport - Costs

Ferries – Family of 2 Adults 2 Children (under 16) with car and cabin – peak season

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<td>Stronaway-Ullapool</td>
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<table>
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<td>Stronaway-Ullapool</td>
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Northlink Website: 12th August 2015
External Transport - Costs

Air – Family of Four (children must be under 12)

<table>
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<th>Route</th>
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<table>
<thead>
<tr>
<th>Route</th>
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</table>

Flybe Website: 12th August 2015

External Transport – Concessions

• Ferry Travel
  – Over 60
    • 2 free return journeys per year - National Concession
    • 10% discount – Northlink Concession
  – Disabled
    • 2 free return journeys per year - National Concession
    • Registered Blind travel for free
    • 10% discount – Northlink Concession
  – Students
    • 2 return ferry journeys per year – National Concession
    • 10% discount – Northlink Concession

• Air Travel
  – ADS – 40% discount on air fare to all island residents registered
  – Blind can get one free return flight per year – local concession

Flybe and Northlink websites (Nov 2015)
Internal Transport

• Four model journeys for comparison
  – Baltasound to Lerwick
  – Hillswick to Lerwick
  – Sumburgh to Lerwick
  – Scalloway to Lerwick
• Four types of traveller
  – Working Age
  – Young Person (up to 26)
  – 60 and over
  – Disabled
• Car journey

SIC Fare Structure

### Internal Transport - Costs

<table>
<thead>
<tr>
<th>Return Journey to Lerwick for an individual using public transport</th>
<th>Car**</th>
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<tbody>
<tr>
<td>Working</td>
<td>Young Person*</td>
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<tr>
<td>Baltasound - Lerwick</td>
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<td>Sumburgh - Lerwick</td>
<td>£5.40 Max £4.30 Min</td>
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<tr>
<td>Scalloway - Lerwick</td>
<td>£3.20 Max £2.60 Min</td>
</tr>
</tbody>
</table>

* Under 16 1 - 16 to 25 2
** Using AA Mileage Calculator – Petrol Car - Average 35mpg – 122ppl – 15ppm fixed costs
Internal Transport – Concessions

- 60 and over
  - Free bus travel (National concession)
  - £1 return fare on ferries (£0.52 with multi journey ticket) (Local concession)
- Disabled
  - Free bus (National concession)
  - Ferry travel (Local concession)
- Young person
  - Under 16 - half fare on buses - £1 return fare on ferries (£0.52 with multi journey ticket) (Local concession)
  - Under 19 - £1 return fare on ferries (£0.52 with multi journey ticket)(Local Concession)
  - 17 to 26 – 1/3 off on bus services (National concession)
- Bus services – 20% discount on adult fare with multi journey card

Influences on Inequalities

- External – both Air and Ferry
  - Community Level
    - Shetland society faces significantly higher costs than mainland communities and even other island groups
  - Individual/ Household Level
    - Cost - if not entitled to concessions costs very high
    - Those on lower incomes can find costs prohibitive
      - If forced to travel (e.g. family bereavement, hospital visits, family crisis) may lead to debt to meet costs
  - Who benefits from discounted/ free travel?
    - It isn’t necessarily those that need it most
Influences on Inequalities

• Internal
  – Cost - if not entitled to concessions costs high
  – Lack of connections (right place at right time) leading to reliance on car
    • Even with no money constraints the network will never be comprehensive enough => car is necessary
  – Geography/ location
    • Greater distance => Greater cost => Amplified over a month/year
      – Commute Scalloway to Lerwick - £52/ month - £624/ year
      – Monthly commute Hillswick to Lerwick - £106/ month - £1,272/ year
    • Island residents face significantly higher travel costs
      – Monthly commute Yell to Lerwick - £139.60 minimum - £1,668/ year
  – Some can’t afford to pay up front for multi-journey fares
    • This would make the monthly commute form Yell £226 - £2,712/year
    • It is ironic that those more able to afford fares can get cheaper fares
  – Those on low income can face very serious difficulties and isolation

Policy Issues

• EU legislation such as Sulphur Directive can lead to increased operating costs => increased subsidy => pressure on ferry fares
• EU legislation on Passenger Rights have led to higher levels of compensation => increased operating costs => pressure on air fares
• UK Legislation such as taxes on air travel aimed at encouraging migration from air to rail => increased operational costs => pressure to increase fares
• Private sector policy
  – E.g. Aberdeen Harbour raising harbour dues to fund capital investment => increased operational costs => pressure to increase fares to offset increased subsidy requirements
  – Airports selling slots to highest bidders => increased operational costs => pressure on air fares
Solutions - External

• Greater levels of intervention through Air Discount Scheme and Northlink Islander Discount
• EU policy allows significantly higher levels of intervention (up to 80%)
  – But Gov’t don’t fully exploit it
• Investment in improved infrastructure to allow more efficient operations
  – Airports
  – Harbours
  – Vessels
• Greater attention and input to EU, National and Scottish Legislation development – Island Proofing

Solutions - Internal

• Community Transport
  – Supporting communities to develop solutions to address their particular needs
• More flexible use of taxis
  – West Lothian Taxi Card
  – Could work well where journeys are relatively short
• Development of smart/ integrated ticketing
  – Enable more sophisticated fare structures and exploit “willingness/ ability to pay”
Shetland’s Commission on Tackling Inequalities

Background Information