

LOCAL GOVERNMENT AND COMMUNITIES COMMITTEE

FUEL POVERTY (TARGET, DEFINITION AND STRATEGY) (SCOTLAND) BILL CALL FOR VIEWS

SUBMISSION FROM EXISTING HOMES ALLIANCE

Summary

The Existing Homes Alliance welcomes the Fuel Poverty (Target, Definition and Strategy) Bill as part of a long-term strategy to eradicate fuel poverty and improve energy efficiency. There is a focus on all four drivers of fuel poverty (energy efficiency, income, energy price and how energy is used in the home) and we particularly welcome the commitment to remove poor energy performance as a driver of fuel poverty.

While the focus on fuel poverty is welcome, we fear that the **scope is too narrow** and misses a **'once in a generation' opportunity to tackle energy efficiency as well and end the scandal of Scotland's cold, damp homes**. This Bill should support the achievement of warm, affordable to heat and low carbon homes for everyone in Scotland, so no one is at risk of being in fuel poverty.

The Alliance wants the Bill to do the following:

- Broaden its scope to include measures to promote energy efficiency
- Set a target to eradicate fuel poverty by 2032 and a means of ensuring accountability if the target is not on track to be met
- Include an uplift for remote rural households in the fuel poverty definition
- Strengthen scrutiny requirements
- Align finance budgets with fuel poverty targets.

Our evidence covers the following topics:

- 1. About the Existing Homes Alliance Scotland**
- 2. Consequences of Fuel Poverty**
- 3. Broadening the scope of the Bill**
- 4. Fuel poverty eradication target**
- 5. Remote rural households and the definition**
- 6. Fuel Poverty Strategy – Reporting, Scrutiny, Resources**

About the Existing Homes Alliance Scotland

The Existing Homes Alliance (ExHA) is a broad coalition of housing, environmental, anti-poverty, energy advice and industry organisations arguing for urgent action to transform Scotland's existing housing stock to make it fit for the 21st century. We welcome the opportunity to submit written evidence to the Local Government and Communities Committee on the Fuel Poverty (Target, Definition and Strategy) (Scotland) Bill. We have also submitted evidence to the Finance and Constitution Committee on the Bill's Financial Memorandum.

Consequences of Fuel Poverty

Under the proposed definition, 24% of households are living in fuel poverty – or nearly 600,000 households – about the population of Glasgow. People living in fuel poverty are at greater risk of health problems – respiratory and cardiovascular illnesses, poor infant weight gain, more frequent and severe asthmatic symptoms, and increased depression and anxiety. People who live in the coldest homes are three times more likely to die from cold related illnesses.¹ With last year's winter deaths at an 18-year high this risk is of urgent concern².

Improving the health of Scotland's people isn't just about health services. It's also about addressing the underlying causes of poor health and wellbeing and inequalities. Vulnerable people living with multiple factors of disadvantage are those likely to be hit hardest by fuel poverty and to be living in unhealthy, expensive to heat homes.

The benefits of eradicating fuel poverty are many – in addition to improved health and well-being, there are savings on energy bills, savings to the NHS of between £48-80m a year³, creation of local jobs, reduced carbon emissions, improved energy security, and reduced energy supply infrastructure costs.⁴

Broadening the scope of the Fuel Poverty (Target, Definition and Strategy) (Scotland) Bill

The Fuel Poverty (Target, Definition and Strategy) (Scotland) Bill stems from a SNP manifesto commitment to a Warm Homes Bill to tackle fuel poverty and energy efficiency. This Fuel Poverty Bill is therefore only 'half' of the Warm Homes Bill commitment and **fails to make the most of this legislative opportunity to deliver warm homes for all of Scotland.**

It is important to note that the Scottish Government has stated in the Draft Fuel Poverty Strategy that it will develop "...if appropriate, a wider **Energy Efficient Scotland Bill** for later in this Parliament, and this would be the vehicle for any further legislative changes needed to support Energy Efficient Scotland, beyond the fuel poverty provisions contained in the Fuel Poverty (Target, Definition and Strategy) (Scotland) Bill".⁵ This could form the other 'half' of the Warm Homes Bill, and together with the Fuel Poverty Bill they would form a strong legislative framework for the new Fuel Poverty Strategy and Energy Efficient Scotland.

¹ <http://www.instituteofhealthequity.org/projects/the-health-impacts-of-cold-homes-and-fuel-poverty>; <http://www.euro.who.int/en/health-topics/environment-and-health/urban-health/publications/2011/environmental-burden-of-disease-associated-with-inadequate-housing.-summary-report>

² <https://www.nrscotland.gov.uk/files//statistics/winter-mortality/2018/winter-mortality-17-18-pub.pdf>

³ Economic impact of improving the energy efficiency of fuel poor households in Scotland, 2014, Consumer Futures Scotland.

⁴ Building the Future: the economic and fiscal impacts of making homes more energy efficient, 2014, Energy Bill Revolution.

⁵ Draft Fuel Poverty Strategy

Failing a firm ministerial commitment to introduce an Energy Efficient Scotland Bill in this Parliament, we believe the Fuel Poverty Bill should include additional measures on energy efficiency to ensure the commitment to removing poor energy efficiency as a driver of fuel poverty – and indeed the overall fuel poverty target - can be realised. We recommend measures to give Energy Efficient Scotland, the foundation programme of the National Infrastructure Priority on the energy efficiency of buildings, a statutory basis with targets, an independent oversight body, a duty for local authorities to produce and implement Local Heat and Energy Efficiency Strategies and supporting policies to remove any barriers to energy upgrades.

Fuel Poverty Eradication Target

1. Do you agree with the Scottish Government's proposal to provide for a statutory target to reduce fuel poverty to no more than 5 per cent of Scottish Households by 2040.

We agree that there should be a statutory target which is challenging but achievable. Such a target provides a strong focus for all organisations addressing fuel poverty. A target also provides a clear end point to measure progress against and embedding it in statute provides an important impetus.

The proposed target to reduce fuel poverty levels from 24%⁶ today to 5% by 2040 should be much more ambitious. This averages out at a reduction of only 1% a year – with a deadline that is a generation from now. **We propose the following target: no one should be living in fuel poverty, as far as reasonably practicable, by 2032.** In addition, we believe there should be some form of consequence, or a means of ensuring accountability, if the target is not met. For example, if sufficient progress has not been made within five years of the target date, there should be a requirement to produce a fully resourced plan with detailed policies and programmes which will ensure the target will be met on time.

We believe the interim targets in the draft fuel poverty strategy should also be enshrined in legislation. This will ensure accountability for progress against all four drivers of fuel poverty: income, energy price, energy performance of the home and how energy use is managed. While some of these matters are not fully devolved, the Scottish Government is able to influence all of these drivers with existing and newly devolved powers.

Remote rural households and the proposed definition of fuel poverty

2. Do you agree with the Scottish Government's proposals for a revised definition of fuel poverty? Please explain your reasons why. For example, will the new definition ensure that the Scottish Government will focus their efforts on those with the greatest need?

⁶ Scottish Government best available estimate of the rate of fuel poverty in 2016 is 23.8% using the new definition, Fuel Poverty Strategy for Scotland 2018.

We **broadly support the new definition of fuel poverty** and welcome the use of the Minimum Income Standard which is based on what members of the public think people need to achieve a decent living standard covering essential requirements and allowing them to participate in society. In the context of fuel poverty this means every household should be able to afford to use adequate levels of fuel to sustain a warm and dry home and a healthy dignified life. This is consistent with the 'rights-based' approach to affordable energy recommended by the Scottish Fuel Poverty Strategic Working Group.

However, we believe **minimum income thresholds should be adjusted upwards for households living in remote and rural areas** due to the higher costs of living and the real costs of energy. This is in line in line with the Expert Working Group's recommendation for the definition, and the Rural Fuel Poverty Task Force recommendations.

We note that the evidence submitted to the committee from Professor Hirsch, who leads the team responsible for the annual calculation and reporting of the Minimum Income Standard, states that their research "found that when it comes to additional costs related to rurality, remote rural Scotland stands out as an area with far more wide-ranging cost differences compared to the rest of the UK than between, say, urban and non-remote rural areas."⁷ He also states: "were this matter of a remote rural variation to be reconsidered in the course of the Bill, I can confirm that ongoing measurement of such a variation would be feasible with a modest amount of ongoing research to keep it up to date."⁸

We believe a Scottish MIS should be developed by the Scottish Government within five years, including a remote rural category that recognises higher living costs in these areas. In the interim, a provision to recognise remote rural costs of living in Scotland should be made while using the UK MIS.

Fuel Poverty Strategy

3. Do you agree with provisions in the Bill requiring the Scottish Government to publish a fuel poverty strategy? Do you also agree with the consultation requirements set out in relation to the strategy? Please explain your reasons why.

We agree with the provisions in the Bill requiring the Scottish Government to publish a fuel poverty strategy. Enshrining the requirement to publish a fuel poverty strategy in legislation sends a clear and important signal - that the Scottish Government recognises the importance of tackling fuel poverty and their absolute intention to eradicate it.

⁷ http://www.parliament.scot/S5_Local_Gov/Inquiries/LGC_S5_18_FPB_03_DHirsch.pdf

⁸ Ibid.

The Scottish Government has already recognised it is essential that the strategy is designed as a long-term strategy covering the period from 2020 to 2040. It will also be important that the strategy is reviewed regularly. While the Bill requires the Scottish Government to report to Parliament on progress every five years, we believe there **should also be a requirement to review and update the strategy every five years**, based on regular reporting of all fuel poverty schemes.

Consultation:

We agree with the consultation requirements set out in relation to the strategy – specifically that in the preparation of the strategy the Scottish Government must consult ‘*such persons as they consider appropriate*’ including ‘*individuals who are living, or have lived, in fuel poverty*’. Given the significant detriment that those living in fuel poverty face together with the scale of the issue in Scotland it is important to get the strategy ‘right’ – this is much more likely to happen with **input from all of those with and interest in fuel poverty and importantly with input from those who are living, or have lived, in fuel poverty**.

We co-hosted a roundtable event with the Health and Social Care ALLIANCE to gain input from organisations that work directly with people who have lived experience of living in fuel poverty. This roundtable highlighted the following points:

- Rather than consultation, the emphasis should be more about co-design or co-production. Lessons could be learned from the Experience Panels approach being used with the development of Scotland’s new social security system.⁹ Another possible tool is the Poverty Alliance ‘Get Heard Scotland’ toolkit.¹⁰ These mechanisms require sufficient resourcing for delivery and participants.
- Participation needs to include feedback loops on what has happened as a result; adequate resources to support participation; and engagement needs to be easily accessible.
- Organisations who represent those with ‘lived experience’ on the Fuel Poverty Advisory Panel and the Fuel Poverty Partnership Forum need to be adequately resourced to play this role.
- We recommend that people who self-identify as having lived in fuel poverty be a member of the Panel and the Partnership Forum, and that their participation is supported and resourced.
- People with lived experience of fuel poverty should also be involved in the reporting on progress with the strategy and meeting of targets.
- Efforts should be made to gather qualitative feedback from those in fuel poverty through ongoing surveys such as the Scottish House Condition Survey.
- Participation should be based on a human rights approach.

⁹The Social Security (Scotland) Bill 2018 notes that “the Scottish social security system is to be designed with the people of Scotland on the basis of evidence” (Section 1(f) at <http://www.legislation.gov.uk/asp/2018/9/section/1/enacted>).

¹⁰ https://www.povertyalliance.org/article/scottish_govt_poverty_plan.

- Make use of existing relationships between organisations and those at risk or living in fuel poverty, and groups whose voice is often not heard.

4. A draft fuel poverty strategy was published alongside the Bill on 27 June. Do you have any views on the extent to which the measures set out in the draft Fuel Poverty Strategy for Scotland 2018 will contribute to meeting the Government's new target? Have lessons been learned from previous initiatives?

Measures

The measures set out in the draft Fuel Poverty Strategy for Scotland 2018 will undoubtedly make a significant contribution to meeting the Scottish Government's new target. However, and as noted in our response to the Scottish Government's consultation on their draft 'Fuel Poverty Strategy for Scotland 2018', the draft strategy **lacks 'new policies, programmes and resources that will provide the step change required to meet fuel poverty targets'**.

For example:

- Programmes to achieve the accelerated EES target for all fuel poor households to be at EPC band C by 2030 and EPC band B by 2040.
- Clarity on support to tenants in the private rented sector (which will be regulated in terms of energy performance standards from 2020) and in agricultural tenancies (regulations are expected to be laid which would bring these properties under the Repairing Standard by 2027).
- Plans to consult on standards and incentives in the owner-occupied sector are vague. In our view, these standards will be critical to removing energy efficiency as a driver of fuel poverty.
- The use of building standards as a lever to drive improvements in both the new and existing building stock (for example through consequential improvements).
- A review to identify precise legal requirements to make energy upgrades in tenements easier (e.g. requirement for management arrangements to initiate, coordinate and implement retrofit projects).
- Dovetailing housing policies such as Empty Homes with energy performance – so when supporting bringing empty homes back into use, there is also support to make sure the energy performance of the property will not put a resident at risk of falling into fuel poverty.
- Commitment to multi-year funding for delivery – particularly important for area-based schemes and for forming local partnerships.
- Mainstreamed participation of NHS public health bodies in checking for fuel poverty, or risk of fuel poverty as a routine consideration. This could be mandated through the Bill or in the strategy.
- Explicitly acknowledge the contribution of community-led organisations and commit to long-term funding for place-based fuel poverty advice services, to fill gaps and add value to Home Energy Scotland's work

- The Bill should include a requirement for the strategy to include a delivery plan and a monitoring and evaluation framework, which should be based on outcomes, not activities (or measures).

By and large, we believe that lessons have been learned from previous initiatives. The draft fuel poverty strategy that was published alongside the Bill notes several ways that respondents to the Scottish Government's consultation suggested that partnership engagement and Home Energy Scotland services could be enhanced or expanded and notes that the Scottish Government will '*consider how activity in these areas can be driven forward*'. As awareness develops about the relevance to address fuel poverty increasingly local authorities and the health sector are linking housing and health and social care priorities. For example, some NHS practitioners are now checking whether people have adequately heated homes upon discharge from hospital.

We also note the positive results from research undertaken by the Energy Agency and NHS Ayrshire and Arran, where preliminary analysis of the health impacts of the area-based solid wall insulation schemes suggests lower hospital admission rates for respiratory and cardiovascular related conditions in these areas compared with a control group of postcodes who had not yet participated in the scheme.¹¹

These types of multi-disciplinary projects should become mainstreamed as part of the fuel poverty strategy going forward.

5. Do you have any views on the Scottish Government's reporting requirements to the Scottish Parliament, as set out in the Bill?

We very much welcome the fact that the Bill includes requirements for the Scottish Government to report to the Scottish Parliament every five years and that this should include (ExHA additions in italics):

- The steps that have been taken towards meeting the 2040 target over the previous five years *with a discussion of lessons learned and how programmes have been improved based on experience*
- The progress made towards the 2040 target *and all interim targets and whether sufficient progress is being made to meet all targets on schedule.*
- The steps that Scottish Ministers propose to take over the next five years in order to meet the 2040 target.

We also believe that these requirements should be enhanced as follows:

- In addition to the five-yearly report, the Scottish Government should also be required to provide **a short annual progress report against overall and**

¹¹ https://www.energyagency.org.uk/en/research-evaluation-project_46663/

interim targets to ensure timely scrutiny and corrective action. This is similar to requirements under the Climate Change Act and the Child Poverty Act.

- Levels of fuel poverty should be published against the new Scottish fuel poverty definition and also against a common metric to enable the relative levels of fuel poverty across the different administrations of the UK to be compared. This is important because some policy measures to address fuel poverty (notably ECO) are undertaken from UK government on a cross-GB basis and without this information it would not be possible to discuss the scale of the problem across the country.
- Given the emphasis on local partnerships, there would be merit in linking to reporting on Community Planning Partnerships and Single Outcome Agreements (as per Fuel Poverty Strategic Working Group recommendation).

Fuel Poverty Advisory Panel

The Bill should **establish the Fuel Poverty Advisory Panel in statute**, to provide an independent advisory and scrutiny role, with a requirement to report annually to the Parliament as well as to the Minister.

The policy areas related to fuel poverty are wide ranging and cross many governmental portfolios, so there is a significant need for oversight of the Strategy. We agree with the recommendations of the Fuel Poverty Strategic Working Group for an independent, adequately resourced body, to be established in law to build on the former Fuel Poverty Forum, and with a remit which would include oversight of the Strategy, scrutiny of progress, and provision of advice to Ministers.

Resources

For our full comments on the resource issue, please see our evidence to the Finance and Constitution Committee on the Financial Memorandum. A summary of our comments is provided here for easy reference.

Increased resources – funding and capacity - will be necessary to achieve the fuel poverty targets. However, according to the Financial Memorandum, the Bill “does not, on its own, impose any new or significant additional costs on the Scottish Administration”. Instead, the Financial Memorandum focuses on the administrative costs to publish the strategy.¹² This interpretation means the Bill only commits the Scottish Government to set a target, develop a strategy and track progress.

This is a significantly different approach than the Financial Memorandum for the Climate Change Bill which provides both the administrative costs and an estimate to the economy as a whole of meeting the targets.

The Scottish Government has indicated that the current rate of spend on fuel poverty programmes (circa £110m per year) will be adequate to meet the targets.¹³ However,

¹² SPiCE briefing on the Fuel Poverty Bill, September 2018, Scottish Parliament

¹³ Ibid.

the government has not produced any modelling to evidence that this will be the case, and therefore we are concerned that this 'business as usual' approach will not deliver at sufficient scale to ensure targets are met.

A Consumer Futures report¹⁴ estimated it would cost, on average, £7,800 to per property to *alleviate* fuel poverty. This equates to a total of £4.7bn (or £234m per annum over 20 years) to tackle the 24% of households now in fuel poverty – **at least double the annual budget estimated by the Scottish Government**. At the same time, this report found that the macroeconomic benefits of such an investment were significant in terms of jobs, boosting household incomes through fuel bill savings, increased GVA and reduced carbon emissions. The report concluded that investing in household energy efficiency creates more jobs and growth than other kinds of major Government investment or tax cuts, in addition to delivering environmental and social benefits.”¹⁵

The Financial Memorandum **should include an estimate of the economic costs of meeting the targets, and this estimate should also include a macroeconomic analysis to understand the full societal and environmental benefits.**

The Bill should include a requirement for the Scottish Budget to be aligned with meeting the fuel poverty targets, and the fuel poverty strategy should be fully resourced based on research into what funding and other investment is required to achieve the targets. The strategy should also make clear how that funding will be allocated.

Conclusion:

We believe the Fuel Poverty (Target, Definition and Strategy) (Scotland) Bill could offer a significant opportunity to make this the last generation of people in Scotland to suffer the terrible consequences of living in cold, damp homes. To do so, the following changes are required:

- **the scope must be broadened to address both fuel poverty and energy efficiency**
- **the targets must be more ambitious**
- **the scrutiny provisions must be strengthened**
- **the delivery of the Fuel Poverty Strategy must be fully resourced.**

We would welcome the opportunity to discuss our evidence with Committee members and clerks and provide additional information or comment to them on request. We would also be happy to present oral evidence to the Committee if invited.

¹⁴ <https://www.cas.org.uk/system/files/publications/economic-impact-of-energy-efficiency-investment-in-scotland.pdf>

¹⁵ Ibid.