

LOCAL GOVERNMENT AND COMMUNITIES COMMITTEE**FUEL POVERTY (TARGET, DEFINITION AND STRATEGY) (SCOTLAND) BILL
CALL FOR VIEWS****SUBMISSION FROM HIGHLANDS AND ISLANDS HOUSING ASSOCIATIONS
AFFORDABLE WARMTH GROUP**

This submission to the LG&C Committee considers the Bill, as it is published, and responds to each of its 14 sections in the order they appear and with references made to some (but by no means all) of the available supporting evidence which the Committee may wish to consider. It is preceded by a foreword which sets out HIHAAW's main objection to the Bill, as it currently stands.

We are keen to emphasise at the outset, that HIHAAW members warmly welcome the introduction of a Fuel Poverty Bill and we will do our best to play a full and constructive part in supporting the successful implementation of the resulting Act's requirements.

Foreword

Unfortunately, in its present form, the Bill is not capable of honouring its founding principle of social justice, which the Government has pledged will underpin its new fuel poverty strategy, namely *"fairness for everyone, no matter where they live in Scotland"* or, in the words Scottish Government used in its Fuel Poverty Strategy consultation document, *"The fuel poverty strategy will be firmly based on the principle of social justice and creating a fairer and more equal society, irrespective of whether individuals live in urban or rural Scotland."*

Its fundamental flaw is that the proposed new fuel poverty definition discriminates *against* a large proportion of the long-disadvantaged, both generally poor and fuel poor households who live in off-gas and remote rural areas like the Highlands & Islands - because it deliberately chooses to ignore and set aside as irrelevant the directly applicable Remote Rural Scotland Minimum Income Standard (MIS) evidence.

Why is this issue so important? Because, logically, the definition should form the foundation of Scotland's new and statutory fuel poverty priorities, its findings focusing and underpinning the targeted policies and practical programmes required to eradicate fuel poverty wherever it has become most deeply entrenched – and all the Government and independent evidence hitherto has consistently shown that Scotland's fuel poverty problem is at its most severe in the Highlands & Islands and other remote rural areas **(see figure 2 of the SPICe Briefing on the Fuel Poverty Bill and also the evidence of the Scottish House Condition Survey Local Authority Analysis 2014-16, which shows that in the 5 local authority areas –**

Argyll & Bute, Highland, Western Isles, Orkney and Shetland – 51% (92,270 households) were living in basic fuel poverty, over a third of whom were living in extreme fuel poverty i.e. spending 20% or more of their income on trying to keep their homes warm).

As it stands, however, the effect will be to *define out* of fuel poverty getting on for half (three-sevenths) of rural Scotland’s previously recognised fuel poor, based on an assumption that – despite the MIS RR evidence to the contrary – the disposable incomes of people living in rural and remote Scotland are exactly the same as those living elsewhere in Scotland, when, according to the MIS Remote Rural evidence, they are between 10% and 35% less, depending on household type. The worked examples (see Appendix A of the submission made to the LG&C Committee by Shetlands Islands Council and Shetland’s Fuel Poverty Action Group) show the nature and extent of the new definition’s adverse and unfair impact on remote rural households. **(see p7, Table 1, of Scottish Government’s “[Interim Equality Impact Assessment](#) of the Fuel Poverty Strategy & Warm homes Bill” which compares the fuel poverty rates using the existing, ‘Boardman’, definition and the new definition and which shows unrealistically huge drops in fuel poverty not only in rural Scotland but amongst older households , older properties and owner-occupiers – all categories where affordable warmth problems are found to be at their most acute in rural and especially remote rural areas).**

1. THE BILL’S STATUTORY TARGET should:

1.1 be two-fold: focus not just on those in *basic* fuel poverty but those in *extreme* fuel poverty too i.e. those experiencing at least twice the basic level **(ie in the same way as SG has hitherto been reporting both types of fuel poverty).**

1.2 be much more ambitious in both sense of purpose and timescales i.e.

- a) the *elimination* of extreme fuel poverty by 2025 and
- b) the *reduction* to at least 5% in the levels of basic fuel poverty by 2032

(i.e. broadly in line with Parliament’s previously stated ambition and timescale for its 2002-16 Fuel Poverty Strategy whilst recognising that though some leeway should be given on achieving the basic fuel poverty target, none should be tolerated on eliminating extreme fuel poverty)

1.3 stipulate the statutory requirement for it to be measured and reported to Parliament *annually* on the basis of interim annual reports plus 2 major reviews and reports in 2024 and 2029. These should be *before* and not after the mid and termination points of the strategy **(These should include evidence collected and reported on on the same annual basis as the Scottish House Condition Survey but supplemented with evidence on outcomes – see 1.4 below)**

1.4 and specifying that, henceforth, all these reports must also include statistically reliable, sample measurements and analyses of the actual, post-hoc, *affordable warmth outcomes* of all the new strategy's recorded energy efficiency and fuel poverty remediation inputs.

(Conspicuous by its almost total absence hitherto has been any meaningful evidence gathered and presented by successive Governments of the true outcomes of their fuel poverty policies and programmes in terms of whether they have actually resulted in delivering their presumed affordable warmth outcomes. Whilst we know how much carbon has been saved and how much has been spent on measures we do not know whether they really work and, if not, why not? The rate of progress in eradicating fuel poverty since 2002 suggests that too little attention has been paid hitherto to thinking about real world outcomes.)

1.5 and also specifying analysis by a) each Local Authority area and b) each of the six areas defined by Scottish Government's 6-fold urban/rural classification system which would effectively *rural-proof* the strategy

(This would not only mirror Scottish Government's annually published Scottish House Condition Survey stats by Local Authority area but would have the additional requirement that all amalgamated figures for 'rural' Scotland should, henceforth, be disaggregated into each of its two distinct categories i.e. both 'accessible rural' and 'remote rural' (categories 5 and 6 in Scottish Government's 6-fold classification system))

2. THE MEANING OF FUEL POVERTY (as per the new fuel poverty definition)

2.1 whilst beneficial in parts, the new definition is not currently fit purpose and should not be adopted unless and until the following changes are made:

2.2 **first and foremost**, the Minimum Income Standard (MIS) evidence used to help define whether "the household's ... net income is insufficient to maintain an acceptable standard of living" *must* incorporate and reflect *all* the relevant and available MIS evidence (ie not just the MIS UK evidence, as currently proposed but also the equally authoritative MIS Remote Rural Scotland evidence).

References:

- i) MIS Remote Rural Scotland reports, published by HIE in 2013 and 2016
- ii) the submission to the LG&C Committee by Prof. Donald Hirsch,
- iii) recommended action 4 on p31 of the Rural Fuel Poverty Task Force's report,

iv) the two worked examples in Appendix A of the Shetland Islands Council submission to the LG&C Committee) and

v) in line with the *totality* of the recommendations made on the new fuel poverty definition by the independent panel of academics that SG commissioned for the purpose – see p 141 of their report for their recommended ‘remote rural adjustment to MIS’.

V1) The recommendation of the Scottish Government appointed expert panel in their review of recent evidence page 138 where they recommend the inclusion within MIS of significant markups for disability/long term illness and for remote rural cost of living factors.

2.3 the proposed definition of “deductible housing costs” (rent, mortgage etc) should be extended to also include essential property repair costs i.e. a reasonable allowance to equate to the annual cost which, discounting any available grant subsidy, would fall exclusively on the occupier of bringing the fabric of their home back up to ‘The Tolerable Standard’, prior to the installation of any required fuel poverty remediation improvements to it.

2.4 the definition of “deductible housing costs” should also include an additional wording to make due allowance for the sometimes much higher than average installation costs that, in remote rural areas with higher material and skilled labour costs, may be unavoidably incurred in delivering some of fuel poverty remediation installs that are required **(see Tighean Inse Gall’s submission to the LG&C Committee)**

2.5 whilst the changes recommended by HIHAAW in 2.2, 2.3 and 2.4 above will, if adopted, do much to improve the fairness and effectiveness of the new fuel poverty definition, further clarity is required on how it will also ensure that no other equally “vulnerable” household is excluded by it on grounds of age cohort categorisation or unspecified disability, health or any other as yet unspecified but relevant circumstances.

3. PREPARATION OF THE FUEL POVERTY STRATEGY

3.1 preparation of the fuel poverty strategy must include a *commitment to ‘islands-proofing’ before* it is laid before Parliament so that Parliament can be confident that the strategy passes all the statutory tests laid upon it by the recent Islands (Scotland) Act 2018 **(see RIHAF and Shetland Islands Council submissions etc to LG&C Committee)**

3.2 similarly, the strategy should be assessed and judged as to whether or not it meets the *requirements of the Fairer Scotland Duty*, which came into force in April 2018.

3.3 the strategy should not only be based on a commitment to use MIS Remote Rural in addition to MIS UK data but *remove the confusion* in the current draft fuel poverty strategy about the role and use of the BREDEM modelled evidence – which is not designed to measure or answer the fundamental question as to whether, after having paid their necessary domestic energy bills, households living in remote rural Scotland would have sufficient income left to lead a decent, healthy life (as determined by MIS). **(see RIHAF submission to LG&C Committee)**

3.4 as well as specifically addressing statutory requirements for rural-proofing and annual progress reports (see 1.3 and 1.4 above), the strategy should be clear about the specifically targeted actions it plans to take to tackle the most acute fuel poverty problems in a) off-gas areas, b) remote rural areas as defined by category 6 of Scottish Government's urban/rural classification system and c) each local authority area – **(see the Rural Fuel Poverty Task Force and Citizen Advice Scotland's 'Hard-Wired Problem' reports et. al.)**

3.5 *as an essential corollary* to 3.2, the strategy should also be clear about what steps it would subsequently take to deal with any serious and recurring shortfalls in the successful delivery of the strategy in a), b) & c) above

3.6 in support of 3.3 and 3.4, the strategy should also be clear about how it intends to gather and report information on whether or not it is delivering affordable warmth outcomes and not repeat the current unsatisfactory method of never measuring outcomes but relying instead on energy efficiency measures input stats and then equating these to unverified affordable warmth assumptions which, in the experience of frontline fuel poverty practitioners, frequently don't match the reality. **(see 1.4 above and Energy Action Scotland's submission to LG&C Committee)**

3.7 the strategy should be clear about how it intends to ensure that, wherever they live, *all* vulnerable households in Scotland will receive the personalised, trustworthy, wholly professional and, where necessary, home-delivered service (e.g. the holistic 'EnergyCarer' model advocated by Scottish Government's Rural Fuel Poverty Task Force) required to ensure that each household receives the level of personalised help and support they may need to escape fuel poverty and then be able to live in verifiable affordable warmth thereafter **(see p26 of 'Action Plan to Deliver Affordable Warmth in Rural Scotland', the report of Scottish Government's Rural Fuel Poverty Task Force, published in October 2016)**

3.8 the strategy must, therefore, be clear about who it envisages being responsible for delivering this type of service provision, ensuring that it is delivered to the requisite high standard and, in particular, how it intends to a) support such

existing service providers and b) fill geographic gaps or shortfalls in the comprehensive, nationwide provision required

3.9 as the SPICe briefing on the Bill strongly implies and as Scottish Government's Economy, Jobs and Fair Work Committee have requested, the strategy should – like the recently introduced Climate Change (Emissions Reduction Targets)(Scotland) Bill – be accompanied by an analysis and estimate of the costs to the Scottish economy of eradicating fuel poverty within the Bill's agreed Target timeframe so that Scottish Government's annual fuel poverty budget and the cost of successfully meeting strategic fuel poverty targets within the agreed timescale can be compared (**see p 28 of SPICe Briefing on the Fuel Poverty Bill**)

3.10 the strategy should also be clear and explicit about how it plans to link and dovetail with other closely related strategies e.g. on Climate Change and Health Care etc and that explanation should include provision of the estimated cost benefits to them that should accrue from successful implementation of the new fuel poverty strategy.

3.11) the strategy should be published timeously and as close as possible to the day upon which the Fuel Poverty Act receives Royal Assent.

4. CONSULTATION ON THE STRATEGY

4.1) a full *public* consultation on the strategy is required.

4.2) the consultation of "individuals who are living or have lived in fuel poverty" must include statistically robust samples of people living in remote rural Scotland i.e. category 6 of SG's Urban/rural classification system.

5. PUBLICATION AND LAYING OF THE STRATEGY

5.1) should be within one year of the Act receiving Royal Assent and not be delayed to "when section 3 comes into force".

6. PREPARATION OF PERIODIC REPORTS

6.1 see 1.3, 1.4, 3.1 & 3.2.

7. CONSULTATION ON PERIODIC REPORTS

7.1 should specify the inclusion, as consultees, of Scottish Government's Fuel Poverty Advisory Committee and Fuel Poverty Advisory Forum (or their successors).

8. PUBLICATION AND LAYING OF PERIODIC REPORTS

8.1 see 1.3 & 1.4.

9. REPORT ON THE (ACHIEVEMENT) OF THE TARGET

9.1 see 1.3 & 1.4.

10. POWER TO MODIFY SECTION 2 (The Meaning of Fuel Poverty)

10.1 no modification should be made without prior discussion in and formal approval by Parliament.

11. REGULATION-MAKING POWERS

11.1 the new fuel poverty strategy should consult on and define who “*Scottish Ministers must consult .. as they consider appropriate*”.

12. CONSEQUENTIAL MODIFICATIONS

No comment.

13. COMMENCEMENT

No comment.

14. SHORT TITLE

No comment.