

## **LOCAL GOVERNMENT AND COMMUNITIES COMMITTEE**

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

#### **SUBMISSION FROM CHARTERED INSTITUTE OF HOUSING SCOTLAND**

##### **About CIH**

The Chartered Institute of Housing (CIH) is the independent voice for housing and the home of professional standards. Our goal is simple – to provide housing professionals with the advice, support and knowledge they need to be brilliant. CIH is a registered charity and not-for-profit organisation. This means that the money we make is put back into the organisation and funds the activities we carry out to support the housing sector. We have a diverse membership of people who work in both the public and private sectors, in 20 countries on five continents across the world including over 2,000 in Scotland.

Further information is available at: [www.cih.org](http://www.cih.org)

##### **CIH Scotland Submission**

#### **1. General comments**

1.1 CIH Scotland welcomes the opportunity to submit evidence to the Committee on the Fuel Poverty (Target, Definition and Strategy) (Scotland) Bill (the Bill). As a representative body for housing professionals and for all tenures of the housing sector we have an interest in ensuring that all homes across Scotland are energy efficient and easy to heat. We want all tenants and residents to be living in a home that they can afford to heat.

1.2 We agree with the need to set a new statutory target for reducing fuel poverty and for close monitoring and accountability to ensure that the new target is not missed. The commitment to remove poor energy performance as a driver of fuel poverty is particularly welcome as long as the resources needed to support this aim are put in place. However, we think that more must be done sooner to prevent people from continuing to live in poor conditions that are damaging to health and wellbeing for the next 20 years.

1.3 As a member of the Existing Homes Alliance Scotland (ExHAS), we support calls for:

- the fuel poverty target to be brought forward to 2032;
- the scope of the Bill to be widened to include measures which promote energy efficiency and will help to meet the target;
- the definition of fuel poverty to include a rural uplift; and
- strengthened scrutiny of the Fuel Poverty Strategy and progress towards the new target.

1.4 These points are addressed in the following sections under the questions set by the Committee.

## 2. Consultation Questions

**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.**

2.1 We welcome a new statutory target for reducing fuel poverty but do not think that the proposed target within the Bill is ambitious enough. Allowing 5% of households to remain in fuel poverty would equate to over 138,000 households based on National Records of Scotland projections to 2041<sup>1</sup> and this is not acceptable.

2.2 We accept that changing household circumstances mean that people can move into and out of fuel poverty and therefore it may not be possible to guarantee that no household in Scotland will ever be living in fuel poverty.

However, there is no mention in the Bill of measures that will be taken to support people who do fall into fuel poverty, leaving the possibility that thousands of households will remain in fuel poverty indefinitely as long as the 5% target has been met.

2.3 We support the proposed amended target put forward by ExHAS:

“No one should be living in fuel poverty, as far as reasonably practicable, by 2032.”

In order to achieve this, the Scottish Government will have to work to address each of the four drivers of fuel poverty – energy efficiency; cost of fuel; household income; and consumer behaviour. While we acknowledge that the Scottish Government has limited powers over some of these aspects (particularly the cost of fuel) there are steps that can and must be taken for each of these elements.

### Meeting the target

2.4 If the target is to be achieved, the scope of the Bill should also be extended to include measures which will support energy efficiency improvements to ensure that the Scottish Government’s commitment to remove poor energy efficiency as a driver of fuel poverty is met along with the new statutory target for reducing fuel poverty. These measures must be underpinned with adequate resources to support improvements across all tenures.

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<sup>1</sup> <https://www.nrscotland.gov.uk/statistics-and-data/statistics/statistics-by-theme/households/household-projections/2016-based-household-projections>

2.5 The Financial Memorandum to the Bill states that:

“An indicative overall cost for meeting the targets should be similar to the costs of delivering current programmes.”

2.6 The current budget for energy efficiency is around £110 million per year. This spend has not achieved a reduction in fuel poverty to date with 26.5% of households still in fuel poverty. The Scottish Government does not appear to have published analysis to show how fuel poverty will be significantly reduced within current budgets and therefore it seems unlikely that ‘business as usual’ investment will produce different results.

2.7 Research carried out by ExHAS (set out in its Joint Statement 2015<sup>2</sup>) estimated that achieving EPC band C for the majority of homes in Scotland (where technically appropriate) would require £450 million public funding per year (over ten years). It was anticipated that loan guarantees, tax incentives and regulation would leverage an additional £620 million per year in private investment – a total of £10.7 billion over ten years. If these figures were applied over the Scottish Government’s proposed 20 year target, that would equate to around £225 million public investment each year, just over double the current energy efficiency budget.

2.8 The ExHAS estimates were based on all homes meeting EPC band C (where technically appropriate). The Scottish Government must carry out its own analysis to estimate the costs of its proposed Energy Efficient Scotland Programme and ensure sufficient resource is available to meet the new statutory fuel poverty target.

2.9 While we support investment in measures to improve the energy efficiency of our current homes and accept that this will require investment from the private sector as well as the public sector, we have concerns about the lack of clarity over how social and private landlords and home owners will be supported to meet new minimum energy efficiency standards.

2.10 The Scottish Government’s consultation on new Energy Efficiency Standards for Social Housing after 2020 (EESH2) acknowledged that the vast majority of funding to meet EESH had come from social landlords’ own resources, a great deal of which will be generated through rental income. The paper also included an estimated cost of between £3.4 and £3.7 billion to achieve 50-60% compliance with proposed targets for social landlords.

2.11 Without additional resources being made available from the Scottish Government, there is a risk that social landlords will have to increase rents or reduce investment in other areas to meet targets. This could mean less support services for tenants or a reduction in capacity to build more affordable homes. In some cases, tenants may pay more through rent increases than they save on

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<sup>2</sup> [http://existinghomesalliancescotland.co.uk/wp-content/uploads/2015/10/EXHAS\\_jointstatement\\_Oct15.pdf](http://existinghomesalliancescotland.co.uk/wp-content/uploads/2015/10/EXHAS_jointstatement_Oct15.pdf)

their energy bills which would undermine attempts to reduce fuel poverty and keep social rents affordable.

- 2.12 In relation to standards in the private sector, we have been clear that improvements are needed and have welcomed plans for the introduction of minimum energy efficiency standards. However, a mixture of regulation, financial support, advice and information will be needed to achieve these standards. Again, within the private rented sector there is a risk that if adequate financial support is not provided by the Scottish Government, the costs of work could be passed on to tenants through increased rent and this must be carefully monitored.

**Do you agree with the Scottish Government's proposals for a revised definition of fuel poverty?**

- 2.13 We agree with the approach of introducing a new definition of fuel poverty. However, we have concerns with the absence of a rural uplift within the Minimum Income Standard (MIS) and with the complexity of the definition.

Rural Uplift

- 2.14 There is clear evidence that living in remote rural Scotland has a higher cost of living compared to the rest of the UK. This is due to a number of factors including higher cost of basic goods, cost of fuel and transport. A recent study commissioned by Highlands and Islands Enterprise (HIE) found that the cost of living in remote rural Scotland can be as much as 35% higher than in other parts of the UK<sup>3</sup>.
- 2.15 We are disappointed that despite this evidence and recommendations from the Expert Working Group and Rural Fuel Poverty Taskforce, the Scottish Government has not adopted a rural uplift to the MIS in the proposed fuel poverty definition. The new fuel poverty definition must take the cost of rural living into account or risk defining people out of fuel poverty and access to the help they need because of where they live.

Complexity of the definition

- 2.16 The proposed definition of fuel poverty is complex. While we understand the need to have a definition that is measurable and that takes many different factors into account, it is also important to ensure that people can understand what fuel poverty is and what it means for those who fall within the definition.
- 2.17 If the proposed definition of fuel poverty is introduced, the Scottish Government must develop a simple tool or calculator which will show whether a household meets the definition. This must be combined with advice and information on improving energy efficiency, reducing fuel use and sources of further support.

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<sup>3</sup> [www.hie.co.uk/common/handlers/download-document.ashx?id=90d6c2f6-a461-4ff8-9902-49f073765e39](http://www.hie.co.uk/common/handlers/download-document.ashx?id=90d6c2f6-a461-4ff8-9902-49f073765e39)

**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?**

2.18 We welcome the requirement for a Fuel Poverty Strategy to be published and for progress should be monitored and reported on every five years. However, we think this scrutiny should be more robust. We would recommend that the strategy is reviewed every five years and updated if necessary. This will allow for actions to be taken if reductions in fuel poverty are not happening quickly enough and there is a risk of the target being missed.

2.19 It is vitally important for people with lived experience of fuel poverty to be involved in the development of the strategy. We welcome this recognition but think that the Bill could be more explicit about how lived experience will be taken into account. As a member of ExHAS, we helped to arrange a roundtable event with the Health and Social Care Alliance in October to gather feedback from organisations that work directly with people in fuel poverty. The meeting highlighted the following points:

- Rather than consultation, the emphasis should be more about co-design or co-production of the strategy. Lessons could be learned from the Experience Panels approach being used with the development of Scotland's new social security system<sup>4</sup>. Another possible tool is the Poverty Alliance 'Get Ahead Scotland' toolkit<sup>5</sup>.
- Good quality engagement requires sufficient resourcing for delivery and to support participants.
- Participation needs to include feedback loops on what has happened as a result and engagement needs to be easily accessible.
- Organisations that 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.
- The Panel and the Partnership Forum should include representatives who self-identify as having lived in fuel poverty and their participation should be 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.
- Best use should be made of existing relationships between organisations and those at risk or living in fuel poverty, and groups whose voice is often not heard.

<sup>4</sup> The Social Security (Scotland) Bill 2018 <http://www.legislation.gov.uk/asp/2018/9/section/1/enacted>).

<sup>5</sup> [https://www.povertyalliance.org/article/scottish\\_govt\\_poverty\\_plan](https://www.povertyalliance.org/article/scottish_govt_poverty_plan).

**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**

2.20 The Fuel Poverty Strategy will be an important tool in ensuring that targets set by the Scottish Government are met. However, we think that further clarity on the following aspects is still required:

- Support that will be available for social landlords to continue to improve the energy efficiency of housing stock while keeping rents affordable.
- Programmes and funding to meet Energy Efficient Scotland targets for fuel poor households to reach EPC band C by 2030 and EPC band B by 2040.
- How minimum energy efficiency standards in the private rented sector and the owner occupied sector will be supported, monitored and enforced.

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

2.21 As stated above, we welcome the requirement for the Scottish Government to report on progress towards meeting the target. However, we think that scrutiny should be more robust and that there must be accountability. The strategy should be reviewed every five years and updated if necessary. Where evidence shows that progress is not being made quickly enough, the report must set out what steps the Scottish Government will take to ensure that the target will be met.

Ashley Campbell  
Policy & Practice Manager