

LOCAL GOVERNMENT AND COMMUNITIES COMMITTEE**FUEL POVERTY (TARGET, DEFINITION AND STRATEGY) (SCOTLAND) BILL
CALL FOR VIEWS****SUBMISSION FROM ENERGY ACTION SCOTLAND****Introduction**

Energy Action Scotland (EAS) is the Scottish charity dedicated to ending fuel poverty. EAS has been working with this remit since its inception in 1983 and has campaigned on the issue of ending fuel poverty and delivered many practical as well as research projects to tackle the problems of cold, damp homes. EAS works with both the Scottish and the UK Governments on energy efficiency programme design and implementation.

EAS welcomes the opportunity to respond to this Call for Evidence. Given its remit, EAS's response focuses primarily on those areas that it considers may impact most on fuel poor and vulnerable consumers. We have responded in detail to a number of questions and have also included additional general points that we hope the Local Government and Communities Committee will take into account and/or give due consideration during their scrutiny of the Fuel Poverty Bill.

Fuel poverty impacts directly on health. Its effects are felt across our health and social care services from bed blocking (where people cannot be returned to cold, damp homes or homes with no power), to primary care which sees a 19% increase in attendance at GP from older people with respiratory illness for every degree the temperature drops below 5 degrees centigrade. Fuel poverty leads to cold, damp homes and with 4800 excess winter deaths in 2017/18¹, many of these caused by respiratory diseases, having an achievable fuel poverty strategy will help to mitigate these adverse impacts on health.

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?

- ❖ A 2040 target is too distant, we suggest 2032.
We suggest that the fuel poverty target should be 0%, as far as reasonably practicable, by 2032. 2040 is too distant to be an effective target; this would be equivalent to postponing the work that is needed to eradicate fuel poverty to the next generation. It would be more valuable for the Scottish Government to set a 0% target date for 2032.
- ❖ 5% of all households in 2040 is still a substantial amount; we suggest 0% of all households by 2040, but preferably 2032.

The SPICe briefingⁱⁱ on the Fuel Poverty Bill notes that, in 2040, 5% of all households could be equal to around 140,000 homes. It is unfair to leave that amount of people in fuel poverty. It is possible that these 5% will be the most hard to reach, who have been missed out by previous initiatives. A serious fuel poverty strategy would never aim for a failure. The policy should support the view that any circumstances where up to 5% of homes are still considered to be in fuel poverty by the termination date of the policy, that these homes would be awarded a cash benefit or ‘energy addition’ of a value that would be required to remove them from fuel poverty.

- ❖ The Bill, as published, has 2 non-statutory interim targets and milestones at 2030 and 2040, we suggest statutory interim targets at 2025, 2030, then 2032. EAS has previously called on the Scottish Government to reset the target and have a routemap with milestones to help chart progress. Non-statutory interim targets are an inefficient way of doing this and in addition, the first one of these is 2030, 12 years in the future. We are concerned that leaving such a gap between the fuel poverty strategy document and the first interim target will result in fuel poverty slipping from the current policy agenda. Any home considered at this point to be impossible to remove from the risk of fuel poverty by the proscribed means would become eligible for the ‘energy addition’ benefit. This addition would be paid by government and dispensed through the WHD mechanism. There is a precedent for just such a route as the UK Government paid for 2 years of the WHD scheme under the Government Electricity Rebate (GER). So we would have policy test points at 2025 and 2030. Eligibility would be reviewed annually.

The non-statutory interim targets in the draft Fuel Poverty Strategy for Scotland 2018ⁱⁱⁱ are:

- By 2030, the overall fuel poverty rate will be less than 15% that the median fuel poverty gap is no more than £350, and that progress is made towards removing poor energy efficiency as a driver of fuel poverty.
- By 2040, to ensure that the median fuel poverty gap is no more than £250, and to remove poor energy efficiency of the home as a driver for fuel poverty.

The targets are mainly energy efficiency targets, as Energy Efficient Scotland is the primary delivery mechanism. We welcome the Scottish Government’s commitment to removing poor energy efficiency as one of the main drivers for fuel poverty, but we would remind them that there are other drivers of fuel poverty, these being high energy costs, low disposable income and how energy is used in the home. The interim targets should not solely be about energy efficiency but also take into account income, energy costs and behaviour.

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

- ❖ The 'acceptable standard of living' mentioned corresponds to 90% of the UK Minimum Income Standard (MIS)^{iv}, we suggest that the Scottish Government develops its' own Scottish MIS, which would take into account the 'poverty premium' experienced by those living in rural and island areas (Highlands and Islands Enterprise's A Minimum Income Standard for Remote Rural Scotland - 2016 policy update found that the budgets required by householders to meet the minimum acceptable standard of living in remote rural Scotland were usually a tenth to a third higher than urban parts of the UK) ^v In addition, Professor Donald Hirsch, from Loughborough University submitted evidence to this Call for Evidence saying that applying a remote rural variation would be feasible^{vi}. A Scottish MIS could also take into account those with additional expenses due to disability which are not fully accounted for in DLA/PIP benefit payments, and those suffering with long-term ill-health.
- ❖ In addition, the Islands (Scotland) Act 2018 says there is a duty to consult island communities or carry out an island communities impact assessment where there is a policy or strategy which is likely to have an effect on an island community which is significantly different from its effect on other communities. The issues around differences in energy prices and the cost of delivering measures in island communities could present that significant difference.
- ❖ Targeting the definition towards those on low incomes risks penalising older householders with larger inefficient properties, including those living in rural and island areas. There needs to be an approach similar to the LA flexible eligibility part of ECO^{vii} which would allow for the different characteristics of fuel poor households and low income households vulnerable to the effects of living in a cold home.
- ❖ Some of the underlying assumptions are worth investigating, for example what are affordable fuel costs? The Scottish House Condition Survey needs to take a greater cognisance of the impact of local not regional climate and also of Scottish and perhaps rural / urban differences in energy pricing. For example, the Scottish Highlands is quite a diverse area, talking about it in fuel poverty terms like it's all the same is not helpful. The difference in annual space heating required between IV2 and IV13 is 42%, that's a lot more heat per year when you are off-gas. Rural Scotland is just more expensive and the BREDEM 2012 methodology does not differentiate between IV2 and IV13 it is all seen as 'Highlands'.
- ❖ Childcare costs are mentioned, we suggest looking at the costs of caring for others. As mentioned above, the UK MIS is based around an urban economy with some recognition of the London weighting effect. This does not account for the additional costs associated with living in a rural economy or living with a disability which requires additional expenditure not accounted for under

DLA/PIP, or long-term ill health. We therefore suggest a rural/disability/health premium. We note the use of the term “most household types” and would suggest that account needs to be taken of the most vulnerable, who may have higher energy use due to poor health or other situations.

- ❖ The households to which the heating regimes apply will be defined in regulations to the Bill. For the enhanced heating regime, this is likely to be: a) one member with a physical or mental health condition or illness. There are many health conditions which have temperature vulnerability eg sickle cell anaemia sufferers, people with thyroid conditions therefore we would suggest the NHS is involved, as well as patient groups. Or b) at least one member is aged over 75. This is an increase from the previous age of 60 and is of concern. There needs to be cognisance that reaching the age of 75 is less likely in some areas of Scotland. Where age is being taken into account, families with children under five could also be considered to be vulnerable and have higher use of energy therefore we suggest the inclusion of children under 5 in the age requirement.
- ❖ There can be other kinds of vulnerability apart from age and health. For instance a person could be considered financially vulnerable at certain points in their life eg when they reach retirement age. Financial vulnerability could be cited as a contributing factor to poor choices about energy usage.

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?

- ❖ There are many opportunities in the Bill for people with lived experience of fuel poverty to be consulted; however we suggest that there are additional opportunities eg the provision which says: “the fuel poverty strategy must identify characteristics of households which are likely to be in fuel poverty or for which getting out of fuel poverty presents particular challenges”. This should also be consulted on by individuals with lived experience of fuel poverty. Moreover, individuals with lived experience of fuel poverty should be involved with the development of the outcomes framework. The Scottish Government should apply a similar approach as the Social Security Experience Panels, for the Fuel Poverty Strategy. This is the opportunity for the establishment of a national fuel poverty truth commission which can commission research and which has the power to call upon public services to determine the reality of the context for fuel poverty and also to raise awareness of the negative impacts from the perspective of those living with the fuel poverty condition.
- ❖ We also suggest that the requirement to consult people with lived experience of fuel poverty needs to be more clearly defined i.e. it is not sufficient to work with representatives of groups, the fuel poverty strategy needs to demonstrate precisely how people with lived experience of fuel poverty are consulted with

for the preparation of the strategy and also for the preparation of the periodic reporting.

- ❖ If we are serious about tackling this we either need a cross party committee or an independent review commission. This would not be just another fuel poverty forum, this group would have complete autonomy to follow the evidence and powers to scrutinise MSPs and Scottish Government policies i.e. it would have FULL disclosure of all data pertaining to the Scottish Government's attempts so far to tackle fuel poverty.

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?

- ❖ The draft fuel poverty strategy details actions which the Scottish Government hopes will contribute to meeting the new target, however we suggest that additional funding is needed to support these actions. Greater scrutiny of public expenditure on fuel poverty, full disclosure of all funds directed at actions to tackle fuel poverty and also impact assessments i.e. what did the intervention actually do. Only in this way can we truly learn if actions are really making a difference to real people's lives.
- ❖ It is difficult to say whether lessons have been learned from previous initiatives as there is more focus on the number of measures installed rather than how many people have been lifted out of fuel poverty; therefore we suggest better reporting on all the schemes, focusing on outcomes. This includes a review of the impact of advice services being offered through Home Energy Scotland. We also suggest a cross-sectoral fuel poverty update as it is difficult to see progress across government on the other aspects that relate to fuel poverty.
- ❖ The measures set out in the draft fuel poverty strategy are more focused on removing poor energy efficiency as a driver for fuel poverty. More emphasis needs to be placed on the other three drivers of fuel poverty. Although high energy costs and low disposable income are technically reserved matters, more actions could be taken to mitigate these in Scotland. Also important is changing behaviour, making changes to how energy is used in the home and actions need to be developed to encourage this.
- ❖ It is of concern that the only action to maximise incomes are through increasing the availability of low carbon jobs in local communities and addressing poverty and inequalities through actions set out in the Fairer Scotland Action Plan. However rather than jobs, the focus needs to be on creating careers, not a jumping off point into other types of low paid employment. We appreciate that income and energy costs are reserved matters however these are major drivers of fuel poverty and the Scottish

Government should do all it can in this area. We recommend that the Scottish Government steps up its actions regarding income eg continue to work on creating a Scottish ECO, and Warm Home Discount, bring forward the heating-related assistance via Social Security Scotland and making the changes proposed to their eligibility (the Scottish Government could ensure that means –testing of the winter fuel allowance does not happen – the wording is in the Social Security (Scotland) Bill that may lead to possible means-testing at a later date).

- ❖ We welcome the establishment of a social obligated Scottish supply company which will contribute to tackling fuel poverty and supporting economic development.
- ❖ One of the actions from the strategy describes how the flexibility of delivery programmes will be increased by engaging with councils to identify opportunities to make the national schemes work better locally. EAS suggests that the Scottish Government ensures that any local government funding can work with the new ECO3 provisions. This is now a 100% fuel poor programme and the Scottish Government needs to take control of it as they do have the power to create a Scottish version, or work to ensure that bureaucracy in Scotland does not act as a barrier to the smooth delivery of ECO in Scotland.
- ❖ Another of the actions from the strategy says that advice and support will be provided to householders on ways to save energy and improve access to affordable energy, including by switching suppliers. EAS was commissioned by Citizens Advice Scotland to carry out research looking at the advice and support available to electric heating customers in Scotland^{viii}. Some of the findings included that the energy advice and support needs of fuel poor and otherwise vulnerable households are most effectively delivered face-to-face and in-home by ‘trusted intermediaries’ operating from services with strong local and social recognition. What we want is a common standard of what energy advice should look like, a Code of Practice for energy advice and then this to be backed by central Government structural funding which could then be managed by an agency on behalf of Government. Let us put an end to funding cycles for what should be regarded as a cornerstone of any fuel poverty policy.
- ❖ EAS and some of its member organisations frequently work in partnership to deliver projects for people who do not qualify for the Scottish Government’s current fuel poverty programmes. These projects are doing necessary work that cannot for whatever reason be delivered by national programmes. One such project is the Aiming Beyond Cancer (ABC) project. Often for those with cancer, energy bills rise as patients remain at home during treatment and recovery (often meaning that their income levels fall too), as well as the physiological effects of cancer requiring that they stay warmer. ABC provided a practical means of ensuring that at a particularly stressful time, energy bills and keeping warm were one less thing for cancer patients and their families to worry about. EAS worked with Tighean Innse Gall (TIG) in the Western Isles

and with Shetland Islands Council (SIC) to deliver the ABC project. The purpose of the project was to offer a layered level of support to people with an ‘active’ cancer diagnosis. It used a dedicated intervention home visit service and offered a range of energy efficiency measures and support advice to identified households.

- ❖ EAS suggests that there is an independent oversight body that would work with the Panel and Advisory groups but be independent from them, and more importantly, the managing agents.

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

- ❖ It is of concern that the final date for acceptance of failure or success is in 2042, 2 whole years after the 2040 deadline. We suggest reporting every three years instead of five years, this will allow better monitoring of the progress towards the target. This also ties in to the fuel poverty statistical reporting that takes place via the Scottish House Condition Survey.
- ❖ The Scottish Fuel Poverty Advisory Panel and Partnership Forum have an important role to play in monitoring the Fuel Poverty Strategy and providing advice to Ministers.
- ❖ As mentioned above, we suggest there should be a cross-Parliamentary committee on fuel poverty and that this would help the Scottish Government with its reporting requirements.

ⁱ National Records of Scotland, Winter Mortality in Scotland 2017/18, 16 October 2018

ⁱⁱ Liddell, G , SPICe briefing - Fuel Poverty (Target, Definition and Strategy) (Scotland) Bill, September 2018

ⁱⁱⁱ Scottish Government, Draft Fuel Poverty Strategy for Scotland, June 2018

^{iv} Joseph Rowntree Foundation, A Minimum Income Standard for the UK 2008-2018: continuity and change, July 2018

^v Highlands and Islands Enterprise, A Minimum Income Standard for Remote Rural Scotland – Policy Update, October 2016

^{vi} [Submission from Professor Donald Hirsch on the Fuel Poverty Bill](#), October 2018

^{vii} Department for Business, Energy and Industrial Strategy, Energy Company Obligation – Flexible Eligibility, April 2017

^{viii} EAS, GCU and Stewart, F. Down to the Wire: Research into support and advice services for households in Scotland reliant on electric heating. January 2018