

Local Government and Communities Committee

Fuel Poverty (Target, Definition and Strategy) Bill

Supplementary Written Submission from Professor Donald Hirsch

Following up my evidence to the Committee, I can clarify the following points that I referred to and the Committee might wish to be absolutely clear on:

- 1) I referred (col 15 in draft Official Report) to the fact there is already research on extra costs in remote rural areas, which we carried out in 2013, with updates in 2016 commissioned by Highlands and Islands Enterprise and other organisations in remote rural Scotland. The following points about this are salient (related also to my comments in col 16):
 - a) The results of that earlier research means that it is already possible to estimate additional costs in remote rural areas, as a percentage of urban costs, and that information was used in 2017 by the Independent Review Panel to present estimates of fuel poverty levels in remote rural areas based on applying these percentage additions.
 - b) The additions apply to non-fuel costs in those areas, to compare with incomes net of fuel expenditure requirements
 - c) Regular updating would be needed in order for this percentage uplift to remain valid, since both the baseline UK MIS budgets and the remote Scotland variation will evolve as conditions and prices change.
 - d) The £50-100,000 that I said it would cost were my Centre to do this work was an average over a cycle, based on a small cost for annual pricing updates and a four-yearly cycle of more detailed research that continues to check with local communities the ways in which conditions in remote areas produce these variations in costs.

- 2) I referred (col 18) to the fact that in the six-way urban-rural classification, categories 4 and 6 were both found by our research to have substantially higher costs than other areas, even though only category 6 is labelled specifically as “remote rural”. Our research covered all remote areas of Scotland including ‘category 4’ remote towns such as Lerwick, Thurso and Stornoway, which comprise about a quarter to a third of the remote populations of the Highlands, the Islands and remote Southern Scotland. Most of the factors driving additional costs (e.g. long travels to work and high retail and delivery prices) affected residents of these towns in similar ways as residents of nearby small settlements, although the most remote areas (not even close to remote towns) do have some additional costs on top of that. Overall there is a clear-cut distinction between, on the one hand, ‘remote’ areas comprising categories 4 and 6 and, on the other, all other areas, where our research does not show significant differences in most costs, because they are accessible to large retailers and therefore the same national pricing of their goods as is available throughout the UK.

The importance of this finding is that if the legislation were to specify that fuel poverty in remote parts of Scotland is to be measured using a higher MIS benchmark for living costs, using the term 'remote rural' to define which areas are being referred to may create a measure that only partially covers those areas affected, by being applied only to category 6. Rather, either the term 'remote areas of Scotland' or more specifically 'remote towns and remote rural areas' would more accurately reflect the research results, by implying that category 4 is also included.