



## Local Government and Communities Committee

### Fuel Poverty (Target, Definition and Strategy) (Scotland) Bill

#### SPICe Summary of Written Submissions

The Local Government and Communities Committee launched its [call for views](#) on the Fuel Poverty (Target, Definition and Strategy) Bill on 17 September 2018. It closed on 9 November having received 66 submissions from a range of organisations and individuals.

The Committee asked respondents to answer 5 questions regarding [the Bill](#) and the associated [draft Fuel Poverty Strategy](#). This document limits itself to summarising the answers received to these questions. It is possible that it does not capture the nuance and significant detail of every response; so, Members are encouraged to read [submissions in their entirety](#).

Primary functions of respondents are as follows (note organisations may have more than one primary function):

Campaigning organisations: 22  
Local authorities and associated bodies: 14  
Businesses (not suppliers): 11  
Advice and support: 10  
Energy suppliers and associated: 7  
Housing associations and related: 5  
Academics: 2  
Private individuals: 1

***Question 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.***

Almost all respondents agree that having a target “enshrined” in legislation is a good idea. It provides a clear, unchanging focus for the whole range of organisations involved in addressing the issue and, according to the Existing Homes Alliance, “provides a clear end point to measure progress against”. It also provides a strong signal of the Scottish Government’s intent and the seriousness with which it treats the problem.

However, there are significant disagreements about what the target should aim for; when the target end point should be and whether the wording, as set-out in the Bill, shows sufficient or too much ambition. The Existing Homes Alliance and the Electric

Heating Company both highlight the need for “some form of consequence, or a means of ensuring accountability, if the target is not met”.

### *Appropriate target timescale*

Almost all respondents have views on the target’s end date. The majority feel that 2040 is too far away, especially as the previous target, set in 2002, covered a 14 year period. West Lothian Council, Citizens Advice Scotland (CAS), Rural and Islands Housing Association Forum, Inclusion Scotland, East Ayrshire Health and Social Care Partnership and the Existing Homes Alliance (EHA), to name but a few, all feel the target period should be shortened. Energy Action Scotland, as well as EHA and the Poverty Alliance, the Chartered Institute of Housing and the Scottish Fuel Poverty Advisory Panel, feel the target should be aiming for “0%, as far as reasonably practicable, by 2032”.

Energy Saving Trust notes:

“the time that will have elapsed between the 2001 establishment of the original target to eradicate fuel poverty target and the newly proposed date of 2040 by which 5% of households will live in fuel poverty, is 39 years....it is extremely unfortunate that, under current proposals, fuel poverty will remain part of many householders’ lives for many years to come and that many older (and indeed middle aged) people in Scotland will not see an end to their fuel poverty in their lifetimes. We therefore believe that the date by which the fuel poverty target should be met should be brought forward.”

### *Is the target achievable?*

Some submissions voice concerns that the Government is being too ambitious. A few organisations question why it is introducing a target in an area where even it accepts it has limited powers in certain key areas such as fuel costs and household income. West Lothian Council believes “the intention of setting a statutory target, whilst ambitious, may not be recognising that key factors are almost wholly out with the influence of the Scottish Government”. Likewise, Energy UK, the trade association representing energy suppliers, is also concerned that “the target’s ambitious focus on reducing fuel poverty outright will be a challenge...Some factors, such as the regulatory framework around energy prices for example, do not fall within Scotland’s devolved powers”.

Npower, one of the UK’s “Big Six” energy suppliers, is critical of the target, implying that the Scottish Government has overlooked some of the lessons learnt from the “poorly designed” 2002-2016 target. For them “targets can be stretching, but must be controllable”, alluding to the fact that fuel costs and incomes are largely out-with the control of the Scottish Government.

The most critical submission comes from the Energy Poverty Research Initiative and Common Weal who are “strongly of the view that the new targets represent a significant step backwards”. They are convinced the Scottish Government will continue to pursue a “fabric first” approach to fuel poverty, and “do not believe that these targets

are achievable and are of the view that the Scottish Government is setting itself up to fail.”

*“Relating to the eradication of fuel poverty” - 5% or 0%*

Within those organisations calling for a more ambitious target, many agree that having 5% of all households still in fuel poverty does not equate to “eradication”. They feel that 5% still represents a substantial amount of people, especially as the 140,000 households are likely to be some of the hardest to help and most vulnerable households. According to Energy Action Scotland, “a serious fuel poverty strategy would never aim for a failure.”

Citizens Advice Scotland (CAS) are more sympathetic to the 5% target: “we accept that there is a transient element to fuel poverty, and that some of the major policy levers which influence its drivers are reserved to the UK parliament, limiting what may be done at a Scottish level”. The Rural and Islands Housing Association Forum also believes that the 5% target is a “realistic position” given their belief that “the total elimination of Fuel Poverty is neither achievable or totally within the power of the Government.”

#### *Extreme fuel poverty*

The 2003 Scottish Executive [Fuel Poverty Statement](#) includes information on extreme poverty – when a household is required to spend over 20% of its income on fuel. The annual Scottish House Condition Survey includes data on extreme fuel poverty; however there is no mention of this in either the Bill, the policy memorandum or the draft Fuel Poverty Strategy. The Wheatley Group, the Scottish Federation of Housing Associations and the Highlands and Islands Housing Associations Affordable Warmth Group would all like to see a new measure of extreme fuel poverty introduced in the Bill or strategy in order to encourage a focus on helping those in greatest need. The latter suggests the further target being “the elimination of extreme fuel poverty by 2025.”

#### *A national target and regional variations*

Clearly, the 5% target applies to Scotland as a whole – regional differences will likely be masked, just as the current national fuel poverty rate (26%) hides the massive disparity that exists between Edinburgh (20%) and the Orkney Islands (59%). In the submissions received, three local authorities – Scottish Borders, Aberdeenshire and Argyll and Bute – expressed concerns about this issue.

Argyll and Bute Council fear that “given that this is a blanket target which is Scotland wide there is the potential that householders in remote and rural areas will be disproportionately represented in the residual and will still be in fuel poverty even if this target is met”.

Likewise, Aberdeenshire Council are concerned that the national target “might disadvantage rural areas and communities in its current form...therefore the scenario could arise where the target could potentially be met for Scotland but the situation in

rural areas could still be unacceptable with significant fuel poverty”. Their submission includes the following recommendation:

“We propose that alongside the national target there are also individual local authority targets to reduce fuel poverty and that these local targets should be as important as the overall Scotland target. This will help to ensure that both rural and urban areas have equal focus.”

Kirsten Gow, Amy Dunnachie, Deborah Bryce, Sarah Compton Bishop and Andrew McCallum, a group of islanders from Jura, do not believe “that the Bill’s target is ‘island proofed’ as required by the Islands (Scotland) Act 2018”.

### *The strengthening of interim targets*

Various organisations, including some that question the achievability of the 2040 target, are enthusiastic about the “interim” targets published in the draft Fuel Poverty Strategy. These are:

By 2030:

- The overall fuel poverty rate will be less than 15%.
- Ensure the median fuel poverty gap is no more than £350 (in 2015 prices before adding inflation).
- Make progress towards removing poor energy efficiency of the home as a driver for fuel poverty.

And by 2040:

- Ensure the median fuel poverty gap is no more than £250 (in 2015 prices before adding inflation).
- Remove poor energy efficiency of the home as a driver for fuel poverty

These targets are not specifically mentioned in the Bill, with both the accompanying policy memorandum and the draft Strategy making sure to underline their non-statutory status.

However, various submissions suggest these *should* be made statutory. For example, Npower, comparing one of the interim targets with the statutory 2040 target believes “this is a much more appropriate basis for a statutory fuel poverty strategy. It is specific, measurable, achievable, realistic and time bound – a SMART target”.

The Existing Homes Alliance also believes the interim targets should be given more prominence and be included 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”.

Similar views were expressed by Energy Action Scotland, Shelter Scotland, the Energy Savings Trust, Health and Social Care Alliance Scotland, Orkney Housing Association, Highlands and Islands Housing Associations Affordable Warmth Group, the Electric Heating Company, Comhairle nan Eilean Siar, Glasgow City Council, Poverty Alliance and the Scottish Fuel Poverty Advisory Panel. For example, the latter recommends statutory interim targets at 2025, 2030, then 2032.

***Question 2: Do you agree with the Scottish Government’s proposals for a revised definition of fuel poverty?***

Most organisations feel that the proposed definition represents a step in the right direction. They commend efforts to focus attention on household incomes and the cost of living, therefore attempting to capture more households that really struggle to heat their homes. Most respondents write positively about the move from *before* housing cost income (in the old definition) to *after* housing costs. Rural Housing Scotland, for example, believe this change “reinforces the concept of having a warm home as a basic human right”, and South Lanarkshire Council feels it “strikes the right balance between home energy costs and household income”.

However, there are two major concerns running through most of the submissions: the treatment of remote rural households and other households vulnerable to fuel poverty, and the relative complexity of the new definition.

*Additional costs faced by remote rural households*

The majority of organisations – see for example the Rural and Islands Housing Association Forum - call for some recognition of the additional costs faced by remote rural households to be included within the definition. As is explained in the [SPICe briefing](#), this was originally recommended by the expert Definition Review Panel; however, the proposal was rejected by the Government. COSLA has “reservations” about the Government’s decision, as do a number of individual councils such as the Scottish Borders, North Lanarkshire, Shetlands, Western Isles and Perth and Kinross.

In the Bill’s Policy Memorandum, the Scottish Government argue that the fuel poverty model already accounts for additional costs faced by rural households, specifically those relating to external temperatures, energy prices and housing stock. However, some submissions, for example Shelter’s, say that in addition to higher energy-related costs, many rural households face higher *general* living costs which are not fully accounted for within the current MIS calculation. Professor Donald Hirsch, head of the team that devises the MIS, concurs. In his submission he states:

“Our 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.”

Furthermore, Professor Hirsch informed the Committee that a remote rural variation to the MIS is feasible and would require “a modest amount of ongoing research to keep it up to date.” Existing Homes Alliance argue for a Scotland-specific MIS including a remote rural category that recognises higher living costs in these areas. In

the meantime, they believe, “a provision to recognise remote rural costs of living in Scotland should be made while using the UK MIS.”

A number of submissions refer to research by Highlands and Islands Enterprise (HIE) in 2016 which found that in order to meet the UK Minimum Income Standard, those living in remote rural areas require between 10% and 40% higher incomes than those living elsewhere in Scotland. CAS say:

“...this is due to the general higher cost of living in these areas, including the cost of goods, services and transport. It is not only due to higher fuel costs which, as the Scottish Government has pointed out, would be accounted for under the proposed new definition as it stands.”

CAS, and others, believe that it will be necessary for the Scottish Government to produce or commission a remote rural MIS for Scotland, and this should be used in the new fuel poverty definition. Writing from an islands perspective Tighean Innse Gall (TIG) believes it is important to calculate how much it costs people to live in remote rural and island areas, arguing that “without such an impact assessment on the Western Isles the Scottish Government will not meet the litmus test of the Islands (Scotland) Act 2018”. Shetland Council agree, stating that the extent of fuel poverty in the islands means the proposed definition will not assist in targeting resources to those most in need: “there is no evidence of island-proofing”.

In response, the Scottish Government have committed to “undertaking an island communities impact assessment for the Bill. Such assessments are due to be introduced under the Islands (Scotland) Act 2018 once the relevant sections are brought into force. While there is no statutory requirement to carry out such an assessment for the Bill, the intention is to do so as a matter of good practice...The intention is to confirm more detailed timings in respect of this assessment once the Parliamentary timetable for the coming year is known.”

### *Vulnerable households*

Beyond the rural issue, the impact of the new definition on other types of household was raised by a several organisations. For example, the new definition is likely to result in fewer households with older people being considered fuel poor now than under the previous definition. This was confirmed in the [Equality Impact Assessment](#) document published to accompany the Bill which shows that the number of older households considered fuel poor falls from 311,000 to 174,000, a 44% drop.

The submission from the Scottish Older People’s Assembly (SOPA) voices concerns that the changes will result in vulnerable older people “falling through the gaps”. Whilst appreciating that better targeting of resources is a positive development, they also highlight data showing that the winter death rate for over 65s in Scotland is the highest in western Europe. The Scottish Fuel Poverty Advisory Panel believes that targeting the definition towards those on low incomes, including many younger families, risks penalising older householders with larger inefficient properties.

In Section 2 of the Bill, the Government sets out details of an enhanced heating regime without specifying the type of households eligible – this will be included in future

regulations. The Definition Review Panel, set up by the Government, concludes “that age should not become a proxy for vulnerability, until a much older age than is presently used as a threshold in Scotland (which is 60 years)”. The Scottish Government accepts this, proposing that “for older households, where a person does not suffer from any long-term ill health or disability, they will not be considered vulnerable until they reach 75 years of age”.

Although details of changes to the threshold age criteria are not included in the Bill, various submissions express concern about what future regulations will introduce. Glasgow City Council highlights that life expectancy in the city, especially in some of the more deprived areas, is significantly lower than the Scottish average. Energy Action Scotland also raises the issue in its submission, stating “there needs to be cognisance that reaching the age of 75 is less likely in some areas of Scotland”. Shelter also have concerns, describing the shift from a 60 to a 75 threshold as “arbitrary”.

Inclusion Scotland argue that the new definition “disproportionately affects people with the protected characteristic of disability, and as such may be in breach of the Equality Act”. Just as rural households face additional costs, so too do people with disabilities. Inclusion Scotland quote figures showing that on average disabled people across the UK face additional costs related to their impairment, or condition, of £570 a month. This point was also raised by Poverty Alliance, Thaw Orkney and the Health and Social Care Alliance Scotland. The latter recommends that the Committee considers an amendment “that refers to the additional costs faced by disabled people, people living with long term conditions and unpaid carers”.

#### *Additional complexity of the new definition*

There is no doubt that the new definition is more complicated than the previous one, and that this concerns various organisations. Delivery agent, Warmworks, agrees with the proposed definition whilst also acknowledging that “an average person living in fuel poverty may not necessarily comprehend it and it will be harder for organisations to identify people in fuel poverty given the complexity of the definition”. SSE Services argue that it is important for people to be able to self-identify as being fuel poor in order to be able to ask for assistance.

Energy company, Npower, believe the new definition will be difficult to operationalise “because of the amount of information required and personal nature of the data”. The Chartered Institute of Housing Scotland agrees, arguing that should the proposed definition of fuel poverty be introduced, the Scottish Government “must develop a simple tool or calculator which will show whether a household meets the definition”. Aberdeenshire Council agree, stating that education will be needed to ensure people are familiar with MIS.

#### ***Question 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?***

Almost every submission is positive about these provisions. For example, Stirling Council believes that the target in the Bill, and the non-statutory interim targets

mentioned in the draft strategy, are very ambitious, so “in order for there to be a good chance of achievement, there needs to be a clear strategy”. The Child Poverty Action Group in Scotland (CPAG) call for alignment of fuel poverty strategies with other strategies (for example child poverty delivery plan). And a number of submissions, including West Lothian Council’s, argue that it is important that any fuel poverty strategy “should be part of a larger strategic approach to addressing poverty in general”.

The Energy Agency note that the Bill requires the strategy to be published within a year of Section 3’s enactment. However, it is unclear when this will happen, so the Agency recommend it should be within a year of Royal Assent. The Existing Homes Alliance, Energy Savings Trust and Shelter all believe there should be a requirement to review and update the strategy every five years, based on regular reporting of all fuel poverty schemes. The Wheatley Group recommend that strategies should correspond with the periodic reports, as required by Section 6 of the Bill (see below).

The Highlands and Islands Housing Association Affordable Warmth group argue that the strategy must include a commitment to ‘islands proofing’ before it is laid before Parliament and 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, and c) each local authority area.

Fife Council explains that a national strategy is useful to local authorities because it provides them with “a clear framework for establishing local fuel poverty strategies to deliver change in line with the revised definition of fuel poverty”. However, it stresses the importance of strategies recognising differences in local demographic profiles between local authorities, as well as rural/urban situations, tenures, health, social care and other economic factors.

There is universal agreement about the benefits of consulting with people with lived experience of fuel poverty. However, Energy Action Scotland insists this needs to be more clearly defined:

“...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”.

EAS suggests that it is more than just consultation that is required. A number of other submissions suggest more of a co-design/co-production approach should be specified. The Health and Social Care Alliance Scotland, for example, argue that “people living in fuel poverty are assets” in terms of their valuable contributions to policy formation. They are “experts by experience with valuable knowledge to help inform, identify and create effective solutions to complex challenges”. Similar views were expressed by the Scottish Fuel Poverty Advisory Panel, the Poverty Alliance, Existing Homes Alliance, the Association of Local Authority Chief Housing Officers and Mydex.

HIHAAW insist that any consultation/engagement “must include statistically robust samples of people living in remote rural Scotland”. Whilst others, including Energy UK

and Fife Council, highlight the difficulty in contacting and engaging with fuel poor households. The latter organisation suggests that “people generally do not identify themselves, or want to be identified, as fuel poor”.

***Question 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?***

Organisations like Shelter and Age Scotland agree with the principles underlining the strategy. Nevertheless, many submissions also express the belief that the draft strategy lacks detail. The Existing Homes Alliance, for example believes the strategy lacks “new policies, programmes and resources that will provide the step change required to meet fuel poverty targets”. They then suggest a number of specific policies they feel should be included.

In answer to the specific question about lessons learned, the Scottish Communities Climate Action Network suggests a review of the impact of previous initiatives is required to determine which were most effective at actually lifting people out of fuel poverty. This is a view shared by the Highlands and Islands Housing Association Affordable Warmth Group:

“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?”

StepChange Debt Charity Scotland are also sceptical about continuing down the same route as before (i.e. focussing all resources on energy efficiency): “we would urge the Scottish Government to be wary of over-emphasising energy efficiency schemes at the expense of more wide-ranging interventions that address personal circumstances and challenges that make someone susceptible to fuel poverty.” More dramatically, the Energy Poverty Research Initiative and Common Weal state that the proposed targets in the draft strategy are not achievable and they are “of the view that the Scottish Government is setting itself up to fail”.

West Lothian Council suggests that the draft strategy better supports a “maximising efforts” approach in its current form than supporting a statutory target. They argue that “the setting of a statutory target, whilst not being in control over the determining factors, is not helpful and that recognition needs to be given to the fact that changes currently out with the control of the Scottish Government will determine if any target can be met”. The Scottish Fuel Poverty Advisory Panel concurs, believing that 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”.

The Scottish Association of Landlords is concerned about the potential costs to landlords of requiring upgrading of properties to EPC (Energy Performance Certificate). C. Stirling Council also raises questions about who will pay for the measures required to meet the strategic targets – the draft strategy does not answer these questions. The Coalition for Racial Equality and Rights notes that the draft strategy does not include any information on equality: “we would ask that the strategy include plans to investigate the rate of fuel poverty for BME communities in Scotland to better understand any specific barriers facing this group.”

Finally, a number of rural and islands-based organisations are concerned that the draft strategy has not been island-proofed. They call for this process to be followed. For example, Shetland Council believe:

“By doing so, the Government will be ensuring that national resources are used to maximum effect in Shetland. For example, switching in Shetland is limited, due to the heating source for many households. Therefore, investment in organisations to support switching is of limited value in Shetland, with limited, if any evidence, of them being beneficial to our most vulnerable households.”

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

Many submissions argue for more frequent reporting – every two or three years is a common suggestion. More frequent reporting, according to North Lanarkshire Council, would ensure that Parliament remains focused on eradicating fuel poverty and that it has an opportunity to shape Scotland’s response to it. Insulation company, Superglass, agrees, stating that 5-year reporting periods are too long: “if the delivery against goals is slipping it would be wrong to only pick this up every 5 years – reducing the time that the government could react”. The Energy Savings Trust and Rural and Islands Housing Association Forum call for some sort of annual reporting. SGN, Co-op, Poverty Alliance and the Existing Homes Alliance also believe the Scottish Government should be required to provide annual progress reports, “to ensure timely scrutiny and corrective action”.

Energy Savings Trust believe that the Bill should include provisions to ensure that if it looks like there has not been sufficient progress towards meeting the target by a set point before the deadline (e.g. 5 years before the deadline), “there should be a requirement to produce a fully resourced plan which will ensure that the target will be met on time”.

Citizens Advice Scotland believe that the Scottish Government should be required to report on the progress made, or measures taken, to address each one of the four drivers. The Bill could require this in law. The Coalition for Racial Equality and Rights ask that the reporting requirements in the Bill be amended to ensure that information on whether the 2040 target has been met and the percentage of households in fuel poverty by 2040 “are disaggregated by equality group to ensure that progress has not left already disadvantaged groups further behind”.

Some organisations (e.g. CAS, Shelter, Energy Agency and Health and Social Care Alliance Scotland) call for the Bill to include a statutory requirement for an independent

oversight body to also carry out this work. A small number specifically ask that 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”.

Perth and Kinross Council express concerns about the accuracy and reliability of the Scottish House Condition Survey as the tool for reporting on this progress. It argues that “sample sizes are so small at local authority level and there appears to be no scope to incorporate local data to boost sample sizes”.

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