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Dear James

Thank you for the Committee's Stage 1 Report on the Fuel Poverty (Target, Definition and Strategy) (Scotland) Bill, published on 29 January 2019. I welcome the Committee's careful and detailed consideration of the Bill and the recommendation that the Parliament should agree the general principles of the Bill. I enclose the Scottish Government's response to your report.

Kind regards

KEVIN STEWART

Local Government and Communities Committee –

Stage 1 Report on the Fuel Poverty (Target, Definition and Strategy) (Scotland) Bill – Scottish Government Response

The Scottish Government welcomes the Stage 1 report on the Fuel Poverty (Target, Definition and Strategy) (Scotland) Bill, which has been issued by the Local Government and Communities Committee.

The Scottish Government also welcomes the Committee's recommendation that the Scottish Parliament agrees the general principles of the Bill. Scotland is one of only a handful of European countries to define fuel poverty, let alone set a goal to eradicate it. Achieving the target will place Scotland amongst the very best in the world in terms of tackling fuel poverty. By setting a challenging target and bringing the definition of fuel poverty closer to the definition of relative income poverty, we aim to achieve a fairer and more socially just Scotland. The Scottish Government's response to the Committee's report is structured to reflect the key findings and recommendations set out in that report.

Section 1 – Fuel Poverty Target

The Target

42. The Committee supports the principle of setting a statutory target for reducing fuel poverty within a set time period.

The Scottish Government welcomes the Committee's support of the principle of setting a statutory target to reduce fuel poverty with a set time period.

Eradication versus a 5% target

52. The Committee accepts that setting a statutory target for reducing fuel poverty is ultimately a matter of judgment. We are satisfied, on the basis of evidence led, that the target of 5% set out in the Bill is achievable and at the same time would make a real difference to the lives of hundreds of thousands of people were it to be achieved. On balance, it appears to us to strike an appropriate balance between realism and ambition. The 5% target also recognises the Scottish Government's limited influence in relation to two of the four main drivers of fuel poverty, and its transient nature, with the potential for individual households to move in and out of the definition, depending on changing circumstances in relation to which governments may have little or no direct control.

53. The Committee agrees with the Scottish Government that the more long term ambition should be the eradication of fuel poverty, as much as is realistically possible, and that the 5% target should not be the limit of this or future government's ambitions. With robust monitoring systems in place (as discussed later in the report), there is the opportunity to learn from experience and to benefit from technological advances between now and the target date.

The Scottish Government welcomes the Committee's support for the introduction of a target of no more than 5% of people in fuel poverty as set out in the Bill. We also welcome that the Committee shares the ambition and commitment to eradicating fuel poverty in the long term.

As evidenced by the reporting obligations in sections 6 – 9 of the Bill, and as discussed later in this response, the Scottish Government intends that robust monitoring systems around the target are put in place. We agree with the Committee's stance that these will afford the opportunity both to learn from experience and to benefit from technological advances between now and the target date.

The length of the target

71. The Committee notes concerns regarding the length of the target date set out in the Bill, which at 21 years is considerably longer than the 14-year target previous Scottish administrations had worked to. However, the Committee also understands views that this approach is a pragmatic response to previous attempts to set a target, which ultimately failed. We also recognise arguments that reducing fuel poverty will lean heavily on applying technologies still in development and that it is realistic to build in time for these to come on-stream.
72. The Committee therefore accepts the Government's reasons for setting the target date at 2040. This would however be conditional on the Government bringing forward amendments to make at least some of its interim milestones statutory by way of amendment at Stage 2, and we are pleased to note that a public commitment has been made to enshrine two of these at Stage 2. If the amendments are agreed to, this should help protect the fuel poverty strategy from "drift", and enable comprehensive assessment of how well the strategy is working at its mid-point.

The Scottish Government welcomes the Committee's analysis and support regarding the length of the target set out in the Bill. We can confirm that we will table amendments to ensure our two interim targets are on the face of the bill. These are that the fuel poverty rate will be no more than 15% by 2030 and that, by 2030, the median fuel poverty gap will be no more than £350 in 2015 prices before adding inflation. We agree this will enable the comprehensive assessment of how well the strategy is working at its mid-point and maintain momentum.

Extreme Fuel Poverty

78. The Committee notes concerns from stakeholders working with those in extreme fuel poverty (i.e. those having to spend more than 20% of their income on fuel) about the lack of explicit reference in the Bill to prioritising a reduction in extreme fuel poverty. We heard that, without such a reference, there is a risk, even if the overall target is ultimately met, of efforts being targeted at "low hanging fruit". This could leave a disproportionate number of those with the most critical needs remaining in the final 5 per cent facing fuel poverty by 2040.
79. We ask the Government to bring forward proposals for a separate target for targeting extreme fuel poverty at Stage 2, and to ensure that there is specific reference to eradicating it in any strategy produced under the Bill.

The Scottish Government considers extreme fuel poverty to be a scourge of modern Scottish society that must be addressed as a priority. It is absolutely our intention to ensure that those experiencing the greatest fuel poverty are prioritised as we achieve our 5% target.

By monitoring the fuel poverty gap, in addition to the overall prevalence of fuel poverty, we can ensure that the severity of fuel poverty is better understood and reduced. Amending the Bill to introduce the interim 2030 target that the median fuel poverty gap is no more than £350 in 2015 prices before adding inflation will put a focus on reducing severity as well as prevalence.

By setting a median fuel poverty gap target, we will be reducing fuel poverty gaps for households across the board, including those households with the biggest current gaps.

The Scottish Government recognises that this interim fuel poverty gap target is based on an average level (the median). This means that half of fuel poor households will still have a fuel poverty gap which is bigger than the median. As a consequence, some of these households could remain in extreme fuel poverty in terms of the proportion of their net income after housing costs that they would require to spend on necessary fuel costs to meet the conditions set out in section 2(2) of the Bill.

Our aim is to alleviate extreme fuel poverty so taking into consideration the Committee's recommendation, the Scottish Government can confirm that we will carefully examine the options around defining extreme fuel poverty and what target could be set in relation to it and bring forward proposals for a separate target to target extreme fuel poverty at stage 2 and how this is taken into account in the fuel poverty strategy.

Local Targeting

88. Given that island areas receive more spend per head on energy efficiency measures than mainland communities, it is concerning that inordinate numbers of householders on our island communities still experience fuel poverty. We believe that the Scottish Government should consider amending Section 1 of the Bill to put in place statutory targets for each local authority to reduce fuel poverty in their areas to no greater than 5 per cent of their households by 2040, in order to help drive progress towards achievement of the national target and eliminate regional disparities.
89. The Committee understands concerns that there may be a tendency for local authorities to direct resources at the most easy to treat properties in order to meet the new statutory target. We welcome the Minister's commitment to continue to work with local authorities to consider how best to distribute schemes to balance the requirements of those with the greatest needs for support and those with more marginal problems. We, however, urge the Government to ensure that the fuel poverty strategy will provide clear, helpful and practical guidance to local authorities on how best to distribute their resources to avoid local disparities.
90. We also heard of the innovative local schemes already in place which allow services to be creative around how they distribute their resources to reduce such anomalies and seek further information on how the Government will ensure the sharing of best practice between local authorities. This applies particularly to island communities which often struggle to achieve the economies of scale that can be achieved on the mainland.

The Scottish Government agrees that island communities may need different approaches and this is why we are in the process of conducting an Islands Impact Assessment on the Bill in the spirit of the currently uncommenced provisions of the Islands (Scotland) Act 2018. In addition, when the relevant provision of this Act comes into force, Scottish Ministers will be required to prepare a national islands plan for improving outcomes for island communities. This plan will include how fuel poverty will be reduced and will complement the Fuel Poverty Strategy.

The Scottish Government is pleased to note that the Committee welcomes the commitment given by the Minister for Local Government Housing and Planning to continue working with local authorities in order to consider how best to distribute schemes so as to balance the requirements of those with the greatest needs for support and those with more marginal

problems. The Scottish Government can confirm we will ensure the Fuel Poverty Strategy, as the Committee puts it, provides clear, helpful and practical guidance to local authorities on how best to distribute their resources to avoid local disparities. It will be developed in partnership with local areas and build on the expertise and learning already evident across the country.

The Scottish Government also notes the Committee's request for further information on how to ensure best practice is shared between local authorities and agrees that such sharing should be encouraged. In addition to convening regular meetings of lead officials responsible for delivery of our Area Based Scheme (HEEPS: ABS), information and best practice are shared – for example, by offering peer support for new starters in ABS roles. The Scottish Government is always open to new ways in which cooperation and information sharing between local authorities can be encouraged and shall give further thought to this throughout the development of the Fuel Poverty Strategy.

The Scottish Government has noted the Committee has suggested we consider amending the Bill to put in place statutory targets for local authorities without making it a recommendation. We are absolutely committed to tackling fuel poverty throughout Scotland but are not convinced that local authority level targeting is realistic or achievable. We are particularly concerned that this proposal is not evidence led and has not been subject to any consultation. We have some concern about how realistic it is to expect fuel poverty to be reduced evenly across all 32 local authority areas particularly when there is so much variation in current levels of fuel poverty, where the rate can be two or three times as high in one local authority compared to another. As well as there being variation in the headline numbers of fuel poor households in different local authority areas, which in some instances is substantial, local authorities also vary in terms of the factors that influence fuel poverty levels. These include variations in the types, tenures, and main fuel used in the housing stock of different local authority areas, along with socio-economic factors such as concentrations of income poor households. For example, on average between 2014 and 2016, the Orkney Islands had the highest proportion of residential properties rated EPC Bands F or G (25%), whereas the rate in Glasgow City was just 1%. Orkney also has the lowest proportion of flats (6%), while Glasgow has the highest (71%). In addition, those local authorities which consist solely of islands or which have predominantly rural and island areas have high numbers of properties without access to the gas grid. In the case of Shetland and Orkney, 100% of properties are off grid. Glasgow City had the highest proportion of social rented households (37%) and Edinburgh City had the highest proportion of private rented households (26%), with East Renfrewshire having the lowest for both at 12% and 5% respectively, but with the highest proportion of owner-occupied households at 83% compared to Dundee City (45%) which had the lowest. These are all examples of factors which will influence how challenging it is for a particular authority to address fuel poverty.

Local Authorities have a key role in tackling fuel poverty, both in terms of strategic leadership and practical delivery. We are currently working with COSLA and councils to develop Local Heat and Energy Efficiency Strategies for all areas. There is a clear expectation that these strategies will lay out the long-term goals and trajectories within each Local Authority area. We want to work collaboratively and flexibly with councils to deliver, and have concerns that imposing one-size-fits all targets everywhere would be counter-productive.

Given the implications that such an amendment to the Bill would have for Scotland's 32 local authorities, the Minister has written to COSLA, to seek their views on the issue. We note that in correspondence to the Committee in the interim, COSLA have stated they have a "series of concerns" which are similar to ours.

The Scottish Government is determined to do all we can to ensure that areas with the highest levels of fuel poverty and the most challenging conditions are not left behind, therefore, as well as consulting with COSLA, we will carefully assess the feasibility and consequences of meeting the 2040 5% target in each and every one of Scotland's local authority areas before reaching a definite view on the Committee's proposal. We will update the Committee ahead of stage 2 when this process is complete.

Section 2 - Definition of Fuel Poverty

MIS and rural uplift

126. The Committee welcomes the revised definition of fuel poverty set out in the Bill, based around the calculation of a Minimum Income Standard that takes account of daily living costs. This should help ensure a closer linkage to actual "lived" income poverty.
127. However, we understand stakeholders' concerns that the definition may not adequately take into account the reality of living in islands, remote towns and remote rural areas, including the much higher living and travel costs in those areas, reflected in current high levels of fuel poverty.
128. We therefore ask the Scottish Government, during the remaining passage of the Bill, to commit to introducing an additional Minimum Income Standard to reflect the higher costs faced by those living in islands, remote towns and remote rural areas. In doing so we would urge the Scottish Government to ensure that the additional MIS captures all households in areas covered by categories 4 and 6 of the Urban Rural Classification.

The Scottish Government is pleased to note that the Committee welcomes the use of the Minimum Income Standard (MIS) in the measurement of fuel poverty under the proposed new definition of fuel poverty which is set out in the Bill. As recognised by the Committee, under the new definition, the measurement of fuel poverty ensures a stronger relationship between fuel poverty and low income. Scotland is being highly innovative in the introduction - for the first time - of an acceptable standard of living criterion. The UK Minimum Income Standard takes into account costs much broader than just fuel costs.

We note the Committee's request that the Scottish Government commits to introducing an additional MIS to reflect the higher costs of those living in islands, remote small towns and remote rural areas. We have listened to the evidence and the committee's recommendation and can confirm that we are currently looking at the options of how this can be done along with the costs involved so we can bring forward appropriate amendments. When this work has been carried out, we will set out the options to the Committee to seek your views ahead of Stage 2.

No MIS mark up for disability or long term illness and the extension of the age vulnerability criteria

135. As people are, in general, living longer and healthier lives, the Committee agrees that reaching 60 should not, as a matter of course, be regarded as an indicator of vulnerability and thus of a need for "enhanced heating" under the Bill. We are generally content with the age threshold being 75. In this connection, the Committee notes that the Scottish Government intends to include individuals with long-term health problems amongst those in need of enhanced heating and that this is likely to capture a significant number of households which include an individual in the 60-75 age cohort.

136. However, the Committee does note concerns about how the approach set out in the Bill might impact in areas of multiple deprivation where life expectancy is on average lower. We ask the Scottish Government to respond to evidence that there should be some built-in flexibility when setting vulnerability criteria by age, so as not to exclude households in real need of enhanced heating status.

The Scottish Government welcomes the fact that the Committee is content with the age threshold for eligibility for the enhanced heating regime being 75. The enhanced heating regime is in line with the World Health Organisation's recommendations and will be used to assess the national and local authority fuel poverty rates.

The Draft Fuel Poverty Strategy sets out that the enhanced heating regime is likely to cover households where at least one member has self-reported as having a physical or mental health condition or illness lasting or expected to last 12 months or more or, in the absence of this, where at least one member is aged 75 or over. The age of 75 has been adopted as it is the lowest age threshold recommended as a proxy for vulnerability to cold-related health impacts by the independent, academic 2017 Scottish Fuel Poverty Definition Review Panel. In the context of an increasingly healthy and active older population, the Panel did not consider age to be a particularly useful criterion for classifying people as vulnerable to cold-related health impacts, although it did conclude that an age threshold of nearer 75 to 80 years old might be appropriate. As the Committee notes, if the age threshold is raised to 75, a significant number of households comprising members younger than this age will remain eligible for the enhanced heating regime because they would meet the first of the two proposed criteria for eligibility.

As the Minister stated in his evidence to the Committee on 19 December 2018, those households for which the enhanced heating regime is appropriate will be defined in regulations, which are subject to the affirmative procedure and the obligation on the Scottish Ministers to consult set out in section 11 of the Bill. This consultation will be with key stakeholders and individuals who are living, or have lived, in fuel poverty. We have already asked the Fuel Poverty Advisory Panel to consider this issue.

We do not consider that there is necessarily a correlation between lower average life expectancies in some areas (such as areas of multiple deprivation) and vulnerability to cold-related health impacts not covered by other criteria. However, should empirical evidence to the contrary be presented, the Scottish Government would of course consider this.

Complexity of the new target and linkage to delivery on the ground

153. The Committee notes that the fuel poverty definition in the Bill is a statistical measuring tool to assess the national fuel poverty rate. As noted earlier, we broadly welcome the definition as a more effective measure of "real life" fuel poverty than the current definition.

154. Measures on the ground are of course what matter most to people currently in fuel poverty and those trying to help bring them out of it. Stakeholders have significant concerns that the complexity of the definition could obstruct help going to some of those in need and prevent some from self-identifying as living in fuel poverty. A "door-step tool" to help determine which households are in fuel poverty could assist and we would welcome an update on the Scottish Government's thinking on the feasibility of such a tool should the Bill progress. We also invite the Scottish Government to respond to the evidence led at Stage 1 proposing better sharing of information that is relevant in determining whether households are in fuel poverty.

155. Stakeholders also had concerns as to how the new definition could be made to work alongside the proxies that are used in practice to determine whether households are in need of assistance. We would therefore welcome an update on when the review of the current proxies will take place, how the Government intends to roll out guidance, and how it will encourage the sharing of best practice.

The Scottish Government is pleased to note that the Committee broadly welcomes the proposed new definition of fuel poverty set out in the Bill. We are confident that it is far better suited to measuring fuel poverty at both national and subnational level.

In proposing the new definition of fuel poverty, the primary objective of the Scottish Government is to ensure that this captures those households most at risk of the adverse effects of fuel poverty and most in need of help and assistance. We want to ensure that there is alignment between the new definition of fuel poverty and the way in which households are targeted for help through Energy Efficient Scotland.

The intention is for proxies to continue to be used at local authority level under the new definition in order to identify fuel poor households in need of assistance. We will work closely with local authority partners to review the proxies used and amend these, where necessary, to ensure that they are aligned with the proposed new definition of fuel poverty.

We already have a great deal of experience to draw on. For example, our flagship national Warmer Homes Scotland (WHS) programme is designed to help lower income households and, in this respect, already lends itself to alignment with the proposed new definition of fuel poverty. Through WHS, the Scottish Government has developed experience of using receipt of certain benefits as a proxy for low income when determining a person's eligibility for the scheme.

In addition, households are referred to WHS through our Home Energy Scotland (HES) advice centres and helplines. The Scottish Government encourages those stakeholders, such as Citizens Advice Bureaux, which have front line workers in the field of fuel poverty, to refer individual cases to HES. Through such referral, HES will establish with the householders directly if they might qualify for assistance due to low income.

For our Area Based Schemes (ABS), the feedback that the Scottish Government received from its consultation on the Fuel Poverty Strategy was that a "doorstep tool" might not be helpful due to the layer of complexity that it could add along with concerns around privacy. ABS target areas with a higher proportion of households experiencing fuel poverty or at risk of fuel poverty using a wide range of data and local knowledge of housing stock to develop projects. In the conditions of grant funding for ABS, the Scottish Government ensures that local authorities are consistent in considering the needs and circumstances of individual households. For example, the upper threshold for use of grant for individual households in remote rural and island areas is almost a third higher to reflect the extra cost of delivering energy efficiency measures to these communities.

The Scottish Government is also working with COSLA and with individual local authorities to develop a framework for ABS delivery over several years through a multi-year funding framework. This will enable multi-year delivery plans to be developed in support of every local authorities' Local Heat and Energy Efficiency Strategy. The Scottish Government is keen to capitalise on the greater certainty that a multi-year funding framework provides to encourage joined up working and effective sharing of experiences by local authorities, the supply chain and key local partners such as Housing Associations. All this shared experience and considerable evidence demonstrates that further work is needed to consider the suite of tools

and guidance local areas could benefit from within the development of the Fuel Poverty Strategy.

To avoid potential disruption for customers, the review of proxies cannot take place until the definition is finalised and enshrined in legislation. Therefore the Scottish Government will review the use of proxies across all fuel poverty schemes later this year following enactment of the Bill. Once the proxies have been reviewed, the Scottish Government will publicise any eligibility changes and roll out guidance as necessary.

Sections 3-5 – Fuel Poverty Strategy

163. The Committee believes that an effective fuel poverty strategy will be crucial if current and future administrations are to be successful in their ambitious long-term aim of eradicating fuel poverty in Scotland. It is therefore welcome that the Bill requires the Scottish Government to publish a fuel poverty strategy.
164. It is vital that key measures and policies are informed by the views of those with first-hand knowledge of the effects and impact of fuel poverty. The Committee welcomes the requirement in the Bill for consultation with people who are living, or who have lived, in fuel poverty before any strategy is published.
165. Any successful strategy cannot be "top down" if it is to successfully identify the measures best placed to help people. The Committee considers that when periodically reporting to Parliament on progress under the strategy, the Scottish Ministers show whether and how policies and procedures to tackle fuel poverty have taken the lived experience of individuals into account.

The Scottish Government welcomes the Committee's recognition that an effective fuel poverty strategy will be crucial to the long-term aim of eradicating fuel poverty in Scotland and notes that the Committee welcomes the requirement in the Bill for the Scottish Government to publish a Fuel Poverty Strategy.

The Scottish Government also agrees with the Committee's emphasis on the importance of consulting with people with lived experience of fuel poverty in order to inform key measures and policies.

The Scottish Government, in conjunction with the Scottish Fuel Poverty Advisory Panel, is currently reviewing how the views and experiences of those who have lived or are living in fuel poverty can be most effectively captured and integrated into the Fuel Poverty Strategy. We can confirm we will provide information in the regular reports to the Scottish Parliament on how the outcomes of these engagements have been included within the development of the Fuel Poverty Strategy.

The content of the draft strategy

Lack of policies reflecting the rural dimension

183. The Committee welcomes the Minister's commitment to undertake an Islands Impact Assessment on all aspects of the Bill and considers that any such assessment should also cover the Draft Fuel Poverty Strategy. The Committee would welcome this happening as soon as possible, to allow the Committee to take a view on any of the issues raised in advance of its consideration of amendments to the Bill.

The Scottish Government is pleased to note that the Committee welcomes the commitment made by the Minister to carry out an Islands Impact Assessment on all aspects of the Bill.

The Islands (Scotland) Act 2018 governs the preparation by Scottish Ministers of Islands Communities Impact Assessments. Although the relevant sections of the 2018 Act (sections 8 and 13) are not yet in force and will not have retrospective effect in respect of the Bill when they do, the Minister for Housing and Local Government made clear his commitment to conduct an Islands Impact Assessment on the Bill in recognition of the importance of tackling fuel poverty within the island communities. He made clear his commitment to ensure the assessment would be carried out before Stage 3 of the Bill and that remains the case. It should be noted that, because the relevant sections are not yet in force, Ministers will only be able to develop the assessment in the spirit of the 2018 Act, as the relevant guidance is still in development. We are keen to ensure that the assessment is thorough, detailed, engages with all the island communities and is not simply a desk based exercise. The Scottish Government is keen to ensure it is made available to Parliament as soon as possible so can confirm our intention is to publish it by the end of April.

The Scottish Government notes the request to consider that the Islands Impact Assessment should also cover the Draft Fuel Poverty Strategy. We would like to point out that the Draft Strategy was published alongside the Bill to give context to the framework nature of the Bill and to provide a basis for how the Fuel Poverty Strategy might be developed in the future. With this in mind, the Draft Strategy will be superseded by the full Fuel Poverty Strategy to be prepared under section 3 of the Bill and therefore will be subject to an Islands Impact Assessment. This is advantageous as it will ensure islands are considered and consulted throughout the development of the Strategy using the Islands (Scotland) Act guidance, which will have been developed by then.

Monitoring of delivery schemes

197. The Committee was concerned to hear about the inadequacy of works carried out under UK-based energy-efficiency schemes and the apparent lack of monitoring of the quality of this work. We were also concerned with reports that there had been insufficient support from the UK Government to provide re-dress for those who have received defective repairs. The Committee intends to write to the UK Government to call for it to take action and urges the Scottish Government to continue to highlight this issue to the UK Government.

The Scottish Government shares the Committee's concerns about the consumer protection standards pertaining to the UK Government's energy efficiency schemes and welcomes the Committee's intention to write to the UK Government regarding this issue, particularly in relation to the legacy of unresolved complaints about the Green Deal provider Home Energy and Lifestyle Management Systems (HELMS).

The content of the Minister's supplementary written statement to the Committee on the standard of works and quality of service carried out in Scotland under energy efficiency schemes makes it clear that the UK Government schemes suffer from some longstanding failings in relation to consumer protection. While the Scottish Government does not claim that its own energy efficiency schemes never generate any complaints, it is confident that these are both less frequent and far more likely to be resolved satisfactorily. At their best, schemes such as the award winning WHS provide a benchmark for the levels of customer satisfaction which can and should be achieved. This has been achieved by setting high standards and ensuring they are met through a robust risk based inspection and monitoring regime.

As advised in the Supplementary Written Statement which the Minister sent to the Committee by letter to its Convenor dated 14 January 2019, the Minister recently wrote to the Claire Perry MP, the Minister of State for Energy and Clean Growth, in order to raise with her the ongoing issues facing aggrieved customers of HELMS and the UK Government's flawed Green Deal scheme. Ms Perry has replied to say that progress is being made with these cases but that she does not agree with the recent findings in Citizens Advice Scotland's Bad Company report. The Minister has asked Ms Perry to share her reply with the Committee, in order to inform your further correspondence with her about the quality of the UK Government's delivery schemes.

Ministerial Response to views on the Draft Fuel Poverty Strategy

199. The Committee welcomes the publication of the draft fuel poverty strategy and recognises that it is a "work in progress". We note that the Government will work with stakeholders and those with experience of fuel poverty to drive forward improvements. We urge the Scottish Government to take account of the views presented by those who gave evidence in this section of the report, particularly on –

- how the strategy will take action to address the drivers of fuel poverty in addition to energy efficiency;
- how lessons will be learned from previous schemes;
- how best practice will be mainstreamed across Scotland;
- linkages to other policies and proposed laws, such as the Planning (Scotland) Bill and the Climate Change (Emissions Reduction Targets) (Scotland) Bill;
- resourcing and the impact on other policy areas such as the economy, health, social care and educational attainment;
- how it will improve policies to tackle fuel poverty in remote rural and island areas;
- how it will tackle fuel poverty in the private rented sector;
- how it will monitor quality and value for money of energy efficiency measures and delivery schemes; and
- the support provided to households that have received ineffective repairs.

The Scottish Government is pleased to note that the Committee welcomes the publication of the Draft Strategy and recognises our intention to continue to work with stakeholders and those with experience of fuel poverty to drive forward improvements.

Many of the organisations whose views the Committee highlights in its report are stakeholders with whom the Scottish Government is in regular contact as part of its ongoing engagement not only in relation to the Bill, but also in respect of its fuel poverty and energy efficiency policies. In developing the Fuel Poverty Strategy, the Scottish Government values the perspective which external stakeholders can bring to the policy development process and is committed to meeting all the obligations to consult which are contained in the Bill. As part of this process, the Scottish Government is listening to and shall continue to listen to stakeholder views on the types of issue which the Committee has highlighted at paragraph 199 of its report.

Sections 6-9 – Reporting on Fuel Poverty

217. The Committee welcomes the Minister's commitment to include reporting on progress against all four drivers of fuel poverty and the impact of measures to address each driver. In addition to providing an overall picture of progress against milestones and targets, it will also provide an overview of those mechanisms which are producing positive results and those which are to be mainstreamed as part of best practice, but also those where extra resource needs to be targeted. This is particularly important given that the Scottish Government does not have full control over each of the drivers.

218. The Committee understands the Minister's comments that the 5 year reporting requirements in the Bill align well with those in the Climate Change (Emissions Reduction Target) (Scotland) Bill. However, the Fuel Poverty (Target, Definition and Strategy) (Scotland) Bill is a significant piece of legislation in itself, and the Committee also understands views that 5 years is too long a period for statutory reporting on such an important matter. We therefore agree with those who provided evidence that a 3 year reporting period would be preferable. This would better enable quick and effective action to be taken should critical milestones not be achieved.

219. We recognise the benefit of robust and independent scrutiny that the Committee on Climate Change has brought to measuring progress against climate change targets. The Committee recommends that an independent scrutiny body be put in place to provide the same function for fuel poverty targets. We suggest that the current Scottish Fuel Poverty Advisory Panel could be put on a statutory footing to carry out this role.

The Scottish Government is pleased to note the Committee's stance on the Minister's commitment to include the progress made against all four drivers of fuel poverty and the impact of measures to reflect each driver when the Scottish Government reports on fuel poverty under section 6 of the Bill.

With regard to the frequency of the reports, the Scottish Government notes the Committee's stance on a three year reporting period. In response to a Committee question on whether he had weighed the benefits of more frequent reporting against any particular challenges he might anticipate in setting a more frequent reporting requirement, the Minister undertook to consider the proposal that reporting on fuel poverty should be more frequent. At the same time he highlighted the importance of avoiding duplication and unnecessary bureaucracy and made it clear that the Scottish Government wishes to avoid creating a situation in which the burden of reporting becomes greater than the burden of delivering the service – in this case, the delivery of energy efficiency measures into Scottish homes.

The Scottish Government is currently consulting with COSLA about the Committee's recommendation for a three year reporting cycle as it has bureaucratic and reporting implications for its members. We want to ensure that the reporting regime would not impede delivery of schemes on the ground. We are also considering the implications on the Energy Efficient Scotland Programme of more frequent reporting on fuel poverty than every five years. We note that COSLA's correspondence with the Committee states that "a balance needs to be struck between reporting and delivery". Therefore Ministers will come to a definitive view after this consultation has taken place.

It should be noted though there is other data published on a regular basis. The Scottish House Condition Survey is published annually and provides a clear indication of the progress being made against the target at both national and local authority level. In addition, there is annual reporting on the Scottish Government's fuel poverty schemes, which will also provide an indicator of progress against the target from year to year.

The Scottish Government notes the Committee's recommendation the Scottish Fuel Poverty Advisory Panel should be put on a statutory footing to carry out a scrutiny role. The Scottish Government has considered this recommendation but does not accept it. We strongly believe it is vital the Fuel Poverty Advisory Panel be flexible both in its composition and role in order to adapt to the inevitably changing landscape of fuel poverty over the coming decades particularly as new technologies will emerge and as the Energy Efficient Scotland programme

develops and expands. It is important the Fuel Poverty Advisory Panel has the inherent flexibility to keep pace and maintain its role and have members that are suitable to those needs as and when required. We also note that there has been no consultation whatsoever on establishing a new statutory scrutiny body and that of course Parliament will always have scrutiny of the government in office and their progress on fuel poverty targets.

In its correspondence to the Committee, COSLA stated that within the reality of budget and resource constraints the creation of a new scrutiny body would risk diverting limited funding away from the core objective of supporting households out of fuel poverty. The Scottish Government agrees with this observation.

Sections 10-14 – General

223. The Committee agrees that all provisions of the Bill should come into force within 12 months from the date of royal assent.

There exists an expectation in law that legislation which has been passed by the Scottish Parliament shall be implemented. The Scottish Government has introduced the Bill in recognition that we must take a long term approach to tackling fuel poverty across all Scottish communities and that the achievement of the Bill's 2040 5% target will make a real difference to hundreds of thousands of lives. As a consequence, the Scottish Government has no intention of causing any unnecessary delay to the commencement of the Bill's provisions. Once the Bill becomes an Act, the Scottish Government's intention would be to implement its substantive provisions as soon as is reasonably practicable.

Delegated Powers and Law Reform Committee consideration

231. The Committee is grateful to the Delegated Powers and Law Reform Committee for raising questions over the delegated powers set out in the Bill, in relation to the appointment of a person to determine the Minimum Income Standard and a power to redefine "fuel poverty". Following evidence from the Minister, we are satisfied that these powers are appropriate.

The Scottish Government wishes to express its gratitude to the Delegated Powers and Law Reform Committee for its comprehensive report on the delegated powers set out in the Bill and welcomes the fact that the Committee is satisfied that these delegated powers are appropriate.

Policy and Financial Memorandum

233. The Committee considers that the level of detail provided in the Policy Memorandum on the policy intention behind the provisions in the Bill assisted the Committee in its scrutiny of the Bill.

The Scottish Government is pleased to note that the Bill's Policy Memorandum was of assistance to the Committee in its scrutiny of the Bill.

242. It is difficult to comment on the financial implications of the Bill, given that the true costs are associated with measures, policies and procedures to be set out in the strategy. At Stage 1, the Committee heard differing views from the Scottish Government and some stakeholders as to whether achieving the target in the Bill would or would not require a step change in resourcing.

243. It is also surprising that the Government has provided estimated costings for meeting climate change targets in the Climate Change (Emissions Reduction Targets) (Scotland) Bill, yet chose not to take a similar approach for this Bill.
244. We therefore urge the Scottish Government to consider providing further information on the potential costings and funding sources for achieving the fuel poverty targets to the Committee and to Parliament as the Bill progresses.

The Scottish Government notes the Committee's request for it to consider supplementing the information provided in the Financial Memorandum, on the potential costs of meeting the target, as the Bill progresses through Parliament.

The Bill is a framework Bill which establishes how the Scottish Government will tackle fuel poverty by creating a new definition and target and mandating the publication of a fuel poverty strategy which will detail the policies that will be taken to deliver reductions in fuel poverty to reach the 5% target in the year 2040. The Financial Memorandum therefore details the costs around the Bill and complies with the Scottish Parliament's Standing Orders.

Of the 4 drivers of fuel poverty, home energy efficiency is the only one over which the Scottish Government has significant control. Measures to improve the energy efficiency of the homes in which fuel poor households live shall play an integral part in the Bill's objectives being met and this is why the Energy Efficient Scotland Programme is the key delivery vehicle for the Bill. The Energy Efficient Scotland Route Map, published in May 2018, provides projected costs for achieving its goals.

In line with Standing Orders, the Scottish Government will of course update the Financial Memorandum in relation to any resourcing implications that may arise from Stage 2 amendments to the Bill, such as changes to the definition, MIS, or other amendments with a cost implication.