
FUEL POVERTY (TARGET, DEFINITION AND STRATEGY) (SCOTLAND) BILL

1. EXECUTIVE SUMMARY

- 1.1 The Warm Homes Bill has been a long standing commitment of the Scottish Government– however at this point in time the Scottish Government have committed only to a Fuel Poverty Bill as opposed to a holistic Warm Homes Bill. The Scottish Government are currently in the process of putting forward to Scottish Parliament the Fuel Poverty (Target, Definition and Strategy) (Scotland) Bill which will outline a target of 5% fuel poverty across Scotland by 2040. This report will provide an update regarding the Bill's progress through Parliament.

2.0 RECOMMENDATION

- 2.1 It is recommended that:
- The group notes the response to the consultation submitted by officers and consider what further policy steps they may wish to take.

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3. INTRODUCTION

- 3.1 The Warm Homes Bill has been a long standing commitment of the Scottish Government— however at this point in time the Scottish Government have committed only to a Fuel Poverty Bill as opposed to a holistic Warm Homes Bill. The Scottish Government are currently in the process of putting forward to Scottish Parliament the Fuel Poverty (Target, Definition and Strategy) (Scotland) Bill which will outline a target of 5% fuel poverty across Scotland by 2040. This report will provide an update regarding the Bill's progress through Parliament.

4. RECOMMENDATION

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5. DETAIL**5.1 Background**

The Fuel Poverty (Target, Definition and Strategy) Bill was announced on 26th June 2018; and is currently undergoing Stage 1 of the Parliamentary process and scrutiny. The Scottish Government have proposed the following definition for a household being in fuel poverty:

“a household is in fuel poverty if—

(a) the fuel costs necessary for the home in which members of the household live to meet the conditions set out in subsection (2) are more than 10% of the household's adjusted net income, and

(b) After deducting such fuel costs and the household's childcare costs (if any), the household's remaining adjusted net income is insufficient to maintain an acceptable standard of living for members of the household.”

In addition, the Government have proposed a target of no more than 5% fuel poor households in Scotland by 2040.

5.2 Progress

The Local Government and Communities Committee requested a written call for evidence which was announced on the 17th September 2018; allowing key stakeholders an opportunity to provide evidence for and against the proposals outlined in the Fuel Poverty Bill. The Housing Services evidence submission is

provided in Annex 1 of this report. Following this, Housing Services were invited to provide oral evidence to the committee on the 5th of December which provided the opportunity to advise of the following issues:

- The potential impact of the 5% target being disproportionately represented in rural and island communities
- No allowance/acknowledgement of the additional costs and challenges which rural/island areas pose
- The use of the Minimum Income Standard (MIS) in calculating fuel poor households (which doesn't acknowledge rural/island costs)
- The new definition is extremely difficult to convey to householders
- To change the reporting timescales from five years to three years for fuel poverty.

Following the call for written and oral evidence, the Stage 1 report on the Fuel Poverty Bill was published on the 29th January 2019. The report outlined the following key points:

- Agreeing the target of reducing fuel poverty in Scotland to 5% by 2040
- An acknowledgement that extreme fuel poverty had been omitted from the Bill
- The Scottish Government to consider placing statutory targets for each Local Authority to reduce fuel poverty to 5%
- The Scottish Government to commit to an additional Minimum Income Standard to reflect the higher costs experienced by rural and island households.
- A commitment to undertake an Island Communities Impact Assessment for the Bill
- Reporting on fuel poverty to be reduced from every five years to every three years
- A commitment to provide a potential costings and funding sources for the Bill as it progresses.

On the 15th of February, the Scottish Government responded to the report, with the following key points outlined:

- Proposals will be brought forward on the definition of extreme fuel poverty ; as well as a separate target for this
- The recommendation for Local Authority targets for fuel poverty does not seem realistic or achievable
- Options are being investigated around introducing an additional MIS to reflect island and rural areas
- Multi-year funding is being investigated to ensure continuity for tackling fuel poverty.
- The Scottish Government will update the financial memorandum to provide updated costs on for the Bill as it progresses.

5.3 Next Steps

The Scottish Government has committed to undertake an Island Communities Impact Assessment (ICIA) for the Fuel Poverty Bill. Housing Services have been approached by the Fuel Poverty Bill team to host a consultation session with

relevant key stakeholders in order to assist with the ICIA – anticipated to be in March.

In addition to this, the Fuel Poverty Bill will be debated in Parliament on the 20th of February as it approaches Stage 2 of the Parliamentary process.

6.0 CONCLUSION

This report has highlighted progress with the Fuel Poverty (Target, Definition and Strategy) (Scotland) Bill which is currently in the first stage of the parliamentary process. The report illustrates the key issues associated with the Bill; and indicates the next steps in the Parliamentary process.

7.0 IMPLICATIONS

- 6.1 Legal: A new statutory fuel poverty target for 2040 is being proposed.
- 6.2 Financial: None.
- 6.3 HR: None
- 6.4 Policy: The proposal identifies a new fuel poverty target of 5% of homes across Scotland not being in fuel poverty by 2040. The proposals contribute towards the Scottish Governments target of reducing fuel poverty and reducing greenhouse gas emissions by 80% by 2050. It assists in achieving the Local Housing Strategy's aim to improve the quality and condition of housing.
- 6.5 Equalities / Fairer Scotland Duty: The scheme is consistent with the aims and objectives set out in the Local Housing Strategy. The fuel poverty rate in Argyll and Bute should fall due to the proposed new definition.
- 6.6 Risk: None.
- 6.7 Customer Service: Increased opportunities for householders to access funding for energy efficiency improvements.

Executive Director of Development and Infrastructure: Pippa Milne

Policy Lead for Communities, Housing, Islands and Gaelic: Cllr Robin Currie

19th February 2019

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ANNEX 1

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

Please do not add any organisation logos

Please insert your response below

Section 1 sets out the Scottish Government's target to reduce fuel poverty to no more than 5 per cent of Scottish Households by 2040.

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.

In principle, yes. However, 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 5%; and will still be in fuel poverty even if this target is met. Given the older, pre 1919 housing stock; reliance on either full electric or oil based heating systems; and issues with supply chain – remote and rural areas are disadvantaged by this. Despite the known additional costs associated with remote and rural areas, there is still no allowance for this in the fuel poverty bill – which is disappointing. In the recent Energy Efficient Scotland consultation, it was proposed that fuel poor households would have to reach an EPC (Energy Performance Certificate) band C by 2030 and B by 2040 (where cost effective and technically feasible). As identified above; rural properties may be disadvantaged due to cost effectiveness and feasibility of raising the EPC – therefore raises concerns over the 5% target.

Section 2 makes provision for a proposed definition of fuel poverty which calculates the proportion of household income required to maintain a satisfactory level of heating and assesses the extent to which households can then maintain an “acceptable standard of living” once housing and fuel costs are deducted.

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

No. The use of MIS (Minimum Income Standard) is acceptable for urban areas from which the MIS has been calculated for. However, the MIS does not take into account the additional household costs for remote and rural areas; and it is difficult to understand why this hasn't been taken into account. In 2010, the JRF (Joseph Rowntree Foundation) acknowledged that there are different incomes required for living in a rural area. Furthermore, HIE published a report in 2016 indicating the increased costs for remote and rural areas. The use of the current MIS for calculating fuel poverty is to the detriment of fuel poor households in remote and rural areas. It would be beneficial for the Scottish Government to develop its own MIS which would take into account factors more prevalent to remote and rural locations – ensuring that fair representation in rural and island households is accounted for in the definition.

There are also concerns over the increase in age from 60 to 75 for the increased heating regime – as this is a large increase and would advise that pensionable age (i.e. when

there's a significant lifestyle change) would be more applicable. In addition, households with children under 5 will have a higher energy use; and should be factored into the increased heating regime.

In addition, the new definition is extremely difficult to explain to householders; and this will make it difficult for advisors on the front line. A lot of what the new calculation method is looking for is personal information related to finances – which will be difficult to get from householders as it's invasive.

It is disappointing that the proposed Bill hasn't acknowledged the additional issues related to the remote and rural properties; and would urge that this is factored into the way in which fuel poverty is defined.

Sections 3-5 requires the Scottish Government to publish a fuel poverty strategy within a year of Section 3 of the Bill coming into force. It requires them to consult on the strategy, which must include individuals who are living, or have lived, in fuel poverty.

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?*

In principle, yes. It is a good idea to move towards discussing a strategy with individuals and families that are living in fuel poverty. It needs to be clear whether the consultation takes into account the current fuel poverty definition or the proposed fuel poverty definition. If the new fuel poverty definition is used, then we would urge the rural/island impact to be reviewed.

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?*

It is clear that to meet the new target, additional funding will be required in order to deliver. In terms of initiatives; although it is difficult to state whether lessons have been learned yet, the current initiatives appear to be working well in Argyll and Bute. The HEEPS: Area Based Scheme (HEEPS: ABS) utilises a criteria of Council Tax Band A-C properties (and D and above on islands where the EPC of the property is E or below) – and this has proved to be effective in terms of upgrading homes throughout Argyll and Bute; with the programme proving to be popular. In addition, programmes that provide grant assistance like HEEPS: ABS allow householders to undergo vital energy efficiency improvements to assist not only with improving EPC ratings; but also providing higher levels of comfort in homes and assisting with any repair issues as well. This therefore allows for the current housing stock to benefit greatly from this assistance; and ensures that properties are in a good condition. The HEEPS: ABS programme also utilises Home Energy Scotland; which is beneficial for providing energy advice and support; along with ensuring households are directed to any programme that is the best fit for them (which allows for a more person/household focussed approach).

However, HEEPS: ABS cannot guarantee to reduce fuel poverty as home energy efficiency is only one of three factors to take into account. The fuel poverty strategy appears to continue to focus on energy efficiency improvements; there needs to be more of an emphasis on lowering energy costs and increasing overall income.

Sections 6-9 require the Scottish Government to report to Parliament every five years on: the measures taken to tackle fuel poverty over the previous five years; progress made towards the 2040 target; and the steps Scottish Ministers propose to take over the next five years to meet the 2040 target.

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

Reporting every five years appears to be too long a timescale – and would propose that reporting every three years will allow better monitoring of the target; and allow for any programmes or initiatives to be amended as necessary.