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

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 on the Island Communities Impact Assessment (ICIA) undertaken for the Fuel Poverty (Target, Definition and Strategy) (Scotland) Bill.

2.0 RECOMMENDATION

- 2.1 It is recommended that the Argyll Strategic Islands Group:
- consider the report as an update on the ICIA response 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 on the Island Communities Impact Assessment (ICIA) undertaken for the Fuel Poverty (Target, Definition and Strategy) (Scotland) Bill.

4. RECOMMENDATION

- 4.1 It is recommended that the Argyll Strategic Islands Group:
- consider the report as an update on the ICIA response and consider what further policy steps they may wish to take.

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 Island Communities Impact Assessment

As part of the Fuel Poverty Bill, one of the first Island Community Impact Assessments (ICIA) was carried out on Islay (one of five areas across Scotland) on

the 19th of March 2019. The Scottish Government officials had hoped to attend however were unable to due to the weather conditions interfering with travelling to Islay.

5.3 A range of stakeholders were invited to highlight the particular issues faced across island areas; with a particular focus on the additional uplift and costs associated with living on islands. The stakeholders included:

- RSL partners
- Argyll and Bute Care and Repair
- Third Sector Interface
- Home Energy Scotland
- Development Trusts
- Energy Trusts
- Community Housing Scotland
- Our Island Home

5.4 There were several key themes which were identified throughout the assessment, including a variety of different access issues (from access to goods to limited transport options); concerns over the disproportionate representation of fuel poverty on island communities; and additional concerns over the use of the Minimum Income Standard (MIS) for defining Fuel Poverty on islands and remote rural areas – with the group agreeing that an uplift of between 120-140% would compensate for this. In addition, there was an agreement that construction work usually had additional costs associated with island areas – as well as overall difficulties with engaging contractors to work on islands. This is further highlighted where a householder living on a remote island was quoted over £23,000 to install an Air Source Heat Pump – which usually cost anywhere between £6,000-£12,000.

5.5 The notes and response submitted to Scottish Government for the ICIA are outlined in Annex 1. It is anticipated that an additional meeting will take place in the Summer/Autumn 2019 to further discuss the impacts of the Fuel Poverty Strategy on island communities.

6.0 CONCLUSION

6.1 This report has highlighted response to the ICIA for the Fuel Poverty (Target, Definition and Strategy) (Scotland) Bill - and provided a response which indicates the additional uplift and concerns over the revised fuel poverty definition.

7.0 IMPLICATIONS

7.1 Legal: A new statutory fuel poverty target for 2040 is being proposed.

7.2 Financial: None.

7.3 HR: None

7.4 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.

- 7.5 Equalities / Fairer Scotland Duty: The fuel poverty rate in Argyll and Bute should fall due to the proposed new definition; however there are questions over the approach to tackle remote and island areas.
- 7.6 Risk: None.
- 7.7 Customer Service: Increased opportunities for householders to access funding for energy efficiency improvements.

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ANNEX 1

Island Community Impact Assessment: Argyll and Bute

1. What makes tackling fuel poverty within island communities unique?

Advantages

- Innovative and resilient communities but there can't be a reliance on exhausted volunteers who take projects forward; therefore additional resources need to be provided to these island communities
- There is a level of innovation within heating systems that can be brought forward by island communities due to the off gas grid nature of the area. This can lead to lower fuel bills and in some cases an income for the community.
- Community benefit funds are a useful add on to assist with energy efficiency and fuel poverty issues – however this should not be viewed as an additional resource and shouldn't be relied on in terms of fuel poverty work.

Challenges

- There are a variety of different access issues which were discussed for island areas which include the following (NB this is not an exhaustive list):
 - Access to goods
 - Access to fuel
 - Limited transport options leads to a high level of car ownership
 - Access to employment opportunities
 - Access to housing options
 - Access to training opportunities
 - Access to effective broadband – which has a knock on effect for switching energy supplier; leading to additional issues over the time and effort that's required in order to get a "service" on islands.
 - Access to advice services such as income maximisation; there isn't the same level of support available as oppose to mainland areas
- There's a general theme of a short term approach to any advice and support projects which are constrained by grant funding and are time limited "pilot projects". The lack of continuous funding leads these projects to come to an end too soon.
- There are supply chain issues on islands – for which there's even a struggle for companies to quote for works. This becomes even more difficult if you have to co-ordinate trades for a particular piece of work. This leads to a high level of energy and time required to make any sort of building/improvement works happen in these areas – for which vulnerable households may lack the energy and fight to progress this. In addition, any works which are carried out (including maintenance) will likely include increased costs through ferry fares and travel time.
- There is a feeling that in general there is disengagement from national promotions on island areas; with a tendency to "wash over" communities.

2. Discussion on Targets

- 5% target seemed to be suitable for stakeholders – however concerns that this will be disproportionately represented in rural and island communities. This was highlighted in both the Argyll and Bute Council written and oral evidence to the Local Government and Communities Committee; and identified in the written call for evidence from Kirsten Gow/Amy Dunnachie/Deborah Bryce/Sarah Compton-Bishop and Andrew McCallum.
- The consideration of regional targets was discussed, with the nine Housing Market Areas within the Council areas being discussed. However, there was an appreciation that different islands face different issues; and therefore moving towards an island by island focus was proposed.
- There was a general agreement that extreme fuel poverty should be included within the bill with both a target and new definition.
- There were concerns regarding the use of the Scottish Housing Condition Survey (SHCS); with the sample size for the Argyll and Bute statistics being 232 households (out of over 41,000 households).
 - This led to rural and island areas potentially being under-represented in the study
 - This led to a request for a more robust measurement tool and a larger emphasis/sample size for rural and island areas.
 - The group were generally concerned that the SHCS is the main reporting mechanism for fuel poverty.
- It was suggested that categorising islands with a ranking system to allow progress to be assessed for islands of varying sizes / with differing opportunities and challenges could help ensure that progress on islands is proportionately even.

3. Discussion on Definition

- Deduction of 10% should include maintenance of heating systems which are higher due to lack of contractors – fabric of property required

General issues with the MIS for rural and island areas

- It was noted that childcare costs are included in the MIS; however care costs are not included which is equally as big a cost.
- There are additional costs in terms of
 - Transport – through ferries and car ownership
 - Delivery – additional charges included through island delivery
 - Energy – higher costs for restricted tariffs such as Total Heat Total Control
 - Food costs – this is due to limited and more expensive choices for island shops; as well as additional charges for “click and collect” shopping
 - Housing options leading to higher living costs
- The attached spreadsheet provides a rough indication of the additional costs and uplift required for island areas.
- Jura provides a good example of the additional costs for an island off an island.
 - One village store; limited stock; access to a small supermarket includes a ferry return and car journey to neighbouring island where costs are still high.
 - Access to leisure and shop facilities are all on mainland requiring time and costs for accessing
 - Secondary schooling is off island
 - No childcare on Jura – leads to one parent staying behind; and leads to restricted options for work due to the primary concern being to provide childcare.
 - Regular access to Jura is two ferries
- There is the likelihood for double purchasing fuel; for example wood/coal and electricity due to reliability issues. In addition, additional costs for goods and services are compounded by a lack of competition in the market – making it harder to “shop around” for a good deal.
- The group were generally in agreement that if a Scottish/Rural MIS is not used, then an increased MIS of 120%-140% should be considered.

Specific Additions for Islay/Jura

- With vehicle costs there isn't the opportunity to shop around as much. It is possible to get a cheaper MOT on the mainland (but incur ferry fees). A family member of an attendee got an MOT two weeks ago and paid the maximum £54.85 you are allowed to charge for a test from one of only 2 garages on Islay which offer MOTs. This was on top of the £12.60 return ferry fare for the car from Jura (using a discounted book of tickets).
- Several folk on Jura who commute to Islay own two vehicles as, if it is an inexpensive vehicle, it is cheaper to have a car on both sides of the ferry than it is to pay the return fare every day. This may reduce transport costs in one area (meaning you don't have to pay £12.60/day ferry fare) but it doubles vehicle costs like insurance and tax.
- There was general confusion as to why there is no change in social and cultural participation costs for a single person. Not even the addition of the internet which is included in the couple's adjustment.

- A discussion took place where it was agreed that the cost of social and cultural participation for rural and island communities should be increased. If folk on Islay want to see a concert in Glasgow/Edinburgh (or even the mainland Argyll and Bute) then there are extra travel costs. If individuals and families on Jura want to access the swimming pool, jazz festival, sports clubs or even see their child's school play on Islay, there are extra travel costs (again you can currently get a discounted book of ferry tickets which mean adding a £12.60 return ferry fare on top of mileage costs for each trip between Jura and Islay).
- Accessing standard services such as dental treatment and hospital appointments on the islands requires additional time and effort – a min 1 day required to attend a mainland hospital appointment from Islay / Jura, or ½ day for a dental appointment from Jura. In terms of income, this has a particular impact on those paid by the hour.

Age and Vulnerability

- Energy vulnerability for Total Heat Total Control tariffs on island and rural areas due to a lack of switching options. Whilst the meter is changed for free, the householder has to employ an electrician to complete the works in the house. There is no help available to deal with these extra works (either financial or service provision). A comparison made on the day indicated that a normal dual rate tariff was approx. 30% cheaper than THTC. This coupled with the limited availability of trades leads to this being a serious issue.
- The health vulnerability aspect of the bill (i.e. health conditions) seemed to be varied which the group viewed as a positive.
- There were concerns over self-identifying for physical and mental health
 - Mental health issues may not be self-identified which will likely mean householders will be reluctant to divulge this information
 - Additional resources on islands would assist with this issue.

4. Discussion on Strategy

- There were mixed views on the frequency of reporting for the Fuel Poverty Bill. This was varied between five years; three years and annual reporting.
 - The group felt there needed to be a balance between realistic reporting timescales and the ability for reporting to inform the general strategy of fuel poverty.
- Flexibility for islands regarding grant funding was a key concern; with there being evidence from tender returns to outline the increased costs for island areas.
 - The energy efficiency of properties is linked to housing condition – with mixed tenure tenement blocks with common disrepair being difficult to negotiate in general. It was agreed that a holistic approach to homes will be required in terms of grant funding – with the building fabric still being a key concern.
- Island uplifts should continue to be considered in terms of grants; and should be extended.
- The strategy should take into account the different transport issues which affect contractor delivery (e.g. cancelled ferries/flights/access to accommodation if required).
- Argyll and Bute Council and ACHA recognised that construction work usually had an uplift if the works are carried out in island areas.
- Engagement issues were mentioned with national advertising; with some communities having a general expectation that “you won’t get anyone out here”; highlighting a change in attitude and different approach being required.