

**SUBMITTING EVIDENCE TO A SCOTTISH PARLIAMENT COMMITTEE  
DATA PROTECTION FORM**

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<b>Date:</b>	<b>06/11/2018</b>
<b>Organisation: (if required)</b>	<b>Shelter Scotland</b>
<b>Topic of submission:</b>	<b>FUEL POVERTY (TARGET, DEFINITION AND STRATEGY) (SCOTLAND) BILL CALL FOR VIEWS</b>

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## **LOCAL GOVERNMENT AND COMMUNITIES COMMITTEE**

### **FUEL POVERTY (TARGET, DEFINITION AND STRATEGY) (SCOTLAND) BILL CALL FOR VIEWS**

#### **SUBMISSION FROM Shelter Scotland**

Please do not add any organisation logos

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#### **Summary**

Shelter Scotland welcomes the development of the Fuel Poverty (Target, Definition and Strategy) (Scotland) Bill and the opportunity to provide evidence at Stage 1 of the Bill.

Shelter Scotland helps over half a million people every year struggling with bad housing or homelessness through our advice, support and legal services. And we campaign to make sure that, one day, no one will have to turn to us for help. In the last year we supported 21,000 people with advice and help with their housing and issues with affordability was the top reason people came to us for support. The link between fuel poverty, wellbeing, and tenancy sustainment cannot be overstated.

- It is unacceptable that, under the current definition, 649,000 households are living in fuel poverty and unable to meet their basic needs of heating their home and using cooking and washing facilities without spending a large proportion of their income on energy.
- We welcome this Bill as a means of ensuring a renewed effort to tackle fuel poverty in statute: the fact that the previous target to eradicate fuel poverty by November 2016 was missed is a clear indicator that a change in drive and direction is required. However, we have concerns that the scope of the Bill is too narrow and that without sufficient statutory levers, such as targets on energy efficiency, there is a risk the target will be missed again.
- We simply cannot be in a situation in 2040 where we still have hundreds of thousands of households struggling to afford their energy bills and unable to achieve a warm and well-lit home.
- In particular, we would like to see more ambitious targets including statutory interim or sub-targets and an amendment to the definition of fuel poverty to ensure rural households are accurately represented and supported.

**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.**

**Please explain your reason why. For example, is the statutory target necessary? Is the target ambitious enough? Is it realistic and achievable?**

Shelter Scotland is supportive of the proposal to set a new statutory target to tackle fuel poverty. However, the inclusion of a target must have meaning – despite a previous target to eradicate fuel poverty by November 2016 included within the 2002 Fuel Poverty Statement, there are still 649,000 households living in fuel poverty today. We cannot be in a situation in 2040 where we still have hundreds of thousands of households unable to achieve a warm and well-lit home. As such, the reporting and accountability requirements, as discussed further in question 5, need to be strong enough to ensure the target is met.

Specific to the target outlined, we are pleased that the target has been increased from the original Scottish Government proposal of no more than 10% of households in fuel poverty by 2040, to no more than 5%. We believe that the target could still be more ambitious, and would suggest interim targets or sub-targets could help to achieve this ambition – the end goal should always be to ensure that no household is in fuel poverty.

The Scottish Government's position is that fuel poverty may always occur in a transient form due to changes in income and energy costs, and that programmes and support should reduce risk but also help people out of fuel poverty as quickly as possible.<sup>1</sup> We believe that sub-targets should reflect this by measuring how long people are in fuel poverty. Otherwise, by the current target and definition, we would not know if the 5% that might potentially be 'accepted' as being in fuel poverty are these transient households experiencing a short-term financial crisis, for example, or if they are households who have and always will be in fuel poverty without some additional focused support. In other words, we risk accepting that it is too difficult or expensive to tackle fuel poverty for some households and leaving up to 140,000 households to struggle with their fuel bills and deal with all the consequences of living in fuel poverty. We thereby encourage the investigation of other sub-targets, such as the distinction of persistent poverty as used in the Child Poverty (Scotland) Bill to help to understand how long term the issue of fuel poverty is for some households.

Within the strategy there are a number of sub-targets, including one to remove energy efficiency as a driver for fuel poverty by ensuring all homes reach a minimum energy performance rating by 2040. We strongly support the inclusion of this sub-target in the strategy, and would like to see this reflected within the Bill to provide it with a statutory basis. This would go some way towards ensuring a widening of the scope of the Bill, in line with the original party commitments to introduce a Warm Homes Bill, and would help ensure the overall fuel poverty target is realistic and achievable.

Failing this, we would like to see a firm ministerial commitment to introduce a wider Energy Efficient Scotland Bill, as referred to within the Draft Fuel Poverty Strategy. Together, the two Bills would form a strong legislative framework for the new Fuel Poverty Strategy and Energy Efficient Scotland programme.

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<sup>1</sup> SPICe (2018), [Briefing on the Fuel Poverty \(Target, Definition and Strategy\) \(Scotland\) Bill](#)

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

**Please explain your reasons why. For example, will the new definition ensure that the Scottish Government will focus their efforts on those with the greatest need?**

Shelter Scotland supports a refined definition of fuel poverty to focus limited resources on those most in need, but we have some concerns over the proposed definition and its usage.

We strongly welcome the assessment of fuel poverty looking at income after housing costs. We know that when you include housing costs, a further 140,000 people are in poverty, pushing the total figure to over a million people living in poverty.<sup>2</sup> We also know that people with lower incomes spend more of their income on housing costs – more than a third of people in the poorest fifth of the population now spend more than a third of their income on housing.<sup>3</sup> Therefore, assessing a household's need after their housing costs are considered is vital for a more accurate understanding of how much money a family might reasonably have left after essential bills.

We welcome the use of the Minimum Income Standard (MIS) as identified by the expert panel and taken forward by the Scottish Government, including that the MIS for different household types should be used, taking into account different expenditure pressures on different household types. Shelter Scotland has previously put forward the MIS as one example of an alternative measurement of poverty, for example in our evidence for the Child Poverty Bill.<sup>4</sup>

Concerns around the new definition include:

### **1. Rural fuel poverty.**

The definition included within the Bill does not include an upwards adjustment for households living in remote rural areas. Whilst the Scottish Government asserts that the modelling already accounts for higher rural costs, and whilst this modelling may go some way to taking account of higher fuel costs, our position is that it is the general increased living costs for rural households which are not fully accounted for within the current MIS calculation and this is what needs to be addressed.

The independent expert Definition Review Panel<sup>5</sup> proposed that the Minimum Income Standard calculation be marked upwards for those living in remote rural locations. Similarly, the Rural Fuel Poverty Taskforce<sup>6</sup> identified 21 distinctively rural dimensions to fuel poverty in Scotland, including pointing to the fact that 10% to 40% higher rural incomes are required to achieve the UK average Minimum Income Standard (MIS) level.

There is a remote rural MIS calculation which could be used as a mechanism for recognising the higher costs for remote rural households,<sup>7</sup> however currently this is not being updated. This measurement, or some other means of accounting for the increased living and fuel costs for those

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<sup>2</sup> Scottish Government (2018), [Poverty and income inequality in Scotland: 2014-2017](#)

<sup>3</sup> Joseph Rowntree Foundation (2017), [Poverty in Scotland 2017](#)

<sup>4</sup> Shelter Scotland (2017), [Shelter Scotland's written evidence on the Child Poverty \(Scotland\) Bill](#)

<sup>5</sup> Scottish Government (November 2017), [A New Definition of Fuel Poverty in Scotland - A review of recent evidence](#)

<sup>6</sup> Scottish Rural Fuel Poverty Taskforce (2016), [Delivering Affordable Warmth in Rural Scotland: An Action Plan](#)

<sup>7</sup> Joseph Rowntree Foundation, [Minimum income standard for rural households](#)

in rural areas should be used to ensure there is a true reflection of fuel poverty across Scotland and so resources can be targeted appropriately.

## **2. Enhanced heating regime**

We are cautious about the Scottish Government's current proposal there should be no enhanced heating regime for households with children under 5, which is contrary to the panel's recommendation. Whilst the proposal points to the lack of evidence on a higher temperature being required for the bedrooms of children under 5, we are not clear on the evidence put forward addressing the need or otherwise for the increased hours of heating which makes up the second element of the enhanced heating regime.

In addition, whilst we agree there is not sufficient evidence pointing to the need for any individual over 60 requiring the enhanced heating regime, particularly given the rise in pensionable age and that many over 60s are still working, the increase of the age to 75 years seems equally arbitrary. Any specified age used to prompt a perceived enhanced heating regime should be backed by evidence of vulnerability to the cold, for example from the NHS, NICE or WHO, and a consideration of which age groups might require longer heating hours. The latter may be related to lifestyle factors e.g. working age and retirement, as has already been discussed with regard to households with children under 5.

As such, we support the inclusion of flexibility within the Bill which allows the Government to specify which groups may need the enhanced heating regime, whether that be in relation to the age specifications and any related to medical conditions, as new evidence comes to light. For example, we support the independent panel's recommendation for the development of a specific list of health and disability categories, as well as age bands, that would satisfactorily encompass the term "vulnerable to the adverse health and wellbeing impacts of living in fuel poverty".

## **3. Usage of the definition**

Clarity is needed with regards to what the definition is to be used for: will it be used to assess eligibility for certain schemes and support? Or is it just to track and gauge the extent of the issue? If the latter, then the proposed definition will not fully track the scale of fuel poverty as it does not take into consideration how energy is used.

We know that how energy is used is important – even if someone has sufficient income to heat their home they may need support to use their heating systems appropriately, or they may have other issues including mould or condensation requiring them to keep their windows open and making the property harder to heat. They may also have large amounts of their income going towards repayment of debts, or they may have been sanctioned. These individuals may not be included in the proposed definition but they are unlikely to be living in a warm home, and therefore should be entitled to support to help them achieve this and included in the profiling of people affected so we can direct resources to them.

## **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?**

**Please explain your reasons why.**

We agree with the provisions in the Bill requiring the Scottish Government to publish a fuel poverty strategy. The strategy should also be reviewed at regular intervals and updated as required.

Shelter Scotland strongly supports the inclusion of reference to the requirement for consultation with 'such persons as they consider appropriate' including 'individuals who are living, or have lived, in fuel poverty'. This commitment is in line with a human rights-based approach, and the 'PANEL' principles often used to shape this approach,<sup>8</sup> which state that there should be participation, i.e. people should be involved in decisions that affect their rights, and empowerment, i.e. that everyone should be fully supported to take part in developing policy and practices which affect their lives.

We would note that the inclusion of a representative on the governance structures (including the Scottish Fuel Poverty Advisory Panel and Partnership Forum) is very welcome but not sufficient in this regard.

Consultation should take place in a variety of formats and should seek to work with organisations and groups who may already have existing relationships with individuals who are living in or at risk of fuel poverty, to ensure that this is wide-ranging and that the voice of groups seldom heard is represented. For example, we were commissioned by WWF on behalf of the Existing Homes Alliance Scotland in 2017<sup>9</sup> to carry out consultation with private tenants on fuel poverty and energy efficiency. Private tenants are often less represented in policy and decision making and given fuel poverty rates under the new definition are likely to be highest amongst private and social renters, it is particularly important to get this right. Our experience from this and all of our service user involvement at Shelter Scotland is that, though this consultation can be resource intensive, it is also extremely valuable and should be prioritised and fully resourced.

**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?**

Shelter Scotland responded to the consultation closing February 2018 on the earlier draft Fuel Poverty Strategy,<sup>10</sup> and our views on much of the detail of the strategy have already been addressed in the rest of this evidence (for example, the new definition of fuel poverty, the 5% target, reporting provision, and consulting with people living in fuel poverty).

We strongly support the principles underpinning the strategy: including that it is based on the principle of social justice, that it addresses all four drivers of fuel poverty, and that it builds on the assets of individuals and communities and focuses on early intervention and prevention.

**Interim and sub-targets**

As already stated in question 1, we strongly support the inclusion of the sub-target to remove energy efficiency as a driver for fuel poverty by ensuring all homes reach a minimum energy performance rating by 2040 within the Bill. The 2030 interim target, which is currently phrased as 'make progress towards removing poor energy efficiency of the home as a driver for fuel poverty'

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<sup>8</sup> Scottish Human Rights Commission, [PANEL principles](#)

<sup>9</sup> Shelter Scotland (2017), [Scottish Government consultation on energy efficiency: the views of private tenants](#)

<sup>10</sup> Shelter Scotland (2018), [Consultation on a Fuel Poverty Strategy for Scotland - Shelter Scotland response](#)

should be strengthened with some tangible and measurable targets around minimum energy efficiency standards to ensure these standards are also provided with a statutory basis.

We welcome the inclusion of a sub-target to measure the depth of fuel poverty faced by households. However, given the fuel poverty gap is a new measurement we require more information to understand how this will work before we can provide a view. For example, the target of a median household fuel poverty gap of no more than £250 seems arbitrary, and this is a huge amount of money to low income households. It would be helpful to understand why this figure has been chosen, why the median is being used rather than the mean, and if there is a more ambitious target that could be aimed for.

We would also encourage consideration of the inclusion of another sub-target of 'persistent fuel poverty', similar to that in the Child Poverty (Scotland) Act 2017, which would measure how long households have been in fuel poverty for and enable a focus on what support these households can be offered.

### **Addressing poor energy efficiency**

The action to address poor energy efficiency should be strengthened with minimum energy efficiency standards being given statutory footing. Action in the private rented sector on monitoring and enforcement of the proposed standard, building on lessons from elsewhere within the sector will be crucial to ensure success here. Our response to the consultation on minimum standards in the PRS outlines in more detail our concerns in this area.<sup>11</sup>

### **Outcomes focussed framework**

We are supportive of the move to measuring outcomes, rather than measures or actions and believe this is a good example of learning from previous experiences. This is particularly important when considering the how to help people to use their energy efficiently. The experience of our advisers is that many of our clients struggle with fuel bills and keeping their home warm when there are additional issues around repairs, for example broken windows or faulty heating systems. In this situation, focusing solely on energy efficiency of the property, or on the household income, does not accurately represent the lived experience of tenants within these properties.

### **Cross portfolio commitments**

Our experience of working with the health sector to tackle fuel poverty identified that the health sector is currently underutilised in the provision and targeting of fuel poverty support, despite well understood and wide acceptance of the health impacts of living in fuel poverty. We made several recommendations resulting from a project in 2016,<sup>12</sup> including the importance of building in a cross-sectoral approach to tackle fuel poverty in any fuel poverty strategy and so we are delighted to see the work that has taken place around securing the high level cross portfolio commitments.

### **Empty homes**

As hosts of the Scottish Empty Homes Partnership, we are particularly keen to ensure that policies designed to bring empty homes back into use and policies designed to tackle fuel poverty and poor

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<sup>11</sup> Shelter Scotland (June 2017), [Scottish Government consultation on energy efficiency and repairs in the PRS: Shelter Scotland response](#)

<sup>12</sup> Shelter Scotland (January 2017), [Working with the health sector to tackle fuel poverty](#)

energy efficiency are aligned, and believe it would be worthwhile to reference some of the ongoing work around this within the strategy.

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

The proposal at present is that the Scottish Government should report to the Scottish Parliament every five years.

We believe more regular reporting needs to be done to ensure timely scrutiny and corrective action: a robust monitoring and scrutiny programme is crucial to success. For example, the draft Fuel Poverty strategy outlines that the Advisory Panel will report to Ministers annually on progress. This report should include progress against overall and interim targets. We believe this reporting is vital for the Panel to fulfil their responsibilities as an independent scrutiny body, and therefore that this annual reporting framework should be captured in the Bill – placing responsibility on the Scottish Government to ensure the provision of an annual progress report to Parliament, which could be delivered by the Advisory Panel or the Scottish Government.

The focus for all reporting should be on outcomes from the delivery of the fuel poverty strategy, and not on activities or measures delivered through energy efficiency programmes.

As members of the Existing Homes Alliance Scotland, we share their concerns that the Bill does not fully account for the increased financial resources which will be necessary to achieve the fuel poverty targets. For example, according to the Financial Memorandum, the Bill “does not, on its own, impose any new or significant additional costs on the Scottish Administration”. Instead, the Financial Memorandum focuses on the administrative costs to publish the strategy. The current indication from the Scottish Government, that the current rate of spend on fuel poverty programmes will be adequate to meet the targets, is of particular concern: there is no modelling available that persuades us that this ‘business as usual’ approach will deliver at sufficient scale to ensure targets are met.