

Existing Homes Alliance Scotland response to the Scottish Government Fuel Poverty consultation 1 February 2018

Introduction

The Existing Homes Alliance Scotland is a coalition of environmental, anti-poverty, consumer, and housing organisations that believes Scotland's existing housing stock must be transformed to help tackle fuel poverty and climate change. As our focus is on improving the energy performance of the housing stock, this response will mainly focus on the energy efficiency driver of fuel poverty.

Summary of key points:

- We welcome the **commitment to eradicate fuel poverty**, but regret there is no target date.
- **The sub-targets are hugely unambitious** - they propose to reduce fuel poverty levels from 27% today to 10% by 2040. This averages out at a reduction of less than 1% a year – we can and must do far better.
- We welcome the **commitment to remove poor energy performance as a driver of fuel poverty**, but the targets are vague and lack ambition. We suggest as a starting point that a target of EPC band C is set (unless technically not feasible) with provision to rise to EPC band B.
- The strategy is **lacking in new policies, programmes and resources** that will provide the step-change required to eradicate fuel poverty.
- The suggested scope of the Warm Homes Bill is too narrow. **The Warm Homes Bill is a rare opportunity to propose legislative measures that will ensure the fuel poverty target is addressed** and support the achievement of warm, affordable and low carbon homes for *everyone* in Scotland so no one is at risk of being in fuel poverty.
- We **broadly support the new definition of fuel poverty**, however we believe income thresholds should be adjusted upwards for households living in remote and rural areas due to the higher costs of heating properties.
- The new fuel poverty strategy demands cross-portfolio support and therefore should be **led by a cross-ministerial committee**. The Fuel Poverty Advisory Panel should be established in statute, to provide an advisory and scrutiny role, with a requirement to report to ministers and Parliament.

1) Do you have any comments on this new definition of fuel poverty, in particular, what do you think about the proposal to use AHC and MIS as means to measure fuel poverty in Scotland?

The Alliance broadly supports the new definition of fuel poverty. We also support the use of AHC and MIS with the following exception: the Scottish Government should follow the independent panel's recommendation that MIS thresholds should be adjusted upward for households living in remote rural areas

a) What, if any, challenges do you think this approach could present in enabling targeting of resources to those most vulnerable to fuel poverty;

No comment.

b) If this definition is to be used, how would you propose these challenges are overcome?

We recommend the Scottish Government work with industry to consider how the new definition will affect the supply chain and their role in helping to identify households in fuel poverty.

2) Do you have any views on the proposal of using 75 years of age as a threshold for identifying those who are likely to be vulnerable to the adverse health outcomes of fuel poverty?

We broadly agree with this proposal but also support the panel's recommendation "that a small independent group of Scottish public health experts be invited to develop a specific list of health and disability categories, as well as age bands, which would satisfactorily encompass the term "vulnerable to the adverse health and wellbeing impacts of living in fuel poverty"."¹ This means that the age threshold must be able to change based on best evidence.

This point also applies to the proposal that "the enhanced heating regime for vulnerable households will not be applied for households with children under 5 since this is inconsistent with established NHS guidance. This will be subject to further review and medical expert advice on optimum temperatures for children."² We believe there is a need for firm evidence to support this change before implementing it.

**3) In relation to island communities, are there any additional
a. challenges ; and / or**

b. opportunities

that we need to consider in developing our strategy?

The challenges and opportunities for rural, remote rural and island communities have been well documented in the Rural Task Force report and the SWG report. We know that fuel poverty levels are higher in rural areas and are not improving, while in urban areas fuel poverty levels have decreased. Higher energy prices, lower incomes and less energy efficient homes all contribute to this situation.

This justifies a greater focus on identifying, reaching, and supporting fuel poor / at risk of fuel poverty households in rural and remote rural areas. This means building on the HEEPS ABS schemes, which have recognised some of the additional costs associated with addressing fuel poverty in rural areas, and providing the funds to meet those costs as we go forward with SEEP.

Opportunities:

¹ A new definition of fuel poverty in Scotland – a review of recent evidence. Nov 2017. Scottish Government.

² Consultation on a fuel poverty strategy for Scotland. Nov 2017. Scottish Government.

Future proof rural homes: Targeted investment for improving energy efficiency and switching to low carbon heat sources – or at a minimum, making properties ‘low carbon ready’ will mean these properties will no longer put households at risk of falling into fuel poverty.

Economic stimulus: We recommend exploring how the Warmer Homes Scotland model could be replicated on a bigger scale in SEEP to boost local employment, provide apprenticeships and training.

Affordable and low carbon energy: The fuel poverty strategy should be supported by related policies to develop whole energy systems, maximising benefits of local energy generation through delivery of affordable heat and electricity.

4) In relation to rural and remote rural communities, are there any additional
a. challenges ; and / or
b. opportunities

that we need to consider in developing our strategy?

See answer to question 3.

5) Please give us your views on how national partners and local delivery organisations can work better together to identify and support those at risk of, or experiencing fuel poverty? What would best support, or enable such partnerships?

The successful implementation of the fuel poverty strategy demands cross-portfolio support. This means other parts of government (eg NHS, Scottish Enterprise, local government etc) should be mandated to help delivery strategy. Therefore, we support the SWG recommendation 53:

“The new fuel poverty strategy should be led by a cross-departmental ministerial group, making fuel poverty eradication a clear component of the health, communities, inequalities, housing, social security and energy portfolios, with one cabinet secretary accountable to deliver the strategy.”

We understand there has already been a very positive and constructive meeting of relevant ministers to discuss the proposed strategy, and we propose this should be developed into an established cross-ministerial committee to meet on a regular basis and oversee the implementation of the strategy and respond to advice and scrutiny by the Fuel Poverty Advisory Panel.

We strongly support the establishment of local partnerships with responsibility for identifying and reaching the fuel poor / at risk of fuel poverty. These local partnerships should work in close liaison with Home Energy Scotland to deliver energy efficiency improvements and support people to manage their energy effectively (as well as benefits checks and tariff checks to tackle the other drivers of income and energy prices). However, we believe that encouragement will not suffice, and these local partnerships should be obligatory and resourced, working with existing frameworks such as health and social care partnerships and the Local Heat and Energy Efficiency Strategies (LHEES). The LHEES will help identify and target properties with poor energy performance and those that offer potential for low carbon heat.

Local delivery plans should be designed to contribute to a clear national energy performance target for SEEP (we recommend EPC band C as a minimum by 2025 for the vast majority of properties – where

technically feasible and appropriate). The latest Scottish House Condition Survey shows that 61% of Scottish homes still fall below this level. Achieving a good standard of building energy efficiency is a necessary part of any strategy which seeks to provide affordable energy for consumers and deliver clean growth overall.

The local partnerships will require extra capacity (funding, skills, resources) to work effectively. This should be developed in house, or by working with other agencies such as Changeworks and Energy Agency to supplement their efforts.

Fuel poor homes should not be expected to take out loans, and the fuel poverty programme should offer grants to ensure poor energy performance is not a driver of fuel poverty (we recommend EPC C).

6) What can local partners do to contribute to meeting national aims of effectively and sustainably tackling fuel poverty? This might include sharing best practice or developing strategic approaches.

See answer to question 5. We support the development of LHEES with clear targets, milestones, reporting and scrutiny. Learning should be shared from the current LHEES pilots. We support the idea of a forum (national or regional) for sharing of best practice in local delivery. Some mechanisms for doing this already exist and these should be extended/replicated and supported.

7) How can SG support local delivery partners (e.g. third sector organisations and social enterprises) to measure their success?

Local partnerships require multi-year funding. This allows enough time to build trusted partnerships, expertise, and strong referral and monitoring systems.

Some community-based organisations rely on short-term funding such as the Climate Challenge Fund, and sometimes it might be more appropriate – and effective – to include them as part of core SEEP delivery through service level agreements. Indeed, in the future, SEEP delivery should include community-based organisations as a rule rather than in the patchwork of one-year projects, pilot projects and demonstrations that seem to dominate the landscape now.

8) How can the Scottish Government best support local or community level organisations to accurately

- a. measure;**
- b. report on; and**
- c. ensure quality of provision of advice and support services and their outcomes?**

No response.

9) How can the one-stop-shop approach be enhanced for the benefit of HES clients; and in particular,

- a. Are there any improvements that you think can be made to the HES service to further enable it to best reach the most vulnerable to fuel poverty client groups?**

We think there should be greater capacity (and expectation) for local partnerships (eg health and social care partnerships) to identify those in fuel poverty or at risk of falling into fuel poverty as part of routine contact.

10) What are your views on our proposal to set a new statutory target to eradicate fuel poverty in the Warm Homes Bill?

We agree there should be a **new target** to eradicate fuel poverty. However, this proposed strategy does not actually propose a target to *eradicate* fuel poverty, it aims to *reduce* fuel poverty levels to 10% by 2040.

Warm Homes Bill

We are disappointed that this is the only question in the consultation that refers to the Warm Homes Bill. As the government does not intend to consult separately on a draft Warm Homes Bill, this consultation on the fuel poverty strategy is the only opportunity to provide views and suggestions for what should be included in the Bill. This is not good practice and suggests that the Parliamentary bill process will have even greater need to seek stakeholder and wider public input.

The consultation asks questions about the targets in the Warm Homes Bill but does not seek views on any other legislative measures for the Bill. The consultation document states that the Warm Homes Bill will have a limited set of measures:

- set a new target to eradicate fuel poverty
- set a new measurement framework
- align itself with wider actions on tackling poverty and inequalities
- set out clear objectives
- ensure close partnership to deliver targeted policies

We believe this is a missed opportunity to ensure the Warm Homes Bill contains measures that will ensure the fuel poverty target is addressed and support the achievement of Warm Homes for everyone in Scotland. When first announced, the Alliance welcomed the commitment from the Scottish Government to take forward a Warm Homes Bill in this parliament. The Warm Homes Bill, with a broad scope to include fuel poverty, energy efficiency, district heating and low carbon heat already had cross-party support (see SNP, Scottish Labour and Scottish Liberal Democrat manifestoes). The Scottish Conservatives and the Scottish Greens also have strong commitments on these issues in their manifestoes.

In order to live up to these pledges, the proposed Bill must be wider in scope. In our view, the purpose of a Warm Homes Bill is simple – it should ensure energy demand is reduced and investment in energy efficiency, renewables and low carbon heating is encouraged. Legislation is required to create the right policy framework that supports industry, protects consumers and cuts energy bills.

We believe the Warm Homes Bill should provide the statutory foundation for the new fuel poverty target and strategy, and for Scotland's Energy Efficiency Programme (SEEP). It should also tackle regulatory barriers to those programmes and facilitate opportunities to bring low carbon and affordable warmth to all households in Scotland. It should also ensure equitable support for all people to enjoy affordable heat and energy use, particularly rural and remote areas.

To do this, we believe the Bill should include the following measures:

Fuel poverty

- Renewed definition and target to eradicate fuel poverty
- Actions and milestones relating to all four drivers of fuel poverty
- Provisions for accountability, scrutiny, monitoring, reporting and review of the Fuel Poverty Strategy

Scottish Energy Efficiency Programme (SEEP)

- Statutory framework including targets and scrutiny provisions
- Establishment of an independent body responsible for the oversight of SEEP
- Duty on local authorities to produce Local Heat and Energy Efficiency Strategies
- Review of existing legislation on potential for tax incentives for energy efficient properties

Regulation

- Provisions to lay out timeframe for review of barriers to energy performance improvements in common works in tenements and flats (including consideration of EPCs)
- Provisions to lay out timeframe for review of building regulations with remit to include existing and new buildings
- Review of relevant regulatory frameworks (eg planning) to ensure integration of purpose and operations

11) What are your views on the proposed sub-targets?

a) What are your views on the proposed levels?

We are concerned that the proposed sub-targets are unambitious. At the proposed rate of change, it will be 2047 (30 years!) before fuel poverty is eradicated, and the interim target is for only a 5% reduction in the next 12 years.

We strongly support the commitment to improve the energy performance of buildings so as to remove poor energy efficiency as a driver of fuel poverty.

We also support a separate target for fuel poor households with a tighter timeframe, to ensure progress is made more quickly for those most in need, complementing efforts to achieve a high standard of energy performance in all homes with a slightly longer timeframe.

The measure of progress needs to be defined – how will we know if poor energy efficiency as a driver is being removed? We suggest as a starting point that a target of EPC band C is set (unless technically not feasible) with provision to rise to EPC band B. This means that the desired outcome (eg EPC band C) should be the aim of fuel poverty programme interventions (unless technically not feasible) starting from now.

It will also be important for SEEP, which will ultimately implement the energy performance standards, to have a strong quality regime underpinning it, including rules which ensure the right measures are installed in the right properties in the right way – and that this is capable of being verified. Otherwise the energy savings consumers expect to see may not be realised in practice.

Four drivers

Progress should be measured against all four drivers of fuel poverty. Will the measure of the fuel poverty gap tell us enough about the impact of the fuel poverty programme on incomes and energy prices? A measure of awareness and understanding of how to manage energy should also be included.

Co-benefits

As part of the monitoring framework, there should be monitoring and evaluation of the impact of the fuel poverty strategy on co-benefits including health and wellbeing, local economies (jobs) and energy security.

b) What are your views on the proposed timeframe?

The pace of change is far too slow. The latest figures from SHCS (for both fuel poverty and energy performance) show that faster change is possible. The energy efficiency measures are tried and tested, with a strong track record. The social housing sector has shown how energy performance can be improved with much higher energy ratings than the private housing sector.

12) What are your views on the proposed interim milestones?

a) What are your views on the proposed levels?

Again, the targets and milestones lack ambition. The interim milestone suggests a reduction in fuel poverty of just 6% in 13 years. This is astonishingly unambitious when compared with the most recent SHCS figures for 2016 – a 4.3% reduction of fuel poverty compared with 2015.

There is no measure for assessing progress on removing poor energy efficiency as a driver.

b) What are your views on the proposed timeframe?

See above.

13) How should the new Fuel Poverty Advisory Panel and Fuel Poverty Partnership Forum monitor progress towards meeting the proposed sub-targets and interim milestones?

The fuel poverty strategy should set firm definition of targets and milestones and how they will be measured. The strategy should include a monitoring and evaluation plan that will report on progress towards the sub-targets and interim milestones on an annual basis for the panel's review.

14) What do you think the Advisory Panel's priorities should be in its first year?

- Review and agreement of the outcomes framework
- Review of 'vulnerability' and age thresholds.
- Review of local partnerships working on fuel poverty and what additional powers and resources they require.

We recommend the Advisory Panel, to be truly independent, should have an independent secretariat and small research budget. We also recommend that it should meet more frequently, at least six times a year, to have adequate time to fulfill its remit.

15) What examples do you have of using proxies to identify fuel poor households?

No response.

a) Which proxies did you use?

b) Based on your experience, how well did these proxies work in accurately identifying fuel poor households?

No response.

16) What are the key lessons to be learnt from any existing approaches that apply proxies in door-to-door, on-the-ground assessments in this context?

No response.

17) Do you have any concerns about the use of a doorstep tool, in particular the challenges around delivery of area based schemes?

No response.

18) How can the Scottish Government most effectively work with Community Planning Partnerships in a collaborative manner to report on overall fuel poverty levels as part of the SHCS?

No response

19) What are your views on, or experience of how an outcomes-focused approach would work in practice?

We support the outcomes-focused approach. We believe its progress needs to be measured against actual data and not wholly rely on modelled data.

a) Would it encourage national and local policy and delivery partners to work together effectively, and if not, what alternative approach(es) do you propose could be used instead?

As noted previously, it will be important to mandate existing or new local partnerships to identify and reach the fuel poor as they have the local knowledge and networks to do so. These partnerships will work with national bodies such as HES to deliver the outcomes in the framework.

20) Do you think the principles detailed in the 3 bullet points above are adequately reflected in the outcomes framework?

We support the principles in the bullet points, but believe there needs to be more detail regarding the new policies, programmes and resources that will achieve the step change in effort required to eradicate fuel poverty.

These new policies should be given high profile and support in the strategy to illustrate it is not 'more of the same' but instead a new strategy with new targets, policies, and approaches that will accelerate change.

For example:

- the proposed policy to introduce minimum standards of energy performance in the private rented sector, and to consult on standards and incentives in the owner/occupied sector. These standards will be critical to removing energy efficiency as a driver of fuel poverty.
- the use of building standards as a lever to drive improvements in both the new and existing building stock (for example through consequential improvements).
- Dovetailing housing policies such as Empty Homes with energy performance – so when supporting bringing empty homes back into use, there is also support to make sure the energy performance of the property will not put a resident at risk of falling into fuel poverty.

21) In your opinion, would the proposed framework help to strengthen partnerships on-the-ground?

a) If so, how?

b) If not, why?

No response.

22) Do you think any of the proposals set out in this consultation will have an impact, positive or negative, on equalities as set out above? If so, what impact do you think that will be and, if negative, how do you think these could be mitigated?

No response

23) What implications (including potential costs) will there be for business and public sector delivery organisations from these proposals?

There is huge potential for job creation that should be realised all over Scotland. This will depend on the design of the fuel poverty programme. We believe Warmer Homes Scotland offers a good model to support local jobs and training which could be replicated and scaled up.

24) Do you think any of these proposals will have an impact, positive or negative, on children's rights? If so, what impact do you think that will be and, if negative, how do you think these could be mitigated?

The SWG recommended that the fuel poverty strategy should take a 'rights-based' approach – and this would apply to children too. The report stated that "the definition should encompass a "rights-based"

approach, acknowledging that every household has the right to a healthy, dignified life that allows them to participate fully in society. This in turn means that every household should be able to afford to use adequate levels of fuel to sustain a warm and dry home and a healthy dignified life that allows them to participate fully in society.”