

FUEL POVERTY (TARGETS, STRATEGY AND DEFINITION) BILL BRIEFING

SEPTEMBER 2018

BACKGROUND

The Fuel Poverty (Targets, Strategy and Definition) Bill was published in June 2018. This Bill responds to the SNP manifesto commitment to publish a Warm Homes Bill to tackle fuel poverty and energy efficiency but is now focused solely on fuel poverty.

The Fuel Poverty Bill is part of an overall effort to end fuel poverty and inequalities in Scotland and supports efforts to tackle, report on and measure fuel poverty. The Bill contains the following key provisions:

- a new statutory definition of fuel poverty that focusses on low income households.
- a statutory target that no more than 5% of households will live in fuel poverty by 2040.
- a statutory requirement to publish a fuel poverty strategy and report on progress every five years.

WELCOME ASPECTS OF THE BILL

We welcome the bill as part of a long-term strategy to eradicate fuel poverty and improve energy efficiency. The Bill and draft strategy respond to many of the recommendations from the Scottish Fuel Poverty Strategic Working Group and the Rural Fuel Poverty Task Force.

There is a focus on the four drivers of fuel poverty (energy efficiency, income, energy price and how energy is used in the home) and we particularly welcome the commitment to remove poor energy performance as a driver of fuel poverty.

AREAS FOR AMENDMENT

- While the focus on fuel poverty is welcome, we fear that the **scope is too narrow** and misses a **'once in a generation' opportunity to tackle energy efficiency as well and end the scandal of Scotland's cold, damp homes**. This bill should 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.
- The proposed target to reduce fuel poverty levels from 24%¹ today to 5% by 2040 should be much more ambitious. This averages out at a reduction of about 1% a year – with a deadline

¹ Scottish Government best available estimate of the rate of fuel poverty in 2016 is 23.8% using the new definition, Fuel Poverty Strategy for Scotland 2018.

that is a generation from now. We can and must do better. We propose the following target: *no one should be living in fuel poverty, as far as reasonably practicable, by 2032.*

- If there has not been sufficient progress towards meeting the fuel poverty target within five years of the deadline, there should be a requirement to produce a fully resourced plan which will ensure the target will be met on time.
- The interim milestone in the Draft Fuel Poverty Strategy of no more than 15% of households living in fuel poverty by 2030 should also be more ambitious. This is a reduction of only 9% over 12 years. The interim milestone should be reassessed in light of proposed changes to the overall target.
- The commitment to removing poor energy performance as a driver of fuel poverty in the Draft Fuel Poverty Strategy is welcomed but it must be strengthened and made statutory. The subtargets and dates need to be reassessed considering the overarching target and should be statutory (as part of a statutory framework for Energy Efficient Scotland). Priority for fuel poor households means more funding for fuel poverty programmes in order to reach more homes more quickly and achieve the target standard. Fuel poor households should receive grants for these upgrades.
- The final Fuel Poverty Strategy for Scotland must include the **new policies, programmes and resources** that will provide the step-change required to meet the targets.
- We **broadly support the new definition of fuel poverty**; however we believe minimum income thresholds should be adjusted upwards for households living in **remote and rural areas** due to the higher costs of living and real costs of energy. A Scottish MIS should be developed by the Scottish Government within five years, including a remote rural category that recognises higher living costs in these areas. In the interim, a provision to recognise remote rural costs of living in Scotland should be made while using the UK MIS.
- The Fuel Poverty Strategy demands cross-portfolio support and therefore should be **led by a cross-ministerial committee**. Progress reports should be on an annual basis to Parliament.
- The **Fuel Poverty Advisory Panel should be established in statute**, to provide an advisory and scrutiny role, with a requirement to report annually to the Parliament as well as to the Minister.

PROPOSALS FOR ADDITIONAL MEASURES

We believe the Bill (or an Energy Efficient Scotland Bill, which the Scottish Government is considering) should include the following additional measures to create a long-term, stable policy environment, with clear targets and credible policies for delivering them.

Set targets as part of an overall statutory framework for Energy Efficient Scotland.
Establish an independent oversight body for Energy Efficient Scotland.
Introduce a duty on local authorities to produce Local Heat and Energy Efficiency Strategies.

Require a review to identify precise legal requirements to make energy upgrades in tenements easier; for example there could be a requirement for management arrangements to initiate, coordinate and implement retrofit projects.

Require a review of planning legislation and guidance to ensure that energy efficiency and low carbon heat upgrades are possible in restricted planning areas (such as conservation areas) are facilitated while protecting the integrity of the buildings' cultural and historical values.

Require review of building regulations to align with Energy Efficient Scotland targets, including detailed consideration of applying standards at the point of major refurbishment.

Require legislative and policy review to identify potential fiscal incentives – e.g. council tax rebate, Land and Buildings Transaction Tax discount.

BENEFITS

The wide range of benefits of eradicating fuel poverty is well evidenced as set out below:

Health: People are less likely to suffer ill health, stress and poor attainment due to a cold and damp home. Research by the Energy Agency and NHS Ayrshire & Arran found “reductions in hospital admissions for respiratory related conditions” where homes had been insulated².

Economy: Local jobs in the energy efficiency and low carbon heat industries are created and sustained, households save on energy bills, and there is greater energy security with less reliance on volatile fuel prices and reduced energy supply infrastructure costs³.

Climate change: Future proofing homes to reduce the risk of falling into fuel poverty also means reducing climate emissions. Housing has an important contribution to make to the ambitious targets proposed in the new Climate Change Bill⁴.

CONCLUSION

The Fuel Poverty Bill represents a rare opportunity to provide a strong legislative foundation for the new Fuel Poverty Strategy and Energy Efficient Scotland. Only by addressing both can we ensure Scotland will meet both its fuel poverty and climate change goals and achieve the wider health and economic benefits the investment in our housing stock can deliver.

² Housing, Social Issues and Impact on Communities and Health, NHS Ayrshire & Arran, Energy Agency 2018

³ UK CCC 2017 Energy Prices and Bills – impact of meeting carbon budgets

⁴ The Climate Change Plan includes emissions reductions in the residential sector of 23% by 2032 on 2015 levels.