



LOCAL GOVERNMENT AND COMMUNITIES COMMITTEE

AGENDA

33rd Meeting, 2018 (Session 5)

Wednesday 28 November 2018

The Committee will meet at 9.45 am in the James Clerk Maxwell Room (CR4).

1. **Fuel Poverty (Target, Definition and Strategy) (Scotland) Bill:** The Committee will take evidence on the Bill at Stage 1 from—

Patrick Flynn, Head of Housing and Regeneration, Glasgow City Council;

Chris Bateman, Business Planning Manager, North Lanarkshire Council;

David Stewart, Policy Lead, Scottish Federation of Housing Associations;

Alexander Macleod, Housing Manager (Strategy), Aberdeenshire Council;

and then from—

Paul Blacklock, Head of Strategy and Corporate Affairs, Calor Gas;

Ross Armstrong, Managing Director, Warmworks Scotland;

Simon Markall, Head of Public Affairs and Engagement, and Sarah Chisnall, Public Affairs Adviser - Scotland, Energy UK.

2. **Subordinate legislation:** The Committee will consider the following negative instrument—

The Charities Accounts (Scotland) Amendment Regulations 2018 (SSI 2018/344).

3. **Fuel Poverty (Target, Definition and Strategy) (Scotland) Bill (in private):** The Committee will consider the evidence heard earlier in the meeting.

LGC/S5/18/33/A

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The papers for this meeting are as follows—

Agenda item 1

Note by the Clerk

LGC/S5/18/33/1

PRIVATE PAPER

LGC/S5/18/33/2
(P)

Agenda item 2

Note by the Clerk

LGC/S5/18/33/3

Local Government and Communities Committee

33rd Meeting 2018 (Session 5), Wednesday 28 November 2018

Fuel Poverty (Target, Definition and Strategy) (Scotland) Bill: Note by the Clerk

Introduction

1. This paper provides background information on Committee's Stage 1 scrutiny of the Fuel Poverty (Target, Definition and Strategy) (Scotland) Bill.
2. At Stage 1 of a Bill, the lead Committee takes evidence and gathers views on the general principles of the Bill, before reporting to Parliament with a view on whether the general principles should be approved, and the Bill proceed to Stage 2. The Committee expects to report on the Bill early in the New Year.

About the Bill

3. This Scottish Government Bill was introduced on 26 June 2018. The Local Government and Communities Committee was then appointed lead Committee to scrutinise the Bill at Stage 1 on 5 September.
4. The Bill and its accompanying documents can be found [online](#). A briefing on the Bill has been published by the Scottish Parliament's Information Centre and is also available [online](#).
5. The sections of the Bill are summarised 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.
 - 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.
 - Sections 3-5 require 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.
 - 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.
 - Sections 10-14 contain various modification and regulation-making powers, as well as the commencement powers and short title.
6. The Bill, requires the Scottish Government to publish a fuel poverty strategy, which will drive progress towards meeting the targets in the Bill, within a year of Section 3 of the Bill coming into force.

7. A [Draft Fuel Poverty Strategy for Scotland 2018](#) was published alongside the Bill on 27 June. The Scottish Government states it will consult on the draft proposals and publish a final Strategy document, including the views of its expert advisory groups, following the passage of the Bill.

Evidence and information gathered so far

8. The Committee launched a [call for written evidence](#) on Monday 17 September 2018 with a deadline of 9 November. The [responses](#) to the Committee's call have been published on the Committee's webpage. A list of all those who provided written evidence is attached at Annexe A. A summary of the written views will be available in due course.
9. The call for views was also promoted on the [Committee's Twitter account](#). A Facebook post with a featured animation reached 6,700 people, was viewed 1,900 times, and was commented upon 23 times.

<https://www.facebook.com/scottishparliament/videos/p.341086850032844/341086850032844/?type=2&theater>

10. The Committee undertook fact-finding visit and held a focus group with people with lived experience of fuel poverty in Lochee Community Hub in Dundee on Monday 19 November 2018.
11. At its meeting on Wednesday 21 November the Committee took oral evidence from:
 - Existing Homes Alliance
 - Energy Action Scotland
 - Citizens Advice Scotland
 - Highlands & Islands Housing Associations Affordable Warmth Group
12. The Official Report of this meeting will be available on the Committee's Webpage here from Monday 26 November:

<http://www.scottish.parliament.uk/parliamentarybusiness/CurrentCommittees/99803.aspx>

The Finance and Constitution Committee issued a call for written views on the Financial Memorandum of the Bill which closed on 2 November and received 8 responses. The Finance and Constitution Committee agreed to take no further action in relation to the Bill. The call for views and responses are available here:

<http://www.scottish.parliament.uk/parliamentarybusiness/CurrentCommittees/109755.aspx>

Oral evidence taking and further information gathering at Stage 1

13. At its meeting on 28 November, the Committee will take oral evidence from:

Panel 2:

- Chris Bateman, Business Planning Manager, North Lanarkshire Council
- Patrick Flynn, Head of Housing and Regeneration, Glasgow City Council
- David Stewart, Policy Lead, Scottish Federation of Housing Associations

Panel 3:

- Simon Markall, Head of Public Affairs and Engagement, and Sarah Chisnall, Public Affairs Adviser - Scotland, Energy UK
- Ross Armstrong, Managing Director, Warmworks Scotland
- Paul Blacklock, Head of Strategy and Corporate Affairs, Calor Gas

14. Submissions from these bodies are in Annexe B.

15. The schedule for the rest of Stage 1 is as follows:

Wednesday 5 December 2018:

Panel 4:

- Dr Keith Baker, Co-Founder, Energy Poverty Research Initiative
- Professor Donald Hirsch, Loughborough University
- Scottish Fuel Poverty Advisory Panel [TBC]

Panel 5:

- Energy Agency
- StepChange Debt Charity
- Argyll and Bute Council [TBC]

Wednesday 19 December 2018:

- Minister for Local Government, Housing and Planning, Scottish Government.

16. In addition to these formal evidence session, Committee members will undertake a further fact-finding visit to the Isle of Lewis, which will include focus groups with people with lived experience of fuel poverty.

17. The Committee will consider and agree a report in January 2019. The deadline for completion of scrutiny of the Bill at Stage 1 is 22 February 2019.

Written Submissions Received on the Fuel Poverty (Target, Definition and Strategy) (Scotland) Bill

- [LGC-S5-18-FPB-01: Superglass Insulation Limited](#)
- [LGC-S5-18-FPB-02: Scottish Borders Council](#)
- [LGC-S5-18-FPB-03: Professor Donald Hirsch](#)
- [LGC-S5-18-FPB-04: West Lothian Council](#)
- [LGC-S5-18-FPB-05: Calor Gas Ltd](#)
- [LGC-S5-18-FPB-06: Stirling Council](#)
- [LGC-S5-18-FPB-07: David Stark](#)
- [LGC-S5-18-FPB-08: North Lanarkshire Council](#)
- [LGC-S5-18-FPB-09: East Ayrshire Health and Social Care Partnership](#)
- [LGC-S5-18-FPB-10: Citizens Advice Scotland](#)
- [LGC-S5-18-FPB-11: Scottish Association of Landlords](#)
- [LGC-S5-18-FPB-12: Rural and Islands Housing Association Forum](#)
- [LGC-S5-18-FPB-13: Shetland's Fuel Poverty Action Group](#)
- [LGC-S5-18-FPB-14: Inclusion Scotland](#)
- [LGC-S5-18-FPB-15: Energy Agency](#)
- [LGC-S5-18-FPB-16: Existing Homes Alliance](#)
- [LGC-S5-18-FPB-17: Energy Poverty Research Initiative and Common Weal](#)
- [LGC-S5-18-FPB-18: Shelter Scotland](#)
- [LGC-S5-18-FPB-19: COSLA](#)
- [LGC-S5-18-FPB-20: Highlands and Islands Housing Associations Affordable Warmth Group](#)
(supported by Argyll, Lomond and the Islands Energy Agency)
- [LGC-S5-18-FPB-21: Energy Saving Trust](#)
- [LGC-S5-18-FPB-22: Age Scotland](#)
- [LGC-S5-18-FPB-23: Tighean Innse Gall](#)
- [LGC-S5-18-FPB-24: Warmworks Scotland](#)
- [LGC-S5-18-FPB-25: Changeworks](#)
- [LGC-S5-18-FPB-26: Scottish Communities Climate Action Network](#)
- [LGC-S5-18-FPB-27: Coalition of Racial Equality and Rights](#)
- [LGC-S5-18-FPB-28: Shetland Islands Council](#)
- [LGC-S5-18-FPB-29: Health and Social Care Alliance Scotland](#)
- [LGC-S5-18-FPB-30: Chartered Institute of Housing Scotland](#)
- [LGC-S5-18-FPB-31: Rural Housing Scotland](#)
- [LGC-S5-18-FPB-32: Aberdeenshire Council](#)
- [LGC-S5-18-FPB-33: West Dunbartonshire Council](#)
- [LGC-S5-18-FPB-34: Scottish Renewables](#)
- [LGC-S5-18-FPB-35: Child Poverty Action Group in Scotland](#)
- [LGC-S5-18-FPB-36: Ripple Energy Ltd](#)
- [LGC-S5-18-FPB-37: Orkney Housing Association](#)

- [LGC-S5-18-FPB-38: South Lanarkshire Council](#)
- [LGC-S5-18-FPB-39: Wheatley Group](#)
- [LGC-S5-18-FPB-40: Perth and Kinross Council](#)
- [LGC-S5-18-FPB-41: Scottish Federation of Housing Associations](#)
- [LGC-S5-18-FPB-42: Dumfries and Galloway Council](#)
- [LGC-S5-18-FPB-43: Scottish Land and Estates](#)
- [LGC-S5-18-FPB-44: Scottish and Southern Electricity Networks](#)
- [LGC-S5-18-FPB-45: Kirsten Gow, Amy Dunnachie, Deborah Bryce, Sarah Compton Bishop and Andrew McCallum](#)
- [LGC-S5-18-FPB-46: Energy UK](#)
- [LGC-S5-18-FPB-47: The Electric Heating Company](#)
- [LGC-S5-18-FPB-48: Comhairle nan Eilean Siar](#)
- [LGC-S5-18-FPB-49: Homes for Scotland](#)
- [LGC-S5-18-FPB-50: Association of Local Authority Chief Housing Officers](#)
- [LGC-S5-18-FPB-51: Scottish Co-Operative Party](#)
- [LGC-S5-18-FPB-52: Glasgow City Council](#)
- [LGC-S5-18-FPB-53: Mydex](#)
- [LGC-S5-18-FPB-54: SGN](#)
- [LGC-S5-18-FPB-55: ScottishPower](#)
- [LGC-S5-18-FPB-56: THAW Orkney](#)
- [LGC-S5-18-FPB-57: Poverty Alliance](#)
- [LGC-S5-18-FPB-58: Fife Council Housing Services](#)
- [LGC-S5-18-FPB-59: Scottish Fuel Poverty Advisory Panel](#)
- [LGC-S5-18-FPB-60: npower](#)
- [LGC-S5-18-FPB-61: Energy Action Scotland](#)
(supported by Argyll, Lomond and the Islands Energy Agency)
- [LGC-S5-18-FPB-62: E.ON](#)
- [LGC-S5-18-FPB-63: SSE Energy Services](#)
- [LGC-S5-18-FPB-64: StepChange Debt Charity Scotland](#)
- [LGC-S5-18-FPB-65: Argyll and Bute Council](#)

ANNEXE B

Written Submissions from Organisations Giving Evidence on 28 November 2018**Written Submission from Glasgow City Council****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?**

The Council agrees in principle with the proposal to set a new statutory target to eradicate fuel poverty however we anticipate difficulties with the delivery. Our experience of HEEPS to date is that engagement with private landlords to invest in their property is challenging. To a lesser extent, owner occupiers, simply are not able to afford the cost of work. In particular, owners in some non-traditional properties cannot afford to participate as work is too costly. Where essential repairs are required this adds an additional burden for all concerned. Delivery in mixed tenure blocks could further exacerbate reaching the fuel poverty target by 2040.

The target of 5% represents circa 138,000 households (based on National Records of Scotland projections) this represents a considerable number of households remaining in fuel poverty post 2040.

Notwithstanding, the issues outlined above the Council welcomes the proposal however the non-statutory interim targets and milestones at 2030 and 2040 in the Draft Fuel Poverty Strategy should be strengthened. The Council would prefer statutory interim targets reported every 3/4 years to allow for adjusted shortfalls to be implemented otherwise there is little chance of targets being achieved.

The cost of fuel and household income are both out with the control of the Scottish Government and have a significant impact on the target to reduce fuel poverty. Rising fuel prices, in recent years, reduced the impact of substantial investment in energy efficiency measures. Registered Social Landlords (RSLs) have already been carrying out extensive measures to meet SHQS and EESSH. So the challenge in this sector is likely to be the cost of fuel and low income rather than physical measures.

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

The Council welcomes the use of After Housing Costs (AHT) in the fuel poverty definition but remains concerned about the impact this will have on the city. Our concerns are set out below.

The Equality Impact Assessment accompanying the Bill provides an analysis of the current and proposed definition using 2016 SHCS data. This shows the new definition reduced the number of households in fuel poverty from 649,000 to 584,000. In particular, the number of older households considered fuel poor reduces from 311,000(40.6%) to 174,000(22.8%). There is also a noticeable reduction of fuel poor households in the owner occupier sector from 296,000(37.1%) to 140,000(17.6%). In contrast there is a significant increase in the number of family households from 66,000(12.2%) to 118,000(21.6%) under the new definition.

The Scottish House Condition Survey (2015) estimates that 39% of older households in Glasgow are in fuel poverty compared to 27% of families therefore the change in the demographic profile away from older households to younger households and families in social rented and private rented sectors is a concern in Glasgow. The new definition will impact on HEEPS funding and older households living in inefficient houses. Older households tend to require a higher heating regime to live comfortably in their homes.

The Council is extremely concerned by the change in the vulnerability age threshold from 60 to 75 as the life expectancy for Glasgow residents is much lower despite improvements in life expectancy for men and women in the last 15 years.

Whilst improvements have been made, life expectancy in Glasgow remains significantly lower than in Scotland and the gap between our most deprived and affluent communities persists. The average life expectancy in Glasgow is 71.6 years for men and 78 for women however the Glasgow Centre for Population Health estimated that between 2008 and 2012, some neighbourhoods were as low as 66 years for men. Over 15 of the 56 neighbourhoods have a life expectancy lower than 70 years for men. Most of the communities are in the lowest 5% in the Scottish Index of Deprivation meaning they are some of the poorest communities in the country. We strongly support the age proxy remaining at 60.

The council considers the proposed age of 75 to qualify for the enhanced heating regime will have a detrimental effect on older households in the city.

The council supports broadening the enhanced heating regime to capture households where an occupants' health condition would benefit from a higher temperature regime regardless of age.

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?

The Council welcomes the requirement of the Scottish Government to publish a fuel poverty strategy.

The Council welcomes the inclusion of household lived experience however accepts there will undoubtedly be complex issues including income, health issues and disability that may contribute to, or exacerbate, an individual's lived experience of fuel poverty. This will highlight the need to build on existing partnerships across all agencies to tackle fuel poverty.

The Council has worked with a number of partners including Macmillan Improving the Cancer Journey, the Wise Group, HES, Energy Action Scotland and contractors to deliver measures to vulnerable people and households who have long term health condition occupants. The strategy will allow a sharing of best practice across practitioners and schemes to be replicated in other areas of need.

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?

The draft fuel poverty strategy details actions which the Scottish Government hopes will contribute to meeting the new target, but there is no indication of the cost to deliver and the level of funding required to support these actions. The Fuel Poverty Strategy in 2019 should include a delivery plan, cost profile and funding sources that will deliver the 2040 fuel poverty target. There should be a monitoring and evaluation framework based on outcomes to inform future years of the programme.

The Council would welcome multi-year funding award to deliver to area-based HEEPS programme similar to the position with respect to the Scottish Government's 3-year Affordable Housing Supply Programme.

The delivery of the HEEPS programme tends to focus on a single energy efficiency measure as part of a project area. Previously Warmer Homes Scotland complimented HEEPS by installing an additional measure. For example, HEEPS projects deliver external wall insulation (EWI) however if the property could benefit from a new heating system this was permitted. The installation of EWI as a single measure may not always lift households out of fuel poverty where a whole house approach would.

The fuel poverty strategy focuses primarily on removing poor energy efficiency as a driver for fuel poverty. There is little indication of how high fuel costs and low income levels will be addressed.

In tackling the fourth driver, behavioural change, the council works with HES to ensure participants in HEEPS projects benefit from a HES intervention including a free benefit check to maximise householder income. In addition, the council offers a face to face energy advice service, through the Wise Group's G-Heat, to ensure households

receive behavioural change and energy advice, fuel switching, and advocacy services with fuel providers. In certain circumstances, householders could be lifted out of fuel poverty by receiving a face to face intervention without the installation of an energy efficiency measure.

The lack of continuity of funding to deliver an advice service creates uncertainty for business continuity and staff security which has a direct impact on the quality of service to householders. The benefit of an advice service is often underestimated; the Council strongly supports the provision of a face to face advice service embedded in the fuel poverty strategy and resourced in recognition of the pivotal role advice plays in the challenge to eradicate fuel poverty.

Glasgow City Council has engaged in a number of initiatives to tackle disrepair, energy efficiency and regeneration in areas such as London Road and Priesthill. The projects address flatted properties in the most deprived areas of the city with high instances of private landlord ownership. Projects of this nature involve multi funding streams and require longer lead in times to deliver. The introduction of ECO3 has made the funding landscape even more complex. The Council would welcome flexibility within the Fuel Poverty Strategy to allow delivery of more projects of this nature as they regenerate and revitalise communities whilst eradicating fuel poverty and contributing to climate change targets. This also requires flexibility in dealing with the private rented sector to remove barriers to participation.

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

The council is concerned with the time scales associated with the interim non-statutory monitoring requirements. There is little time for implemented changes to take effect from 2031, if required, to reach the final target by 2040. The council also has concerns about what would happen in the intervening 2 years from 2040 whilst the final analysis is underway to confirm compliance in 2042. Reporting timescales, to assess compliance, should be at shorter intervals perhaps every 3/4 years to allow for adjusted actions to mitigate against shortfalls in previous years delivery against set targets.

The annuality of HEEPS funding and the SEEP bidding process causes difficulties with the delivery of Energy Efficient Scotland programmes. This is detrimental to the aspiration of developing certainty in the supply chain as demand is uncertain. A multi year funding allocation, with more flexibility for delivery across the years, similar to the More Homes Affordable Housing Supply Programme would be desirable. In addition, the HEEPS Loan scheme requires continuity of funding to seamlessly transition across financial years.

Written Submission from North Lanarkshire Council

Services across North Lanarkshire have a shared ambition for the area - we aspire to make North Lanarkshire *the* place to live, learn, work, invest and visit. As part of our ambitious plans for inclusive growth and regeneration we are committed to tackling fuel and all types of poverty affecting our residents. In partnership with our Community Planning Partners and our residents we are currently developing the North Lanarkshire Tackling Poverty Strategy which will include a commitment to reduce fuel poverty for residents across all tenures. This includes by providing income maximisation and employability services and by investing in new and existing homes, through our capital programmes and our Scheme of Assistance. The Strategy will also respond to and implement recommendations made by the North Lanarkshire Fairness Commission, which is due to report later this year.

North Lanarkshire Council therefore welcomes the introduction of the Fuel Poverty (Target, Definition and Strategy) (Scotland) Bill and strongly supports its aims of redefining and eradicating fuel poverty.

The proposed new definition, which creates a clearer link between income and fuel poverty, will allow for resources to be better targeted at those most in need. Clear mechanisms will however need to be developed to ensure we can effectively identify fuel poor households under the more complex new definition. The Fuel Poverty Strategy for Scotland 2018 identifies 'consider[ing] the development of a fuel poverty assessment tool' as a key action; we would like to see a stronger commitment to doing so.

The Bill aims to eradicate (or reduce) fuel poverty to 5% of households by 2040. This is an ambitious but achievable aim and aligns with the Energy Efficient Scotland 'route map' for improving the energy efficiency of Scotland's homes and built environment. It will however require continuous investment in improving Scotland's existing homes and the development of cost-effective low carbon heating. Through Local Heat and Energy Efficiency Strategies, councils will consider how best to deliver affordable renewable technologies in their areas, but will need resources and access to expertise to enable them to do so.

As Scotland's largest local authority landlord managing more than 36,000 homes we are committed to improving the energy efficiency of our stock and lifting as many of our tenants out of fuel poverty as we can. This will however require significant investment, including in mixed tenure estates where energy efficiency improvements rely on the support of private sector owners, who may find it difficult to fund the improvements required in these areas, where valuations are generally low. Consideration should be given to potential solutions, including extending the tenement management scheme to include works required to meet the energy performance standards set out in Energy Efficient Scotland.

Under the new definition of fuel poverty, the proportion of private rented households in fuel poverty is expected to increase from 13% to 35%¹. Rents in North Lanarkshire's private rented sector (PRS) are among the lowest in Scotland and landlords may find it difficult to fund the works required, or may choose to exit the sector. We share the national vision for a high-quality, energy efficient PRS but an appropriate balance may need to be struck between engagement and enforcement. To support this vision, the Scottish Government may wish to consider how it can support ambitious authorities like North Lanarkshire to enable investment in new privately rented homes in their areas. It may also wish to consider a long-term grant programme to support social landlords to purchase and improve energy efficient private sector homes for affordable rent.

North Lanarkshire Council also supports the requirement for the Scottish Government to publish a long-term Fuel Poverty Strategy for Scotland and to report on progress to the Scottish Parliament on a periodic basis. However, consideration should be given to more regular reporting (for example, twice during a Parliamentary term) to ensure that Parliament remains focused on eradicating fuel poverty and that it has an opportunity to shape Scotland's response to it.

Finally, the Fuel Poverty Strategy for Scotland 2018 highlights 18 key actions the Scottish Government will take to deliver on its ambition of eradicating fuel poverty. Only one of these (Action 12 – 'We will maximise incomes, through increasing the availability of low carbon jobs in local communities and addressing poverty and inequalities through actions set out in our Fairer Scotland Action Plan') concerns household income, which is arguably the primary driver of fuel poverty, particularly under the proposed new definition. To deliver on the ambitions set out in the Bill, any subsequent Strategy must much more clearly align its approach to tackling fuel poverty with Scotland's plans for delivering new jobs across all sectors and inclusive growth across all of our communities.

In summary, North Lanarkshire Council shares the Bill's ambitions of eradicating fuel poverty and agrees with the redefinition of fuel poverty set out in the draft legislation. We are committed to supporting residents out of poverty, and we will continue to support investment in new and existing homes in North Lanarkshire. The Scottish Government's continued support will however be required to ensure that local authorities and others can effectively eradicate fuel poverty.

¹ Scottish Government (2018, August 28), Personal correspondence between Scottish Government officials and North Lanarkshire Council.

Written Submission from the Scottish Federation of Housing Associations

1. Who we are

1.1 The SFHA leads, represents and supports Scotland's housing associations and co-operatives. We want to see a thriving housing association and co-operative sector providing sustainable and affordable homes.

2. Executive Summary

2.1 The SFHA and its members welcome the statutory commitment to reduce fuel poverty.

2.2 While housing associations have the most energy efficient homes in Scotland, their tenants are more likely to be in fuel poverty than the general population due to lower incomes². With housing associations set challenging energy efficiency targets for 2032, housing associations need equal access to Scottish Government funded home energy efficiency programmes.

2.3 Housing associations do great work to provide affordable warmth and have the skills and resources to lead on addressing fuel poverty. They can do this through increasing energy efficiency, by providing low carbon heating and through advocacy and advice. To maximise their impact they need appropriate funding and support.

2.4 We believe that the targets in the bill should be more ambitious and should be linked to targets set out in Energy Efficient Scotland. We are proposing a target date to reduce fuel poverty below 5% by 2032 and for targets for minimum energy efficiency standards to be part of the bill.

2.5 We support the use of a Minimum Income Standard (MIS) in the new definition of fuel poverty in order to better target resources and support. As fuel poverty is most extreme in rural areas due to higher fuel costs we are calling for a rural MIS to be introduced that takes account of higher energy and living costs in rural and remote Scotland.

2.6 While energy efficiency has a significant part to play in addressing fuel poverty it is only part of the solution. Face to face advice and support is vital in helping vulnerable people in fuel poverty – we are therefore calling for national funding support for local trusted advice services.

² Scottish House Condition Survey 2016 (Scottish Government December 2017) – Key Findings – available at <https://www.gov.scot/publications/scottish-house-condition-survey-2016-key-findings/>

2.7 The bill does not provide estimated costs for ending fuel poverty. We believe that the bill should provide an estimated cost, should state how the Scottish Government expects the cost to be met and that the funding of measures to meet the targets set out in the bill should be part of the scrutiny of the bill.

3. Main Report

3.1 Do you agree with the Scottish Government's proposal to provide for a statutory target to reduce fuel poverty to no more than 5% by 2040?

We support the ambition to reduce fuel poverty below 5% but we believe that the 2040 target is too far away and lacks ambition.

We propose that the same target is set (to reduce fuel poverty below 5%) but that the target date is brought forward to 2032. This would match the proposed date for social landlords to meet Energy Efficiency Standards for Social Housing 2 (EESH2). While increasing energy efficiency is not the only way to reduce fuel poverty it is one important component in addressing fuel poverty, and it would make sense to set the two targets for the same date.

We also believe that a target should be set to lift people out of extreme fuel poverty. Extreme fuel poverty was rightly given significant focus under the previous definition and target and we believe the importance of helping those in extreme need should be made clear under the new targets and definition proposed. We believe a new measure of extreme fuel poverty should be set to allow focus on helping those in greatest need.

3.2 Do you agree with the Scottish Government's proposal for a revised definition of fuel poverty?

We welcome the use of a Minimum Income Standard (MIS) in the definition of fuel poverty, and the acknowledgement that calculating fuel poverty should take account of expenditure after housing costs and the higher housing costs paid by people in rented accommodation. We fully support the principle, as outlined in the Ministerial Forward that "everyone should have enough money in their pocket to pay the essential costs of housing and energy and still be able to lead a healthy and decent life." We believe, however, that in order to ensure that principle is adhered to a Rural MIS should be introduced in order to reflect the additional living costs of people in remote and rural Scotland. We are aware from our members that fuel poverty levels are highest, and the extent of the problem is often deepest, in rural Scotland. The independent expert panel which reviewed the definition of fuel poverty proposed adopting a Rural MIS - we support them in this.

We would also suggest that, with issues of disrepair in owner occupied housing highlighted in the Scottish House Condition Survey³ and increasing concerns over the condition of mixed tenure tenements, there is an argument that the calculated housing costs for owner occupiers should include an element for maintenance and essential repairs over the lifetime of a building. The issue of disrepair in owner occupied tenements is an increasing concern. Including the cost of repairing and maintaining owner occupied homes might help with a culture shift around repairs and maintenance of homes.

3.3 Do you agree with the provisions in the bill requiring the Scottish Government to publish a fuel poverty strategy and with the consultation requirements set out for the strategy?

We agree that a Fuel Poverty Strategy should be published setting out plans to reduce fuel poverty in order to meet the Scottish Government's target. We also agree that there is a need for full consultation on the strategy.

We suggest that the consultation needs to engage with vulnerable groups and people experiencing fuel poverty if the strategy is to be successful in addressing the underlying causes of fuel poverty.

We would suggest that housing associations, together with organisations such as the Tenant Participatory Advisory Service, the Tenants Information Service, Citizens Advice Scotland, the Poverty Alliance and the Health & Social Care Alliance could assist the government in this. These bodies could organise forums and groups to consult with to ensure that the strategy reflects the experiences and needs of people in fuel poverty.

3.4 A draft fuel poverty strategy was published on 27th June. Do you agree with the proposals and have lessons been learnt?

We fully support the need for lessons to be learnt from past experience, and in particular for an approach to be taken that addresses each of the elements that cause fuel poverty – poor household energy efficiency; energy costs and; household income. We set out some ideas on addressing each underlying cause below:

Poor household energy efficiency – we are concerned that the strategy fails to set out minimum energy efficiency standards for housing of all tenures, when this is acknowledged as one of the key drivers of fuel poverty. There was a commitment to a Warm Homes Bill in the SNP manifesto for the last Scottish election – such a bill would set out plans to reduce fuel poverty and to set minimum energy efficiency standards in all of Scotland's housing. As it stands, the bill sets out targets to reduce

³ Ibid

fuel poverty but fails to set standards for minimum energy efficiency, or to estimate the funding support required to meet standards and to end fuel poverty.

We suggest that the bill should cover both home energy efficiency standards and reducing fuel poverty and that the cost of meeting energy efficiency standards should be costed and made an essential part of parliamentary scrutiny of the bill.

The only tenure of housing that has minimum energy efficiency standards to meet is social housing. Housing associations are working towards meeting EESSH by 2020. New standards to be met by 2032 (EESH2) are expected to be introduced in 2019. Scottish Government modelling found that, on average meeting the new standard would cost over £6,000 per home, while the average bill savings for tenants would be just £160 per year⁴. Housing associations have expressed legitimate concerns that, with 90% of costs to meet EESSH funded from their own resources⁵ the rent increases required to fund these standards would be higher than any bill savings at a time of stagnant wage growth and cuts to benefits.

The new measure of calculating fuel poverty shows that a higher proportion of households in social housing are in fuel poverty than the Scottish average, landlords therefore should have access to funds to end energy efficiency as a cause of fuel poverty in social housing. We are therefore calling for social landlords to have access to Scottish Government home energy efficiency funds.

Fuel Costs – housing associations have demonstrated that they can support people experiencing fuel poverty to reduce their fuel costs. A group of housing associations set up the not-for-profit energy supply company Our Power. Our Power aims to provide a quality service to its customers whilst ensuring that customers on low incomes who use pre-payment meters pay the same tariff as those paying by direct debit. Eliminating the “poverty premium” paid by customers on pre-payment meters is an important measure in reducing fuel poverty. Citrus Energy is a social enterprise set up by Cunninghame Housing Association. Citrus helps provide clients with affordable warmth by providing advice on the best energy tariff to suit a customer’s circumstances and needs. They also provide advocacy services for tenants in fuel poverty.

Energy advice and advocacy is another important part of the work of housing associations to address fuel poverty. To quote one example Lochalsh & Skye Housing Association’s Energy Advice Service provides all households in Skye, Lochalsh & Raasay with advice on using heating systems, switching to a better tariff and the

⁴ EESH2 Consultation – Scottish Government (2018) – available at https://consult.gov.scot/better-homes-division/social-housing-post-2020/user_uploads/00534991.pdf

⁵ EESH Dataset for all Social Landlord 2017-18 – Scottish Housing Regulator 2018 – available at <https://www.scottishhousingregulator.gov.uk/publications/eesh-data-all-social-landlords-complete-dataset-2017-18>

availability of grants for insulation and other measures. This face to face advice is particularly effective where people are vulnerable and in fuel poverty.

Each of these examples demonstrate the good work that housing associations do in combating fuel poverty – but they need the appropriate support to carry out that work. In our view, in the past there has been too much emphasis on counting the physical measures (e.g. insulation or heating systems) installed and not enough on providing advice and on measuring outcomes. We argue that funding should be put in place to ensure face to face advice is available for vulnerable households in fuel poverty wherever they live in Scotland.

Income – the final contributing cause to fuel poverty is a low income. This is especially relevant at a time of cuts top welfare and stagnant wage growth. A recent report by CAS found that, for those households most effected by fuel poverty, increasing the energy efficiency of their homes was not enough. The report recommended financial support for households struggling with extreme fuel poverty.

3.5 Do you have any views on the Scottish Government’s reporting requirements to the Scottish Parliament as set out in the bill?

We agree with the need for reporting to parliament however we submit that the government should report annually to give an indication of progress and the direction of travel, and to highlight any barriers or challenges in reaching the targets. In our view reports should be, if possible, ahead of targets rather than two years after the target. With a proposed target date of 2032 for reducing fuel poverty below 5%, we suggest that the major reports on progress should be in 2024 and 2031. Audits to confirm progress could be completed after these target dates.

4. Additional Points

4.1 Financial and economic benefits of investing in reducing fuel poverty

While we have emphasised the need for the Fuel Poverty Bill and the Fuel Poverty Strategy to both provide estimated costs for ending fuel poverty and propose how that investment is to be funded, it is important to be aware of the major economic benefits that accrue from investing in energy efficiency and micro-renewables. A report by Cambridge Econometrics for Citizens Advice Scotland⁶ found that, while the cost of ending fuel poverty in Scotland would be significant, it was also the most cost effective way for government to boost the economy and create jobs. Benefits accrue from

⁶ Economic Impact of Improving the energy Efficiency of Fuel Poor Households – CAS (2014) – Available at <https://www.cas.org.uk/publications/economic-impact-improving-energy-efficiency-fuel-poor-households-scotland>

investment in energy efficiency by the creation of jobs, by reducing carbon emissions and by giving people money to spend as a consequence of bill savings.

4.2 Health and social benefits of investing to address fuel poverty

There are significant health and social benefits to investing in home energy efficiency. Research in Ayrshire by the Energy Agency and NHS Ayrshire and Arran suggested that householders who benefitted from solid wall insulation schemes had lower hospital admission rates for respiratory and cardiovascular related conditions than those who had not participated in the scheme⁷.

4.3 Scope for new technology to help address fuel poverty

Housing associations have a strong track record in leadership and innovation on energy efficiency, renewables and low carbon technologies. There are numerous examples of this including the installation of district heating schemes, of renewable heating and of the retrofit of energy efficiency measures. There will be potential for emerging technologies such as smart grids and battery storage to help provide affordable energy, particularly in rural areas where prices are highest and where large amounts of renewable energy is generated. Housing associations have the skills, the groupings of property and the will to harness these technologies to benefit their tenants. It is important, however that they receive funding support to do this, and that energy performance certificates, which are used to measure progress to energy standards, are updated to reflect the benefits brought by new technologies.

⁷ Health Impacts of Solid Wall Insulation Schemes – (2017) – available at https://www.energyagency.org.uk/en/research-evaluation-project_46663/

Written Submission from Calor Gas

Introduction

Calor welcomes this opportunity to respond to the call for evidence from the Local Government and Communities Committee on the Fuel Poverty (Target, Definition and Strategy) (Scotland) Bill which is now at Stage 1. Calor fed in to the Scottish Government's consultation on a fuel poverty strategy for Scotland in February 2018 and also into the report by the Scottish Rural Fuel Poverty Taskforce; we have campaigned for rural homeowners to benefit equally from both UK-wide and Scottish specific energy efficiency programmes for a number of years.

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?

Calor supports the Scottish Government's proposal to provide for a statutory target to reduce fuel poverty. However, this target should work alongside other policies designed to improve the energy efficiency of existing and new dwellings, the government's plans to decarbonise the heat sector and other activity aimed at addressing poverty in general.

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

Calor supports the proposed new definition of fuel poverty being more narrowly defined to enable government support schemes, such as the Energy Company Obligation (ECO) and HEEPS (Warmer Homes Scotland scheme), to be properly targeted towards those households that are most in need of assistance.

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?

Calor supports the requirement in the Bill that the Scottish Government publishes a fuel poverty strategy. However, we feel that changes need to be made to energy efficiency schemes to better support rural off-gas grid homes. In the Fuel Poverty Strategy, it is acknowledged that even if households reach Energy Performance Certificate (EPC) Band C it will not necessarily pull the most fuel poor households out of fuel poverty by 2040. Thus, Energy Efficiency Scotland includes a more ambitious target for these homes to reach EPC B by 2040 with no firm pathways for this to be achieved.

Many rural fuel poor homes stand at a significant disadvantage toward meeting these targets as they have not benefited equally under scheme such as ECO and their predecessors. The Fuel Poverty Strategy attached to the Bill needs to ensure that energy efficiency schemes are better tailored to support rural off-gas grid householders; at present it is not clear within the strategy how this will be achieved alongside other commitments to decarbonise heat.

For example, Energy Efficiency Scotland includes policies that include the regulation of energy efficiency in the owner-occupier sector that will see home owners expected to reach a minimum EPC before they can sell their home. Whilst the policy clearly states that improvements will be based on technical feasibility and cost effectiveness it does not specify how it will be applied to rural homes – for example, rural, off-grid homes typically score lower EPC scores (E, F and G) because the methodology takes into account fuel prices which are typically more expensive. Rural homes are disadvantaged as there isn't a level playing field for off-gas grid homes when it comes to energy efficiency, which is why we are calling on the government to reform EPCs so they only measure energy efficiency (kWh/M2/year). There is a danger that rural becomes too difficult to retrofit affordably and rural communities remain left behind as they are more difficult to treat.

Modelling by the Scottish Government has demonstrated that for a typical off-grid detached home to improve an EPC rating of E, F OR G to the minimum EPC rating level of D, could involve a retro-fit bill of approximately £20,000-25,000. Unless existing energy efficiency schemes properly target these homes, reaching an EPC B by 2030 will be out of the reach of many off-gas grid homes. As such, Calor urges the Scottish Government to alter its approach to assessing rural off-gas grid homes and to monitor the delivery of energy efficiency schemes to ensure they are not disadvantaged as this policies are pursued.

4. 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?

Definition of rural settlements

One of the reasons why deployment in rural areas has been so woeful is that no metrics exist to differentiate between programme delivery to rural off-gas grid, rural on-gas grid and urban off-gas grid households.

- An FOI response from Ofgem shows that only 2% of rural off-grid homes where the main fuel type is heating oil or LPG received ECO measures. At the end of ECO2 (April 2017), parliamentary questions have confirmed that ECO

measures in off-grid homes remained at less than 2%.⁸

- Similarly, looking at HEEPS: ABS statistics from 2013-14 show a bias to urban areas in terms of delivery. Remote small towns and rural areas of Scotland have received fewer measures per household than the overall average⁹.

The UK Government defines 'rural' as a settlement of up to 10,000 households, suggesting a community still on-gas, potentially on the urban fringe. This same definition is used in Scotland, despite the Scottish Government defining rural as 3000 households or less for its own schemes.

Whilst the qualifying limit for ECO remains at 10,000, smaller rural off-gas grid communities will continue to be missed whilst delivery is focused into larger 'rural' on-gas grid communities which are easier and cheaper to both find and deliver measures into.

The Scottish Government, despite having new powers to design a 'Scottish ECO', have opted not to design a new scheme which could have tackled this issue. This is a missed opportunity as they can't influence this UK wide scheme. However, for the purpose of the HEEPS ABS scheme, Scottish Government could lower the rural classification of 3,000 to include a 'remote rural settlement' classification and set a sub-obligation in the scheme to target remote communities – this could include settlements with under 250 households.

RECOMMENDATION: Amend the Fuel Poverty Bill to include a 'remote rural' settlement definition with in the Rural/Urban Classification to better target energy efficiency schemes.

Lack of available data

As such, the strategy discusses how HEEPS, the Scottish Government's Warmer Homes scheme, will play a part in addressing the issue of fuel poverty through funding those in need of support. The ABS targets hard-to-treat housing with solid wall insulation and is designed to leverage ECO funding in to Scotland. Nonetheless, it is unclear how effective they have been in addressing rural fuel poverty. This is because there is a lack of available data to differentiate between delivery to rural off-gas grid, rural on gas grid and urban off-gas grid households. This has been an issue with Energy Company Obligation (ECO) and is the same with HEEPS.

⁸ <http://www.parliament.uk/business/publications/written-questions-answers-statements/written-question/Commons/2017-02-21/64855/>

⁹

https://www.cas.org.uk/system/files/publications/hot_off_the_grid_delivering_energy_efficiency_to_rural_off-gas_scotland_final.pdf

Whilst the draft strategy notes that between 2013 -2017 local authorities have spent £228 million of Scottish Government funding through HEEPS, it remains unclear how many rural off-gas grid homes have benefited from the scheme. Calor would urge the Scottish Government to capture this data going forward in order to establish how effective energy efficiency programmes are for those most vulnerable householders that live off the gas grid.

Similarly, the fact that local authorities are responsible for targeting funding based on their understanding of local housing stock and their own housing strategies is an improvement on previous schemes. However, funding is still based on a mix of data, including SIMD, council tax banding and the Scottish House Condition Survey. Calor supports the HEEPS ABS but would encourage base data to be used in order to identify homes in need of support, so that the most vulnerable in off-grid localities are not bypassed.

Similarly, the strategy states that the Scottish Government is in the process of introducing new enabling and renewable measures to the HEEPS scheme, bringing benefits to those living in rural communities, including fuel tanks for oil and LPG heating systems. Calor supports this move to support vulnerable communities, however urges for greater consistency in defining who has access to the schemes.

RECOMMENDATION: Amend the Fuel Poverty Bill to include quarterly reporting requirement for Scottish Government owned energy efficiency schemes such as HEEPS ABS.

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

No answer.

Written Submission from Warmworks Scotland

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.

We welcome the Scottish Government's commitment to tackling fuel poverty and strongly agree that a statutory target is necessary to ensure not only that steps are taken in the right direction to address this issue, but also that momentum is maintained over the long term.

In terms of whether it is achievable or not, we are particularly interested in the proposed delivery mechanisms that will be used in the Scottish Government's efforts to reach the target. Agreeing the scope and nature of the target is an important first step; but only a first step as the path to 2040 unfolds – questions around resourcing and targeting the programmes and initiatives that will achieve the target are considerations that will need to be brought to the fore.

Effective delivery should be central to all initiatives that are designed to help people who are living in fuel poor households. These delivery mechanisms should be properly resourced, customer focused, and robustly scrutinised to ensure they provide a high-quality service.

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

We understand and agree with the Scottish Government's proposals for a revised definition of fuel poverty, however an average person living in fuel poverty may not necessarily comprehend it and it will be harder for organisations to identify people in fuel poverty given the complexity of the definition. This is not a definition that could be precisely captured 'on the doorstep' or embedded within a delivery mechanism at scale. With almost 700,000 households in fuel poverty under the current definition, scale is clearly important when considering how help and assistance is delivered.

In any case, it is important to recognise that this definition will only ever include people who, in that snapshot of time, are fuel poor – there could be people who only spend 9% (but less than 10%) of their household's adjusted net income on fuel bills who will always be vulnerable of falling into fuel poverty, but who will not be classed as 'fuel poor' at that moment in time under this definition.

We are focused on helping those households who are struggling with the costs of their energy bills and need a streamlined, customer-focused, quality-driven service that helps them become warmer and more comfortable in their homes. Given the chaotic nature of the circumstances that often surround homes that are in or at risk of fuel poverty, we believe that 'fuel poverty proofing' homes at risk is still more valuable than allowing assistance to be delivered purely on the basis of a 'snapshot in time' definition. This is why Warmworks supports proxies for fuel poverty as a means of delivering assistance to households in need and doing so at scale. We would be happy to participate in discussions around what proxies might be most useful in meeting the proposed new definition.

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?

We agree with the provisions in the Bill requiring the Scottish Government to publish a fuel poverty strategy and agree with the consultation requirements set out in relation to the strategy.

It is important that the experiences of people who are living in fuel poverty form part of the consultation – an understanding of their circumstances and priorities should help shape the strategy and its aims.

Furthermore, the consultation requirements should also include key delivery partners of existing fuel poverty programmes, in addition to local authorities and community groups.

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?

We welcome the review of eligibility for the Warmer Homes Scotland scheme as noted in the draft fuel poverty strategy – this alongside continued delivery at scale of a trusted, customer-focused, quality-driven service, will play a key role in meeting the objectives set out in the strategy and the Government's proposed target. The eligibility criteria for Warmer Homes Scotland have already changed several times in the last three years and it is right that they should continue to evolve in a measured way that meets the changing demands of broader policy aims and objectives. Warmworks can supply quantitative data and qualitative insights from more than 14,000 Warmer Homes Scotland customers to feed into this process.

Warmer Homes Scotland's key performance indicator scores, which monitor the levels of customer service and care being provided under the programme, are at historically high levels for programmes of this type; this means that more vulnerable people are being assisted with energy efficiency measures irrespective of location, and all are experiencing life changing financial savings on their energy bills. When compared to previous energy efficiency schemes, lessons have been learnt in terms of the quality that is delivered, the scalability that has been achieved and the level of customer service that has been experienced. It will be important to share these lessons and ensure that they are embedded within the design of future programmes.

The precedent has been set regarding the standard that schemes like Warmer Homes Scotland can and should deliver, and it will only continue if they are properly and adequately resourced moving forward.

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

We welcome periodic reviews aligned to the timeframe set out in the Bill, in addition to the monitoring of progress and scrutiny of the strategy by two independently chaired groups. It would be useful to define their roles and powers in greater detail to ensure full transparency and accountability.

Written Submission from Energy UK

Introduction

Energy UK is the trade association for the GB energy industry with a membership of over 100 suppliers, generators and stakeholders with a business interest in the production and supply of electricity and gas for domestic and business consumers. Our membership covers over 90% of both UK power generation and the energy supply market for UK homes. We represent the diverse nature of the UK's energy industry – from established FTSE 100 companies right through to new, growing suppliers and generators, which now make up over half of our membership.

Our members turn renewable energy sources as well as nuclear, gas and coal into electricity for over 27 million homes and every business in Britain. Over 680,000 people in every corner of the country rely on the sector for their jobs, with many of our members providing long-term employment as well as quality apprenticeships and training for those starting their careers. The energy industry invests over £12.5bn annually, delivers around £84bn in economic activity through its supply chain and interaction with other sectors, and pays £6bn in tax to HMT.

These high-level principles underpin Energy UK's response to the Scottish Parliament's Local Government and Communities Committee call for evidence on the Fuel Poverty (Target, Definition and Strategy) (Scotland) Bill. This is a high-level industry view, and Energy UK's members may hold differing positions on particular issues.

Executive Summary

Energy UK is grateful for the opportunity to respond to the Local Government and Communities Committee's call for evidence on the Fuel Poverty (Target, Definition and Strategy) (Scotland) Bill.

Energy UK members¹⁰ take their obligations to their customers, including those in or at risk of fuel poverty, seriously and continue to play an active role in helping to alleviate fuel poverty through supplier obligations such as the Warm Home Discount (WHD) and the Energy Companies Obligation (ECO).

Energy UK notes that the UK-wide ECO scheme has worked well for Scotland, with around 12% of ECO2 delivery being to homes in Scotland. A high proportion of ECO2 measures have been delivered in Scotland due to the matched funding from Scottish

¹⁰ Energy UK's retail members include: Bristol Energy, British Gas, Co-Operative Energy, Green Star Energy, Ørsted, Ecotricity, EDF Energy, Engie, E.ON, ESB Energy, Extra Energy, Flow Energy, Good Energy, Haven Power, Hudson Energy, npower, Octopus Energy, Opus Energy, OVO Energy, Scottish Power, Smartest Energy, Spark Energy, SSE, Utilita and Utility Warehouse.

Government under the Home Energy Efficiency Area Based Scheme (HEEPS:ABS), providing valuable support to ECO funding.

We strongly welcome the Scottish Government's commitment to address fuel poverty in Scotland, and we are pleased to see Government taking a holistic approach to tackling this multi-faceted issue. Fuel poverty is a complex challenge that requires interventions not just in energy efficiency and the energy costs households face, but also in incomes and wider government supports.

We support in principle many features of the Bill, including the aim to have a fuel poverty definition that targets assistance to those most in need, measured targets and the requirements to prepare strategies to help determine whether progress is being made and targets are on track. However, we also hold a number of concerns about the Bill and would welcome further detail and analysis behind some of its features.

We are concerned that the length of the target risks repeating the circumstances that led to the missed target to eliminate fuel poverty by 2016. There is currently a lack of clear detail about the funding available to achieve the Bill's targets, and this risks losing the momentum required to meet the targets across successive Parliaments.

While we welcome a fuel poverty definition that effectively captures the households struggling the most with fuel costs, we hold concerns that the definition used in the Bill is too complex if it is used to identify fuel-poor households for the purposes of delivery of energy efficiency measures. This is due to the amount of information that would be required to calculate whether a household is fuel poor. We encourage the Scottish Government to make full use of its powers under the Digital Economy Act, as well as consider the use of proxies, to ensure the necessary data is available to support providers. Additionally, the use of an absolute fuel poverty rate as a target may be a challenge to realistically meet, given some of the drivers of fuel poverty, such as energy prices, fall outside of the Scottish Government's devolved powers.

We also urge the Scottish Government to consider an alternative to the Minimum Income Standard (MIS) in defining fuel poor households, as it may not be an appropriate metric to account for remote, rural and island communities, which feature heavily among the fuel poor in Scotland. If the proposed definition using the MIS does proceed, we would strongly encourage the Scottish Government to make full use of its powers under the Digital Economy Act to help link eligible households with fuel poverty support.

Assessing the impacts of the Scottish Government's progress to meeting its fuel poverty targets is important, and should be included alongside the 5-yearly updates to the Fuel Poverty Strategy. When assessing these impacts, it is vitally important that the voices of those experiencing fuel poverty are heard directly.

Lastly, we would encourage the Scottish Government to look carefully at other strategies in areas that relate to fuel poverty and energy, such as energy efficiency and climate change, to ensure that targets are not diluted by attempts to meet goals across multiple strategies.

Detailed responses to questions

Statutory Target

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?

Energy UK supports the Scottish Government's commitment to addressing fuel poverty and in principle supports the inclusion of a statutory target in the Bill to reduce fuel poverty in Scotland. A statutory target sends a clear message that the Scottish Government is serious about tackling fuel poverty, and helps to ensure that the momentum of progress is maintained across successive Parliaments.

While we are supportive in principle of a statutory target for fuel poverty, we are cognisant of the past experiences, noting the failure to meet previous target to eliminate fuel poverty in Scotland by 2016. The proposed statutory target sets a long timeframe to meet the Scottish Government's fuel poverty goals, and we question whether it is ambitious enough to focus attention on taking swift action to address the issue. A timeframe of 22 years to meet the target runs the risk of action once again being put off by successive Parliaments until it is too late to meet the target in the time remaining. A clear funding commitment and plan is needed to ensure regular progress is made between now and 2040.

We also note that the proposed statutory target for fuel poverty has been reduced from no more than 10% of households in Scotland in fuel poverty by 2040 when the consultation for a fuel poverty strategy took place at the start of 2018, to 5% of households in the present Bill. While we recognise the Scottish Government has responded positively to calls to make the target more ambitious by lowering the target threshold, we have not seen any analysis into what effect a lower threshold may have on the Scottish Government's ability to meet the target.

Additionally, there is little information in the Bill or the Fuel Poverty Strategy about how the target will be met, and we consider that substantial further detail needs to be worked out. The Bill's goals are intrinsically linked to the Energy Efficient Scotland Programme, and we would welcome further detailed information about how the Programme will be leveraged to meet the goals set out in this Bill.

We also hold some concern that the target's ambitious focus on reducing fuel poverty outright will be a challenge for the Scottish Government, as fuel poverty is a multifaceted issue. Some factors, such as the regulatory framework around energy prices for example, do not fall within Scotland's devolved powers. The Scottish Government will have to carefully consider the ways in which it can directly drive measures to address fuel poverty, and where influence may be needed in other areas.

Definition

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

Energy UK supports the use of a definition of fuel poverty that is focused on addressing those most at risk of the harmful effects of being in fuel poverty. We consider that the Bill's proposal to set the definition of being in fuel poverty at 90% of the Minimum Income Standard (MIS) after energy, housing and childcare costs are deducted is likely to be more accurate than the current definition in capturing those who are both fuel and income poor.

While we support in-principle a definition that focuses on those in fuel poverty, we hold concerns about the accuracy and appropriateness of using the MIS to account for Scottish conditions and geography, given the standard was developed for the United Kingdom as a whole. The MIS does not account for the energy costs of remote, rural and island communities, which make up a significant part of Scotland's fuel-poor population. Many of these households are off-gas properties that rely on fuel deliveries, whose costs reflect national average gas prices rather than local grid prices for Scotland. We acknowledge that the Scottish Government has indicated it will adjust the MIS to account for local circumstances, however we would urge the Government to also consider developing a bespoke measure more appropriate to Scottish communities.

We also have serious concerns about the complexity and workability of the proposed definition. If the definition is used to determine eligibility for energy efficiency measures and other support to alleviate fuel poverty, the level of information required to calculate whether a household is in fuel poverty may prove a serious hindrance to both people seeking relief, and for those providing assistance. To mitigate this risk, the Scottish Government should seriously consider the use of proxies to identify fuel poor households in need of assistance and as well as fully make use of its powers under the Digital Economy Act to put out as much information as possible to assist the energy efficiency supply chain to reach those targeted by the Bill. This could include pre-identification of households likely to be eligible for assistance, and the provision of information to entities such as local authorities, which play a significant role in identifying those in need. We expect the importance of local authorities in delivering actions to address fuel poverty to grow, as the next iteration of the ECO Scheme is

expected to increase the maximum proportion of flexible ECO eligibility to 25%, where fuel poor households can be identified for measures by councils.

Fuel Poverty Strategy

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?

Energy UK is supportive of the requirement to publish a fuel poverty strategy, and for the strategy to be updated and reported on every five years.

We would support the Scottish Government taking a thorough approach to consultation when renewing the strategy and reporting on progress towards the targets. It is important that consultation is effective and comprehensive. In our members' experience of delivering the ECO Scheme, fuel poor households are notoriously difficult to contact and engage with. Consultations in this area run the risk of relying too heavily on third-sector and other organisations which, while a highly valuable part of the conversation on fuel poverty, can result in those affected by the issue not having a direct voice about their experiences. We would like to see the Scottish Government ensure that the full experiences of those in fuel poverty are reflected in subsequent refreshes of the strategy and targets.

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?

Again, we consider that there is a lack of detail in the strategy currently about how the targets will be met, and what funding is available to do this. The Scottish Government must also make commitments to ongoing funding at a level that is adequate to meet the ambitious targets it is setting.

We would also encourage the Scottish Government to consider the Fuel Poverty Strategy in the wider context of its work that is related to other parts of the energy sector. For example, the Climate Change Plan and Scotland Energy Efficiency Programme both make reference to fuel poverty targets in relation to their goals. While there is crossover between fuel poverty, climate change and wider energy efficiency goals, care needs to be taken to ensure that the outcomes for fuel poverty are counted in the right place.

We would support the strategy containing updates about the impact energy efficiency schemes and other measures are having in addressing fuel poverty in the subsequent 5-yearly updates, alongside high-level progress against meeting the targets. This

would help to focus subsequent strategies on deploying measures that make a demonstrable difference to those in fuel poverty.

Reporting Requirements

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

We support the inclusion of the requirement for a report to be prepared by the end of March 2042, covering whether the statutory target has been met.

Local Government and Communities Committee

33rd Meeting, 2018 (Session 5), Wednesday 21 November 2018

Subordinate Legislation

Overview of instruments

1. The following instrument, subject to negative procedure, is being considered at today's meeting:
 - The Charities Accounts (Scotland) Amendment Regulations 2018 (SSI 2018/344).

Background

2. These Regulations amend the Charities Accounts (Scotland) Regulations 2006 ("the principal Regulations"). The principal Regulations, amongst other things, require certain charities to prepare fully accrued accounts in accordance with the methods and principles of the Statement of Recommended Practice for charities or, for special case charities, the Statement of Recommended Practice for further and higher education or the Statement of Recommended Practice for registered social housing providers as appropriate. The policy note for the instrument is attached at **Annexe A**.
3. An electronic copy of the instrument is available at:
http://www.legislation.gov.uk/ssi/2018/344/pdfs/ssi_20180344_en.pdf
4. No motion to annul this instrument has been lodged.

Delegated Powers and Law Reform Committee consideration

5. The Delegated Powers and Law Reform Committee (DPLRC) considered this instrument at its meeting on 20 November 2018 and determined that it did not need to draw the attention of the Parliament to the instrument on any grounds within its remit.

Committee Consideration

6. The Committee is not required to report on negative instruments, but should it wish to do so, the deadline for reporting on the instrument is 3 December 2018.

Procedure

7. Negative instruments are instruments that are "subject to annulment" by resolution of the Parliament for a period of 40 days after they are laid. This means they become law unless they are annulled by the Parliament. All negative instruments are considered by the Delegated Powers and Law Reform

Committee (on various technical grounds) and by the relevant lead committee (on policy grounds).

8. Under Rule 10.4, any member (whether or not a member of the lead committee) may, within the 40-day period, lodge a motion for consideration by the lead committee recommending annulment of the instrument.
9. If the motion is agreed to by the lead committee, the Parliamentary Bureau must then lodge a motion to annul the instrument to be considered by the Parliament as a whole. If that motion is also agreed to, the Scottish Ministers must revoke the instrument.
10. Each negative instrument appears on the Local Government and Communities Committee's agenda at the first opportunity after the Delegated Powers and Law Reform Committee has reported on it. This means that, if questions are asked or concerns raised, consideration of the instrument can usually be continued to a later meeting to allow the Committee to gather more information or to invite a Minister to give evidence on the instrument. Members should however note that, for scheduling reasons, it is not always possible to continue an instrument to the following week. For this reason, if any Member has significant concerns about a negative instrument, they are encouraged to make this known to the clerks in advance of the meeting.
11. In many cases, the Committee may be content simply to note the instrument and agree to make no recommendations on it.

POLICY NOTE**THE CHARITIES ACCOUNTS (SCOTLAND) AMENDMENT REGULATIONS 2018****SSI 2018/344**

The above instrument was made in exercise of the powers conferred by sections 44(4) and (5) and 103(2) of the Charities and Trustee Investment (Scotland) Act 2005 (“the 2005 Act”) and all other powers enabling them to do so. The instrument is subject to negative procedure.

Policy Objectives

Section 44 of the 2005 Act sets out the duty on charities to keep proper accounting records and prepare statements of accounts. It allows Scottish Ministers (through Regulations) to make provision for how these are to be kept and prepared. This has been done through the Charities Accounts (Scotland) Regulations 2006 (as amended) (“the 2006 Regulations”).

Certain charities are required to prepare fully accrued accounts in accordance with either the Statement of Recommended Practice for charities or, for “special case charities”, the Statement of Recommended Practice for further and higher education or the Statement of Recommended Practice for registered social housing providers as appropriate. Different versions of these three SORPs are applicable depending on when the accounting period in question commences.

Changes to the accounting framework deriving from the Financial Reporting Council have led to the publication in October 2018 of Charities SORP FRS 102 Update Bulletin 2 and new SORPs for further and higher education and for registered social housing providers. Regulation 3 amends the 2006 Regulations so that they include reference to the Update Bulletin 2 and replace the references to the old SORPs for those special case charities.

Charities SORP FRS 102 Update Bulletin 2 is published by the Chartered Institute of Public Finance and Accountancy and available to download from www.charitySORP.org. The Statement of Recommended Practice: Accounting for further and higher education is published by and available to download from Universities UK (www.universitiesuk.ac.uk). The Statement of Recommended Practice for registered social housing providers is published by and available to download from the National Housing Federation (www.housing.org.uk).

The purpose of these Regulations is to update the associated references in the 2006 Regulations.

The changes within Update Bulletin 2 are set out in two groupings each with different application dates: the significant and other amendments contained in sections 4 and 5 will apply to accounting periods starting on or after 1 January 2019, whilst the clarifying amendments contained in section 3 will apply to accounting periods starting

on or after the date of publication of the Bulletin (5 October 2018). Regulation 3(2) makes an amendment to the definition of “the SORP” in the 2006 Regulations so that only the clarifying amendments contained in section 3 of Update Bulletin 2 are added to the definition of “the SORP”. That version of the amended definition will then apply to accounts covering financial years beginning in the period from 5 October 2018 to 31 December 2018 (inclusive) (see Regulation 2(1)).

A separate amendment to the definition of “the SORP” is made by Regulation 3(3). That version of the amended definition includes a reference to the whole of Update Bulletin 2 (including the clarifying amendments in its section 3 and the amendments made in sections 4 and 5). That version of the amended definition of “the SORP” will then apply to accounts covering financial years beginning on or after 1 January 2019 (see Regulation 2(2)). The two parallel amendments made by Regulation 3(2) and (3) will therefore apply in different sets of circumstances.

The new Statement of Recommended Practice: Accounting for further and higher education (ISBN 9 978-1-84036-406-4) and the new Statement of Recommended Practice for registered social housing providers (ISBN 978-0-86297-596-8) each apply to accounting periods starting on or after 1 January 2019. Regulation 2(2) provides for the amendment which introduces the references to these SORPs (see Regulation 3(3)) to apply to accounts covering financial years which begin on or after 1 January 2019. Accounts covering earlier financial years are to use earlier versions of these special case SORPs.

Consultation

A full public consultation was undertaken between 20 February and 4 April 2018 by the Scottish Charity Regulator (OSCR) and the Charity Commission for England and Wales in developing Charities SORP FRS 102 Update Bulletin 2.

Impact Assessments

These are incremental changes to an existing framework, and accordingly a Business and Regulatory Impact Assessment has not been undertaken.

Financial Effects

There will be some costs to OSCR associated with monitoring compliance and with regard to training which are to be met within existing budgets.

**Scottish Government
Local Government and Communities Directorate
November 2018**