



LOCAL GOVERNMENT AND COMMUNITIES COMMITTEE

AGENDA

34th Meeting, 2018 (Session 5)

Wednesday 5 December 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—

Dr Keith Baker, Co-Founder, Energy Poverty Research Initiative;

Professor Donald Hirsch, Director, Centre for Research in Social Policy, Loughborough University;

and then from—

Liz Marquis, Director, Energy Agency;

Lawrie Morgan Klein, Public Affairs Officer, StepChange Debt Charity Scotland;

Alasdair Calder, Housing Services: Home Energy Efficiency, and Bill Halliday, Team Lead for Housing Operations, Argyll and Bute Council.

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

Peter McGrath
Clerk to the Local Government and Communities Committee
Room T3.40
The Scottish Parliament
Edinburgh
Tel: 0131 348 5232
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The papers for this meeting are as follows—

Agenda item 1

Note by the Clerk

LGC/S5/18/34/1

PRIVATE PAPER

LGC/S5/18/34/2
(P)

Local Government and Communities Committee

34th Meeting 2018 (Session 5), Wednesday 5 December 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 for evidence 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 a fact-finding visit which included a focus group with people with lived experience of fuel poverty in Lochee Community Hub in Dundee on Monday 19 November 2018. A summary of the main issues discussed is available on the Committee's Webpage here:

http://www.parliament.scot/S5_Local_Gov/Inquiries/20181129_FPB_DundeeNote.pdf

Oral evidence

11. At its meeting on Wednesday 21 November the Committee took oral evidence from:

Panel 1:

- Elizabeth Leighton, Director, Existing Homes Alliance Scotland;
- Craig Salter, Policy Officer, Citizens Advice Scotland;
- Linda Corbett, Energy Adviser, East Ayrshire Citizens Advice Bureau;
- Norman Kerr, Director, Energy Action Scotland;
- Dion Alexander, Chairman, Highlands and Islands Housing Associations Affordable Warmth Group.

12. The Official Report of this meeting is available on the Committee's Webpage here:

<http://www.parliament.scot/parliamentarybusiness/report.aspx?r=11800>

13. At its meeting on 28 November, the Committee took 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. The Official Report of this meeting will be available on the Committee's Webpage here from Monday 3 December:

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

Consideration by other Parliamentary Committees

15. 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>

16. The Delegated Powers and Law Reform Committee considered the Bill at its meetings on 18 September, 13 and 27 November and made some recommendations to the Local Government and Communities Committee on the delegated powers contained within in the Bill under Rule 9.6.2 of Standing Orders.

17. The first of these recommendations relate to whether further clarity on powers which can be exercised to designate a new person to determine the minimum income standard should be set out on the face of the Bill. The second recommendation draws to the Committee's attention the number and wide scope of the powers to alter the definition of fuel poverty in the Bill.

18. The Delegated Powers and Law Reform Committee's report is available here:

<https://digitalpublications.parliament.scot/Committees/Report/DPLR/2018/11/28/Fuel-Poverty--Target--Definition-and-Strategy---Scotland--Bill--Stage-1#Introduction>

Further oral evidence taking and information gathering at Stage 1

19. The Committee will take oral evidence from the following at its meeting on Wednesday 5 December 2018:

Panel 4:

- Dr Keith Baker, Co-Founder, Energy Poverty Research Initiative

- Professor Donald Hirsch, Director, Centre for Research in Social Policy, Loughborough University

Panel 5:

- Liz Marquis, Director, Energy Agency;
- Sharon Bell, Head, StepChange Debt Charity Scotland;
- Alasdair Calder, Housing Services: Home Energy Efficiency, and Bill Halliday, Team Lead for Housing Operations, Argyll and Bute Council.

20. Submissions from these representatives are attached at Annexe B.

Wednesday 19 December 2018:

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

21. 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.

22. 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](#)

Written Submissions from Organisations Giving Evidence on 5 December 2018**Written Submission from the Energy Poverty Research Initiative and the Common Weal****Introduction**

The Energy Poverty Research initiative (www.energypovertyresearch.org) was founded in 2017 as a step towards establishing a cross-sector centre for knowledge exchange and excellence in research. The EPR team consists of a group of experts in aspects of fuel poverty and energy policy, ranging from large scale generation to small scale distributed generation, demand reduction, energy efficiency, and devolution; and with a particular interest in the socio-economic impacts of energy policy on fuel poor and otherwise vulnerable householders.

As academics and practitioners we share the view that in an energy rich nation it is not acceptable that such a large proportion of households suffer daily the deleterious effects of energy rationing, or that they are forced to manage debts just to maintain a reasonable modern standard of living. We believe we have a duty to continually question our understanding of this modern societal inequality, and the methods and approaches we take to identifying and tackling it.

Common Weal is a Scottish ‘think and do tank’ which promotes thinking, practice and campaigning on social and economic equality, participative democracy, environmental sustainability, wellbeing, quality of life, peace, justice and culture and the arts.

The views that follow are those of the Energy Poverty Research initiative and Common Weal but do not necessarily represent the those of our host organisations. Our previous consultation responses are available from our websites. A summary of the EPR team’s latest work on energy poverty can be found in our recent article for Nature Energy¹.

Dr Keith Baker, Built Environment Asset Management (BEAM) Centre, School of Engineering and the Built Environment, Glasgow Caledonian University, and co-founder of the Energy Poverty Research initiative

Dr Ron Mould, co-founder of the Energy Poverty Research initiative

Dr Fraser Stewart, independent consultant and member of the Energy Poverty Research initiative

¹ Baker, K.J., Mould, R., & Restrict, S., 2018. Rethink fuel poverty as a complex problem. Nature Energy, 2nd July 2018. DOI: <https://doi.org/10.1038/s41560-018-0204-2> Available at: <https://rdcu.be/2j8E>

Dr Craig Dalzell, Head of Policy and Research at Common Weal

Responses to Questions

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 support the setting of statutory targets however, we question their deliverability and are strongly of the view that the new targets represent a significant step backwards, and are a tacit admission that the Scottish Government continues to be wedded to delivering 'fabric first' interventions that are not delivering the desired results. Looking at the numbers required to achieve the new proposed targets we do not believe that these targets are achievable and are of the view that the Scottish Government is setting itself up to fail.

There is a substantial and growing body of evidence from which to conclude that the proposals to emphasise the elimination of poor energy efficiency as a driver for fuel poverty will neither deliver on the aims of the bill nor target those households who are most in need of support. In contrast, our research shows why an approach more rooted in health and social policy, and effectively adopted in resolving knife crime, is applicable to and likely to be more effective in resolving fuel poverty than continuing on an approach that has so far failed to deliver the expected results. This is why treating fuel poverty as a primarily social condition and emphasising the delivery of holistic 'folk first' interventions is essential if we are to eliminate fuel poverty in Scotland².

If the definition of insanity is doing the same thing over and over again and expecting different results then this is exactly what the Scottish Government is doing.

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

The key challenge here appears to be the Scottish Government's approach to developing evidence-based policy on fuel poverty. We welcomed the findings of the recent academic review of the fuel poverty definition³ and are deeply disheartened and disappointed that the Scottish Government appears to have ignored most of them.

Whilst we welcome the adoption of the Minimum Income Standard approach as a step in the right direction, we are deeply disappointed that the Scottish Government appears to have chosen not to pursue a more sophisticated hybrid Boardman / MIS approach. We have shown that it is entirely possible to reconcile the Boardman-based

² Ibid.

³ Bramley, G., Fitzpatrick, S., Liddell, C., & Webb, J., 2017. A new definition of fuel poverty in Scotland: A review of recent evidence. Report for the Scottish Government.

(‘10% of income’) definition of fuel poverty currently used by the Scottish Government with a wider assessment of householder vulnerability^{4,5,6}, and this reconceptualisation would also fit with the MIS approach.

We are also disappointed that the Scottish Government has chosen to ignore the consensus at the expert workshop held in Glasgow on August 1st 2017, that the finalisation of the new definition should be postponed for two to three years to allow the development and inclusion of a robust Scottish definition of vulnerability in the new definition of fuel poverty.

We are particularly concerned that the Scottish Government has chosen to reject the recommendations regarding using real energy and fuel spend data, as opposed to the modelled data; and also, the need to include an adjustment for households in rural and island areas, as evidenced by analyses of real data^{7,8,9} and supported by the findings of the Scottish Rural Fuel Poverty Taskforce¹⁰.

As attendees of expert workshop on the definition, we were very encouraged by the high degree of consensus in the room, including on these issues. We were also encouraged that (with one potential exception) the delegates lacked any vested interests in service delivery outside the public sector, and are of the view that this contributed to both the consensus and very positive nature of the meeting.

We have consistently criticised the Scottish Government for involving delivery bodies in the design of energy efficiency and fuel poverty schemes, and have strongly recommended that all schemes have independent monitoring and evaluation built into them from the outset¹¹ (see also previous responses to the LHEES 1 and 2 and SEEP consultations at <http://energypovertyresearch.blogspot.com/p/consultation-responses.html>). Furthermore, based on evidence gathered but not published in full

⁴ Baker, K.J., Mould, R., & Restrict, S., 2018. Rethink fuel poverty as a complex problem. *Nature Energy*, 2nd July 2018. DOI: <https://doi.org/10.1038/s41560-018-0204-2> Available at: <https://rdcu.be/2j8E>

⁵ Mould, R., & Baker, K.J., 2017. Documenting fuel poverty from the householders’ perspective. *Energy Research & Social Science*, 31, (2017), pp.21–31.

⁶ See also our diagram reproduced from this paper at: <http://energypovertyresearch.blogspot.co.uk/p/re.html>

⁷ Mould, R., & Baker, K.J., 2017. Uncovering hidden geographies and socio-economic influences on fuel poverty using household fuel spend data: A meso-scale study in Scotland. *Indoor and Built Environment*, 0 (0), 1-23, DOI: 10.1177/1420326X17707326.

⁸ Baker, K.J., Mould, R., & Restrict, S., 2016. Proiseact Spéird – The Spéird Project: Understanding influences on fuel poverty in rural and island Scotland. Final report for the Eaga Charitable Trust, November 2016. Available at: <http://www.eagacharitabletrust.org/the-speird-project/>

⁹ Mould, R., Baker, K.J., & Emmanuel, R., 2014. Behind the Definition of Fuel Poverty: Understanding differences between the Fuel Spend of Rural and Urban Homes. *Queens Political Review*, Vol. II, 2014, Issue 2, pp. 7-24.

¹⁰ Scottish Government, 2016. An action plan to deliver affordable warmth in rural Scotland. Proposed by the Scottish Rural Fuel Poverty Taskforce. October 2016.

¹¹ Maiden, T., Baker, K.J., & Faulk, A., 2016. Taking the Temperature: Review of Energy Efficiency and Fuel Poverty Programmes in Scotland. Report for Citizens Advice Scotland by CAG Consultants, Glasgow Caledonian University, and the Energy Agency.

for the review of the Scottish Government's Energy Assistance Package¹² we are of the opinion that this hampered the effectiveness of the package by being designed as much around what the Scottish Government and the Energy Saving Trust felt could be delivered as what was actually needed.

Based on our analyses of real energy consumption / spend data against socio-economic data, which include the first such study to be conducted in the UK¹³, the first in Scotland and the first to span the urban rural divide, and the first to look specifically at rural and island areas, we have consistently and strongly argued that the use of modelled data is disadvantaging vulnerable householders, and particularly those in rural and island areas. These studies and the others conducted to date^{14,15,16,17,18,19} all use data already available to or easily collectable by the Scottish Government, and show that using real data is cost-effective alternative approach as well as more accurate, robust and defensible one.

To explore some of the issues around vulnerability further, as regards health outcomes, research has shown that whilst there are relationships between fuel poverty and householder health, these are complex and may be indirect rather than directly causal²⁰ – for example, fuel poor households may be more at risk of winter deaths but the trends do not track in a manner indicative of direct causality. There is evidence that behaviours such as moving from a warm room to a cold one may trigger physical symptoms (e.g. heart palpitations) indicative of underlying health conditions²¹ but as such conditions are also often related to other behaviours (e.g. smoking, sedentary lifestyles, etc) household energy efficiency and fuel poverty interventions are generally

¹² Baker, K.J., Emmanuel, R., & Phillipson, M., 2014. Review of the Energy Assistance Package. Report for the Scottish Government.

¹³ Baker, K.J., & Rylatt, M., 2008. Improving the prediction of UK domestic energy demand using annual consumption data. *Applied Energy*, Volume 85, Issue 6, June 2008, pages 475-482.

¹⁴ Jones, R.V., Fuertes, A., & Lomas, K.J., 2015. The socio-economic, dwelling and appliance related factors affecting electricity consumption in domestic buildings. *Renewable and Sustainable Energy Reviews*, Vol. 43, (2015), pp.901-917.

¹⁵ Jones, R.V., & Lomas, K.J., 2015. Determinants of high electrical energy demand in UK homes: Socio-economic and dwelling characteristics. *Energy and Buildings*, Vol. 101, 15 August, pp.24-34.

¹⁶ Druckman, A., & Jackson, T., 2008. Household energy consumption in the UK: A highly geographically and socio-economically disaggregated model. *Energy Policy*, Vol. 36, (8), pp.3177-3192.

¹⁷ Hamilton, I.G., Steadman, P.J., Bruhns, H.R., Summerfield, A.J., & Lowe, R., 2013. Energy efficiency in the British housing stock: energy demand and the Homes Energy Efficiency Database. *Energy Policy*, Vol. 60, (2013), pp.462-480.

¹⁸ Summerfield, A.J., Lowe, R.J., Bruhns, H.R., Caeiro, J.R., Steadman, J.P., & Oreszcyn, T., 2007. Milton Keynes Energy Park revisited: changes in temperatures and energy usage. *Energy and Buildings*, 37, (7), (2007), pp.783-791.

¹⁹ Wyatt, P., 2013. A dwelling-level investigation into the physical and socio-economic drivers of domestic energy consumption in England. *Energy Policy*, Vol. 60, (2013), pp.540-549.

²⁰ Mould, R., & Baker, K.J., 2017. Documenting fuel poverty from the householders' perspective. *Energy Research & Social Science*, 31, (2017), pp.21-31.

²¹ Maiden, T., Baker, K.J., & Faulk, A., 2016. Taking the Temperature: Review of Energy Efficiency and Fuel Poverty Programmes in Scotland. Report for Citizens Advice Scotland by CAG Consultants, Glasgow Caledonian University, and the Energy Agency. (And references therein).

likely only to postpone or reduce visits to GPs rather than mitigate underlying physical health problems, and their associated outcomes and costs to the NHS^{22,23}.

Therefore, with respect to this and other evidence covered by the referenced sources on the relationships between fuel poverty and physical and mental health we are strongly of the view that vulnerability to fuel poverty would be better framed in terms of an individual or household's capabilities for dealing with and resolving the challenges they face in respect to their domestic energy use^{24,25}. This would also serve to drive policy away from focussing on the current 'fabric first' approach, which serves to prioritise technical solutions (installing insulation, etc), when other solutions, such as support for understanding energy bills and making behavioural changes, may be more valid for addressing the needs of vulnerable householders.

Given that the Scottish Government concurs with current research that further work is required to better understand the term "*vulnerable to the adverse health and wellbeing impacts of living in fuel poverty*" it must surely also accept that adopting crude and poorly correlated criteria as qualifying metrics for receiving support will be ineffectual at addressing fuel poverty levels, and be to the particular detriment of those who are truly vulnerable.

The problem here is that the use of modelled data, proxies and assumptions lead us to design policy solutions for what the modelled results tell us are the problems, and not the problems that exist in the real world. Related problems here are the use of limited numbers of archetypes that put people into small numbers of boxes (e.g.²⁶) for which on-size-fits-all 'solutions' are devised, rather than treating householders as complex individuals; and the use of blunt thresholds and 'passport benefits' for determining eligibility for support (e.g.^{27,28,29}). Whilst the Scottish Government, for whatever reasons, persists in not addressing these easily rectifiable problems they will

²² Ibid.

²³ Pridmore, A., Smith, A., Baker, K.J., Ahlgen, C., & Williamson, T., 2017. Evidence Review of the Potential Wider Impacts of Climate Change Mitigation Options: Built Environment Sector. Report for the Scottish Government.

²⁴ Mould, R., & Baker, K.J., 2017. Documenting fuel poverty from the householders' perspective. *Energy Research & Social Science*, 31, (2017), pp.21–31.

²⁵ Middlemiss, L., & Gillard, R., 2015. Fuel poverty from the bottom-up: Characterising household energy vulnerability through the lived experience of the fuel poor: *Energy Research and Social Science*, 6, pp.146-154.

²⁶ White, V., 2014. Beyond average consumption: Development of a framework for assessing impact of policy proposals on different consumer groups. Centre for Sustainable Energy report for the UK Office of Gas and Electricity Marketing (Ofgem).

²⁷ Baker, K.J., Mould, R., & Restrict, S., 2018. Rethink fuel poverty as a complex problem. *Nature Energy*, 2nd July 2018. DOI: <https://doi.org/10.1038/s41560-018-0204-2> Available at: <https://rdcu.be/2j8E>

²⁸ Mould, R., & Baker, K.J., 2017. Documenting fuel poverty from the householders' perspective. *Energy Research & Social Science*, 31, (2017), pp.21–31.

²⁹ Walker, R., Liddell, C., McKenzie, P., Morris, C., & Lagdon, S., 2014. Fuel poverty in Northern Ireland: Humanizing the plight of vulnerable households. *Energy Research & Social Science*, 4 (2014), pp. 89–99.

remain challenges for targeting fuel poor householders, and particularly the most vulnerable and isolated.

As an example of an inappropriate use of a threshold under the current proposals, setting an age of 75 is a crude means of defining vulnerability. A minimum age of 75 is based on an assumption of people aging well, i.e. householders maintaining a reasonable level of health after retirement. This is far from true. For example, the average age at death in Renfrewshire is 76.3, whilst in Eilean Siar it is 76.7, and the figure averages at 77.1 across Scotland³⁰. However, fuel poverty in Renfrewshire is at one of the lowest levels in Scotland, whilst in Eilean Siar it is at one of the highest. A similar lack of evidence of correlation with income, including evidence from our own research³¹ led the Scottish Strategic Fuel Poverty Taskforce to conclude that the use of the income domain of the Scottish Indices of Multiple Deprivation (SIMDs) as a proxy for determining fuel poverty was insufficiently fit for purpose³².

Furthermore, we are also disappointed that the Scottish Government has not taken this opportunity, in line with Prof Brenda Boardman's original work, to expand the definition from fuel spend to expenditure on all essential energy needs.

Also, as regards data collection, this can only be addressed through investing in appropriately trained staff, effectively resourced, and able to provide independent oversight and scrutiny of the effectiveness of targeting and service delivery. Therefore, since this data can have implications on the progression towards key performance indicators (KPIs) for the Energy Saving Trust (EST) and Home Energy Scotland (HES) it is imperative that the data collection, analysis and monitoring against KPIs is wholly separate from the EST and HES. We would further add that this need for an independent Scottish Statistics Agency has also been raised by Common Weal as one of ten key policies needed to tackle climate change^{33,34}.

Another fundamental problem here, and one which in our experience is fundamental to the Scottish Government's approach to policy making for fuel poverty and other issues, lies in the training and understanding of many policy makers. This is that traditionally social science-led approaches to policy making view society as a

³⁰ National Records of Scotland, 2018. Life expectancy for administrative areas within Scotland 2013-2015. <https://www.nrscotland.gov.uk/statistics-and-data/statistics/statistics-by-theme/life-expectancy/life-expectancy-in-scottish-areas/2013-2015/list-of-tables>

³¹ Mould, R., & Baker, K.J., 2017. Uncovering hidden geographies and socio-economic influences on fuel poverty using household fuel spend data: A meso-scale study in Scotland. *Indoor and Built Environment*, 0 (0), 1-23, DOI: 10.1177/1420326X17707326.

³² Scottish Government, 2016. A Scotland without fuel poverty is a fairer Scotland: Four steps to achieving sustainable, affordable and attainable warmth and energy use for all. Report of the Scottish Fuel Poverty Strategic Working Group To the Cabinet Secretary for Communities, Social Security and Equalities. October 2016.

³³ Dalzell, C., 2018. Ten Common Weal policies to help mitigate climate change now. Common Weal publication. Available at: <https://www.commonspace.scot/articles/13379/ten-common-weal-policies-help-mitigate-climate-change-now>

³⁴ Dalzell, C., 2018. Scotland's Data Desert: The case for a Scottish Statistics Agency (2018). Common Weal publication. Available at: <http://allofusfirst.org/library/scotlands-data-desert-the-case-for-a-scottish-statistics-agency-2018/>

disorganised complex system, meaning that analyses reliant on simplistic statistical techniques (multiple regression, p values, etc) that produce 'good enough' answers are seen as valid evidence on which to base policies. I.e. policies based on extrapolations of data based on assumptions thus lead to conclusions that are predetermined by those assumptions.

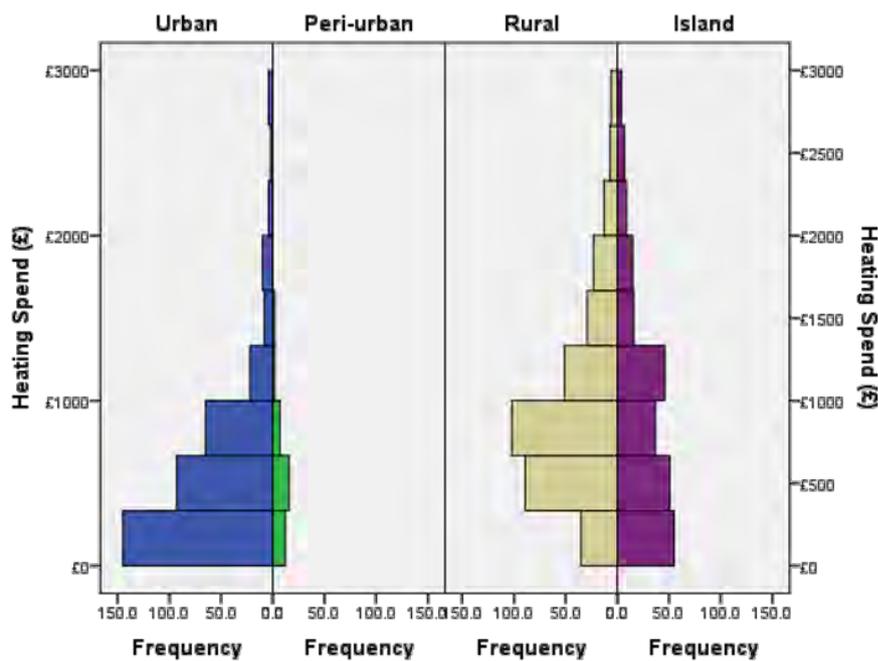
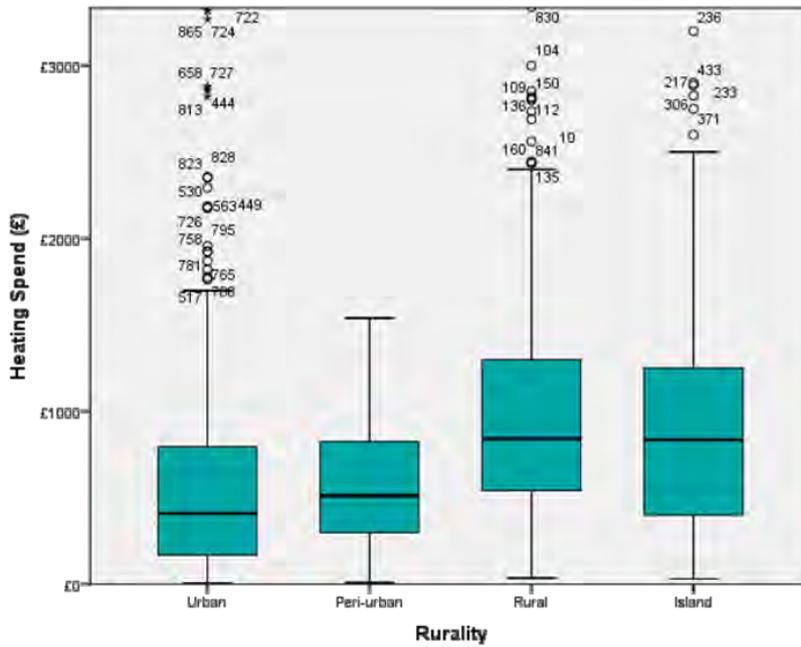
However, scientists familiar with more sophisticated analytical techniques, such as those used in building and complexity sciences, view society as highly complex but, critically, organised. This means that, with sufficiently robust data, it is possible to model and understand these influences, and use that knowledge to develop policies that are more sensitive to the needs of individuals, and particularly those with more complex needs, such as the vulnerable and those living in rural and island areas. One of the main reasons we established EPR was to raise awareness of this fundamental problem. For more information and critique please see work by Prof Brian Castellani³⁵ other references in our publications and on our website.

Our Speird Project³⁶ produced a number of key findings and recommendations for addressing fuel poverty in rural and island areas that are worth noting in full here:

- Building on the results of our previous Renfrewshire study, we found further evidence to suggest that the 'real' distributions of household fuel spend are heavily skewed towards lower expenditures, with long 'tails' towards very high expenditures. This means reporting median averages for fuel poverty statistics may be misleading, particularly to politicians and the general public. The following figures show that Rural and island households not only spend significantly more on energy for heating, but the distributions of expenditure across the urban-rural divide are different too (Proiseact Spéird – Data on heating energy expenditure for 1,015 households across Aberdeenshire, Argyll and Bute, Lochaber, the Orkney Isles, Renfrewshire and Skye).

³⁵ Castellani, B., 2014. Complexity and the failure of quantitative social science. Discover Society, November 2014. See: <https://discoversociety.org/2014/11/04/focus-complexity-and-the-failure-of-quantitative-social-science/>

³⁶ Baker, K.J., Mould, R., & Restrict, S., 2016. Proiseact Spéird – The Spéird Project: Understanding influences on fuel poverty in rural and island Scotland. Final report for the Eaga Charitable Trust, November 2016. Available at: <http://www.eagacharitabletrust.org/the-speird-project/>



- Although not conclusive, we found new evidence to suggest that, for rural and island households, expenditure on non-electric heating (only) does not necessarily increase, and may actually decrease, at higher incomes. Conversely, we found strong evidence that household expenditure on all energy needs increases disproportionately with income for those using electric heating. However, this is also consistent with other research that shows this is likely to be mainly due to other (non-heating) energy use.

- We were able to confirm that key finding of the Renfrewshire study, that a statistically significant difference exists between the heating fuel spend of households in urban areas and those in rural and island areas of Scotland. In addition, we found the difference to be more significant for the rural households than for island households.

However, this latter finding may reflect known socio-economic differences between the rural and island populations that were sampled for the study.

- The results serve to demonstrate how the nature and distribution of household expenditure on energy is the result of a wide and complex range of inter-related influences, including occupant behaviour, and this complexity is significantly greater amongst the fuel poor and households in rural and island areas. What is needed is a risk-based approach that focuses on delivering maximum benefits to those most in need whilst addressing the additional complexities of tackling the problem in rural and island areas.

- Conventional social science-based approaches to policy making, which attempt to group households into small numbers of categories and assign solutions to those categories rather than to individual householders, are inadequate for addressing fuel poverty, particularly in rural and island Scotland.

Additionally, evidence submitted by Common Weal to the Scottish Energy Strategy consultation (2018) concluded that a key aspect of fuel poverty is the fact that wages are overall too low and the real effect of this is measured in aggregate rather than making clear the distinctions between rural, island and urban communities and indeed individual households which have different costs of living³⁷.

Finally, we would draw particular attention to the evidence submitted to this call for views by Prof Donald Hirsch, Director of the Centre for Research in Social Policy at Loughborough University and leader of the team responsible for calculating and reporting the MIS³⁸. In this response Prof Hirsch makes a number of important points:

- The MIS will be maintained indefinitely;
- Where there is a very systematic and large difference in part of the country it is possible to make such a variation without undermining the integrity of MIS as a national standard, for example the Living Wage with respect to London;
- Prof Hirsch's research has found that, when it comes to additional costs related to rurality, remote rural Scotland stands out as an area with far more wide-ranging cost differences;
- Were the matter of a remote rural variation to be reconsidered in the course of the Bill, the ongoing measurement of such a variation would be feasible with a modest amount of ongoing research to keep it up to date.

Prof Hirsch concludes, whilst there may be no single objective answer to whether or not an adjustment for rurality should be included in the new definition of fuel poverty, that he can see no conclusive argument against taking up this recommendation.

³⁷ Brush, S., Wright, I., & Morgan, G., 2018. Energy Strategy Consultation: Common Weal Submission. Available at: <http://allofusfirst.org/tasks/render/file/?fileID=DA47C513-0A58-DF36-E0B88A42D56606A5>

³⁸ Hirsch, D., 2018. Fuel Poverty (Target, Definition and Strategy) (Scotland) Bill Call for Views: Submission from Professor Donald Hirsch. Available at: http://www.parliament.scot/S5_Local_Gov/Inquiries/LGC_S5_18_FPB_03_DHirsch.pdf

<https://www.commonspace.scot/articles/13379/ten-common-weal-policies-help-mitigate-climate-change-nowweal>

Therefore, with all this evidence in mind we had hoped that the commissioning of the academic review and the discussions at the workshop signalled a welcome change in the Scottish Government's approach to policy making in this field, but sadly those hopes have been dashed. Nevertheless, we hope that now the Bill is at Stage 1 it can receive appropriate cross-party scrutiny and that the Scottish Government will see fit to address at least some of our concerns.

Our open letter to Minister Kevin Stewart on the need for an adjustment for rurality and the problems of using Energy Performance Certificates and GB oil prices can be found at: <http://energypovertyresearch.blogspot.com/2018/06/open-letter-need-for-adjustment-for.html>

Our presentation from the Holyrood Communications conference on Tackling Fuel Poverty, held in September 2018, can be found at: <https://drive.google.com/file/d/1PbZRdSt7-omUTbUTBtP5FHSJlvTPVwBe/view>. This sets out both our critique of the current approach and how a complexity and risk-based assessment of fuel poverty could be developed, using data already being collected, to better target and support fuel poor and otherwise vulnerable householders.

A policy paper setting out our alternative approach to Energy Performance Certificates is due to be published by Common Weal later this year.

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?

See our previous answer for the justification for this. We agree with the need to publish a fuel poverty strategy however, we do not believe the framing of this strategy or the proposals as they stand will be effective, and furthermore may actually serve to disadvantage some of those who are most in need of support. The previous consultation set out too many proposals as givens, e.g. the use of EPCs and the rejection of many of the recommendations made by the academic panel. We are strongly of the view that a radical rethink is required, and that (as recommended by the panel) this should allow for a period in which to develop a Scotland-specific definition of vulnerability for use as part of defining fuel poverty and other social conditions.

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?

See our previous answers. Lessons have certainly not been learned. As internationally-recognised experts in fuel poverty we are strongly of the view that the proposals under the Bill as they stand are insufficiently ambitious, will fail to achieve the aims of the Bill, do not reflect the best available evidence on why they will fail to do so, and will actually serve to disadvantage some of those householders who are most in need of support.

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

Scotland needs a Bill, and a strategy, that will be truly effective for tackling and ultimately eliminating fuel poverty. At this stage we would much rather see the Bill and strategy returned to the Scottish Government for significant revisions rather than patching the existing proposals up and pressing on with the proposed plans for reporting. We believe that the continuation of policies which have failed to deliver previous targets is highly unlikely to be effective in delivering more ambitious targets. We are also of the opinion, based on the evidence cited in this submission, that the ongoing treatment of fuel poverty primarily as a building fabric problem will fail our most vulnerable. As a metaphor we are treating broken legs by issuing wheelchairs, without enough wheelchairs to go around. We therefore strongly urge the Scottish Government to include commencing the development of a Scotland-specific definition of vulnerability, for inclusion in a future revision of the Bill and Strategy.

Written Submission from Professor Donald Hirsch

As Director of the Centre for Research in Social Policy at Loughborough University, I lead the team responsible for the annual calculation and reporting of the Minimum Income Standard (MIS), as referred to in Section 2(6)(e) of the Bill. I can confirm that we intend to continue producing this research indefinitely into the future. Our funding to do so is provided recurrently by the Joseph Rowntree Foundation in four-year agreements. Our Centre takes care to ensure that expertise in producing this research does not become reliant on any one individual so that it is sustainable in the long term as personnel change. Joseph Rowntree Foundation cannot make any permanent guarantees to continue funding, but both they and our University are strongly influenced by the very widespread and ongoing use currently being made of MIS, including in setting the Living Wage paid by over 4,000 employers and by many charities in distributing benevolent grants. The desire to produce research with such impact is at the centre of the objectives both of the University (influenced by the university funding bodies' Research Excellence Framework's requirement that universities demonstrate research impact) and of the Foundation (which describes itself as an organisation for social change). This makes it hard to envisage them walking away from a project which has such exceptional, ongoing impact and on which a wide range of practitioners now rely.

The appropriateness of MIS as a benchmark for use in the fuel poverty measure has been well presented by the panel of independent experts commissioned by Scottish Government in 2017 to review the fuel poverty definition, and I shall not repeat this analysis. One issue that arose was the government's decision not to follow the panel's recommendation to use a higher threshold for MIS in remote rural areas to reflect additional costs in these areas, which have been identified by further research by my Centre, carried out in 2013 and updated in 2016. As a standard for the whole of the UK, MIS inevitably involves a degree of simplification, and it is not possible to take every cost variation into account in its implementation. On the other hand, where there is a very systematic and large difference in part of the country, it is possible to make such a variation without undermining the integrity of MIS as a national standard: this is the case for the Living Wage with respect to London, for example, where a different figure is used from the rest of the UK.

Our research found that when it comes to additional costs related to rurality, remote rural Scotland stands out as an area with far more wide-ranging cost differences compared to the rest of the UK than between, say, urban and non-remote rural areas. While this could potentially create a case for a different Living Wage in remote rural Scotland, there are particular reasons for avoiding such variations of the Living Wage as far as possible, including potential difficulties this could create for employers operating across the country and the weakness of labour markets in some parts of the area affected. Using a variation in the measurement of fuel poverty is an entirely

different matter, which would not have such direct effects on employers or other practitioners.

Were this matter of a remote rural variation to be reconsidered in the course of the Bill, I can confirm that ongoing measurement of such a variation would be feasible with a modest amount of ongoing research to keep it up to date.

Thus, while there is no single objective answer to whether a remote rural variation to MIS should be incorporated into a fuel poverty measure, I can see no conclusive argument against taking up the expert panel's recommendation to do so. I would be willing, if required, to give evidence on this matter to the Committee considering the Bill.

Written Submission from the Energy Agency

Summary

The Energy Agency welcomes the Fuel Poverty (Target, Definition and Strategy) Bill as part of a long-term strategy to eradicate fuel poverty and improve energy efficiency. There is a focus on all 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.

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 to heat and low carbon homes for everyone in Scotland, so no one is at risk of being in fuel poverty.

The Agency wants the Bill to: broaden its scope to include measures to promote energy efficiency; set a target to eradicate fuel poverty by 2032 and the requirements of remedial action if targets are not on track to be achieved; include an uplift for remote rural households in the fuel poverty definition; strengthen scrutiny requirements; require annual reporting to Parliament; and align finance budgets with fuel poverty targets.

Our evidence covers the following topics:

1. Information about the Energy Agency
2. Consequences of Fuel Poverty
3. Broadening the scope of the Bill
4. Fuel poverty eradication target
5. Remote rural households and the definition
6. Fuel Poverty Strategy – Reporting, Scrutiny, Resources

Energy Agency

The Energy Agency is an award winning charity focusing on reducing carbon emissions and alleviating fuel poverty through energy efficiency and sustainability. The Energy Agency delivers, Energy Efficiency Scotland programs in South West Scotland on behalf of Local Authorities and Scottish Government, Home Energy Scotland Program and associated contracts in south west Scotland. The Agency also delivers a range of specialist research projects in partnership with the health sector and manages specific fuel poverty projects with external funding. 35 staff with an annual turnover of over £10M. We welcome the opportunity to submit written evidence to the Local Government and Communities Committee on the Fuel Poverty (Targets, Definition and Strategy) (Scotland) Bill.

Consequences of Fuel Poverty

Under the proposed definition, 24% of households in Scotland are living in fuel poverty – or nearly 600,000 households. People living in fuel poverty are at greater risk of health problems – respiratory and cardiovascular illnesses, poor infant weight gain, more frequent and severe asthmatic symptoms, and increased depression and anxiety. People who live in the coldest homes are three times more likely to die from cold related illnesses. With last year's winter deaths at an 18-year high this risk is of urgent concern. The work completed by Ayrshire and Arran in partnership with the Energy Agency has shown that in areas where wall insulation has been installed there is a reduction in hospital admissions and GP visits. These statistics are being analysed further by Public Health.

Research & Evaluation Project

The Energy Agency, in partnership with NHS Ayrshire and Arran (Public Health), is conducting an evaluation project to investigate the potential benefits of Solid Wall Insulation (SWI). This is in conjunction with South Ayrshire Council, East Ayrshire Council and Dumfries and Galloway as part of their area based insulation projects.

Evidence exists that current policy interventions may be associated with the improved health of participants and the aim of the study has been to investigate these links in more detail. The findings from the first and second year of the study have now been published and have demonstrated changes in proximal outcomes (e.g. improved housing conditions, increased indoor warmth/comfort, increased pride in the home and reduced fuel bills) which have known links to longer term health impacts. Alongside anecdotal reports of improvements to existing health conditions, such as COPD and asthma, and reports of improved mood following insulation, pre- and post- health questionnaires have also indicated increases in both physical and mental health scores for those who also perceived their home to be much warmer following the insulation works.

The study also examined hospital admissions in postcodes where wall insulation upgrades had taken place. Although it is difficult to establish a direct causal link between this type of intervention and health outcomes, preliminary analysis suggests lower hospital admission rates for respiratory and cardiovascular related conditions in these areas compared with a control group of postcodes who had not yet participated in the scheme.

The study commenced in 2014 and has now become an ongoing monitoring and evaluation project involving over 350 households to date. The aim is to conduct further data collection and statistical analysis with support from NHS Ayrshire & Arran (Public Health) as well as the University of Strathclyde and the University of Glasgow.

A brief summary of other results show:

Property conditions

- 94% agreed the appearance of their home had been improved by the insulation
- 79% of residents in whole-street areas felt the neighbourhood had improved a lot
- Over half of those who previously had condensation or dampness said this had now improved

Fuel Costs Based on EPC Data

- Average fuel bill savings of around £250 per year (equivalent to 23%)
- Fuel poverty rate was 45% pre-insulation and had fallen to 27% post-insulation
- The number of properties with a below average energy-efficiency rating decreased from 49% to 21%

Thermal Comfort

- 78% reported that the overall temperature had increased following the insulation work
- 88% agreed that their home was able to retain the heat more effectively

A link to the full study and the health outcomes can be found [here](#).

Improving the health of Scotland's people isn't just about health services. It's also about addressing the underlying causes of poor health and wellbeing and inequalities. Vulnerable people living with multiple factors of disadvantage are those likely to be hit hardest by fuel poverty and be living in unhealthy, expensive to heat homes.

The benefits of eradicating fuel poverty are many – in addition to improved health and well-being, there are savings on energy bills, savings to the NHS of between £40-80m a year, creation of local jobs, reduced carbon emissions, improved energy security, and reduce energy supply infrastructure costs.

Broadening the scope of the Fuel Poverty (Target, Definition and Strategy) (Scotland) Bill

The Fuel Poverty (Target, Definition and Strategy) (Scotland) Bill stems from a SNP manifesto commitment to a Warm Homes Bill to tackle fuel poverty and energy efficiency. This Fuel Poverty Bill is therefore only 'half' of the Warm Homes Bill commitment and fails to make the most of this legislative opportunity to deliver warm homes for all of Scotland.

The Scottish Government has stated in the Draft Fuel Poverty Strategy that it will develop "...if appropriate, a wider Energy Efficient Scotland Bill for later in this Parliament, and this would be the vehicle for any further legislative changes needed

to support Energy Efficient Scotland, beyond the fuel poverty provisions contained in the Fuel Poverty (Target, Definition and Strategy) (Scotland) Bill". This could form the other 'half' of the Warm Homes Bill, and together with the Fuel Poverty Bill they would form a strong legislative framework for the new Fuel Poverty Strategy and Energy Efficient Scotland.

Failing a firm ministerial commitment to introduce an Energy Efficient Scotland Bill in this Parliament, we believe the Fuel Poverty Bill should include additional measures on energy efficiency to ensure the commitment to removing poor energy efficiency as a driver of fuel poverty – and indeed the overall fuel poverty target - can be realised. These measures would give Energy Efficient Scotland, the foundation programme of the National Infrastructure Priority on the energy efficiency of buildings, a statutory basis with targets, an independent oversight, a duty for local authorities to produce and implement Local Heat and Energy Efficiency Strategies, and supporting policies stimulating energy improvements.

Fuel Poverty Eradication 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.

We agree there should be a statutory target which is challenging but achievable. Such a target provides a strong focus for all organisations addressing fuel poverty. A target also provides a clear end point to measure progress against and embedding it in statute provides an essential impetus.

The proposed target to reduce fuel poverty levels from 24% today to 5% by 2040 should be much more ambitious. This averages out at a reduction of only 1% a year – with a deadline that is a generation from now. We propose the following target: no one should be living in fuel poverty, as far as reasonably practicable, by 2032.

In addition, we suggest there should be a clear plan if sufficient progress towards the target does not appear to be being achieved. For example, if sufficient progress has not been made within five years of the target date, there should be a requirement to produce a fully resourced plan with detailed policies and programmes which will ensure the target will be met on time.

Remote rural households and the proposed definition of fuel poverty

2. Do you agree with the Scottish Government's proposals for a revised definition of fuel poverty? Please explain your reasons why. For example, will the new definition ensure that the Scottish Government will focus their efforts on those with the greatest need?

We broadly support the new definition of fuel poverty and welcome the use of the Minimum Income Standard which is based on what members of the public think people need to achieve a decent living standard covering essential requirements and allowing them to participate in society. In the context of fuel poverty this means 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. This is consistent with the 'rights-based' approach to affordable energy recommended by the Scottish Fuel Poverty Strategic Working Group.

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 the 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 as per suggestions in LGC/S5/18/FPB/03.

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? Please explain your reasons why.

We agree with the provisions in the Bill requiring the Scottish Government to publish a fuel poverty strategy. Enshrining the requirement to publish a fuel poverty strategy in legislation sends a clear and important signal - that the Scottish Government recognises the importance of tackling fuel poverty and their absolute intention to eradicate it.

As the Scottish Government has already recognised it is essential that the strategy is designed as a long-term strategy covering the period from 2020 to 2040. It will also be important that the strategy is reviewed regularly. While the Bill requires the Scottish Government to report to Parliament on progress every five years we believe there should also be a requirement to review and update the strategy more often, based on annual reports of all Government funded schemes across all delivery agents.

We note the Bill requires the strategy to be published within a year of Section 3's enactment. It is unclear when this will happen, so we recommend it should be within a year of Royal Assent.

Consultation:

We agree with the consultation requirements set out in relation to the strategy – specifically that in the preparation of the strategy the Scottish Government must consult ‘such persons as they consider appropriate’ including ‘individuals who are living, or have lived, in fuel poverty’. Given the significant detriment that those living in fuel poverty face together with the scale of the issue in Scotland it is important to get the strategy ‘right’ – this is much more likely to happen with input from all of those with and interest in fuel poverty, housing, health and income maximisation.

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 measures set out in the draft Fuel Poverty Strategy for Scotland 2018 will undoubtedly make a significant contribution to meeting the Scottish Government’s new target. However, and as noted in our response to the Scottish Government’s consultation on their draft ‘Fuel Poverty Strategy for Scotland 2018’, the draft strategy lacks ‘new policies, programmes and resources that will provide the step change required to meet fuel poverty targets’.

For example:

- The proposal in the Energy Efficient Scotland Route Map for the homes of all fuel poor households to be at EPC band C by 2030 and EPC band B by 2040.
- The intention to include agricultural tenancies under the Repairing Standard by 2027.
- 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).
- A review to identify precise legal requirements to make energy upgrades in tenements easier (eg requirement for management arrangements to initiate, coordinate and implement retrofit projects).
- 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.

By and large, we believe that lessons have been learned from previous initiatives. The 'Fuel Poverty Strategy for Scotland 2018' that was published alongside the Bill for example, notes a number of ways that respondents to the Scottish Government's consultation suggested that partnership engagement and advice services could be enhanced or expanded and notes that the Scottish Government will 'consider how activity in these areas can be driven forward'. As awareness develops about the relevance to address fuel poverty increasingly local authorities and the health sector are linking housing and health and social care priorities.

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

We very much welcome the fact that the Bill includes requirements for the Scottish Government to report to the Scottish Parliament every five years and that this should include:

- the steps that have been taken towards meeting the 2040 target over the previous five years with a discussion of lessons learned and how programmes have been improved based on experience
- the progress made towards the 2040 target and all interim targets and whether or not sufficient progress is being made to meet all targets on schedule.
- the steps that Scottish Ministers propose to take over the next five years in order to meet the 2040 target.

We also believe that these requirements should be enhanced as follows:

- The strategy should include a delivery plan and the monitoring and evaluation framework, which should be based on outcomes, not activities (or measures).
- The Scottish Government should also be required to provide an annual progress report against overall and interim targets to ensure timely scrutiny and corrective action. This is similar to requirements under the Climate Change Act and the Child Poverty Act.
- Levels of fuel poverty should be published against the new Scottish fuel poverty definition and also against a common metric to enable the relative levels of fuel poverty across the different administrations of the UK to be compared. This is important because some policy measures to address fuel poverty (notably ECO) are undertaken from UK government on a cross-GB basis and without this information it would not be possible to discuss the scale of the problem across the country.
- Given the emphasis on local partnerships, there would be merit in linking to reporting on Community Planning Partnerships and Single Outcome Agreements (as per FPSWG recommendation).

Fuel Poverty Advisory Panel

The Bill should establish the Fuel Poverty Advisory Panel in statute, to provide an independent advisory and scrutiny role, with a requirement to report annually to the Parliament as well as to the Minister. (This will feed into the 5 year progress reports mentioned earlier.)

Resources

Increased resources – funding and capacity - will be necessary to achieve the fuel poverty targets. However, according to the Financial Memorandum, the Bill “does not, on its own, impose any new or significant additional costs on the Scottish Administration”. Instead, the Financial Memorandum focuses on the administrative costs to publish the strategy.

This is a significantly different approach than the Financial Memorandum for the Climate Change Bill which provides both the administrative costs and an estimate to the economy as a whole of meeting the targets.

The Scottish Government has indicated that the current rate of spend on fuel poverty programmes (circa £110m per year) will be adequate to meet the targets. However, the government has not produced any modelling to evidence that this will be the case, and we are therefore concerned that this ‘business as usual’ approach will not deliver at sufficient scale to ensure targets are met.

A Consumer Futures report estimated it would cost, on average, £7,800 to per property to alleviate fuel poverty. This equates to a total of £4.5bn to tackle the 24% of households now in fuel poverty – at least double the annual budget estimated by the Scottish Government. At the same time, this report found that the macroeconomic benefits of such an investment were significant in terms of jobs, boosting household incomes through fuel bill savings, increased GVA and reduced carbon emissions. The report concluded that investing in household energy efficiency creates more jobs and growth than other kinds of major Government investment or tax cuts, in addition to delivering environmental and social benefits.”

The Financial Memorandum should include an estimate of the economic costs of meeting the targets, and this estimate should also include a macroeconomic analysis to understand the full societal, environmental and health benefits.

The Bill should include a requirement for the Scottish Budget to be aligned with meeting the fuel poverty targets, and the fuel poverty strategy should be fully resourced based on research into what funding and other investment is required to achieve the targets. The strategy should also make clear how that funding will be allocated.

Conclusion:

We believe the Fuel Poverty (Target, Definition and Strategy) (Scotland) Bill could offer a significant opportunity to make this the last generation of people in Scotland to suffer the terrible consequences of living in cold, damp homes. To do so, the following changes are required:

- the scope must be broadened to address both fuel poverty and energy efficiency
- the targets must be more ambitious
- the scrutiny provisions must be strengthened
- the delivery of the Fuel Poverty Strategy must be fully resourced and link with associated policy areas such as health

We would welcome the opportunity to discuss our evidence with Committee members and clerks and provide additional information or comment to them on request. We would also be happy to present oral evidence to the Committee if invited.

Written Submission from StepChange Debt Charity Scotland

StepChange Debt Charity

StepChange Debt Charity Scotland is an independent charity dedicated to overcoming problem debt. We are Scotland's largest provider of specialist telephone and online debt advice, with solutions that are effective, tailored and importantly free. Across the UK, the charity now helps over 620,000 people a year, with more than two million helped since our creation 25 years ago. We help nearly 20,000 people a year across Scotland. We have a team of debt advisors based in Glasgow who are dedicated to helping more Scots improve their lives. Our advisors help our clients with their applications under the Debt Arrangement Scheme and bankruptcy legislation.

Methodology

To inform our responses to the questions below, we analysed Scottish client data from 2017 for all telephone clients within G-prefix postcode areas to see in particular if they would fall within the proposed new definition of fuel poverty. The sample will therefore primarily be urban dwelling clients rather than rural setting although G-prefixes will include some rural living clients within the central belt. As the area in Scotland with the largest concentration of clients, we considered this would be more informative than a smaller sample. We do not hold information on building fabric or whether a client's dwelling could fairly be classed as rural or urban, other than very generally via postcode. However, recent research undertaken by the Charity showed that those renting from a housing association or in the private sector rated the quality of their homes lower than those with a mortgage or renting from a local authority. Almost one in three (29%) of clients said problems with their home had meant they had to spend more on energy bills, rising to almost four in ten (38%) of our clients renting in the private sector³⁹.

We do not have data on our clients' home heating levels, but we do hold client income level, client expenditure information as the assistance we provide includes a comprehensive budgeting process. Therefore, any assessment is based on client fuel costs versus client income; we cannot say whether their fuel cost represents a sufficient level of expenditure to ensure that their home is heated to a satisfactory level as stated in the new draft definition. We expect that it would be virtually impossible for many organisations or for that matter, clients, to determine this.

Our data may only reflect individual clients rather than all household expenditure, for instance if a client's fuel bills are paid by a co-habiting partner, we would not hold specifics of these payments as they would not be relevant to that clients' financial

³⁹ StepChange Debt Charity 'Locked Out', 2018 <https://www.stepchange.org/policy-and-research/locked-out-debt-and-housing.aspx>

circumstances. We therefore excluded clients from the sample who had no recorded fuel expenditure. Clients who had no recorded income were also excluded. The sample of clients we were then left to analyse was 2,161.

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 measures that will involve reductions in fuel poverty, an issue which affects many of the clients that we assist with problem debt. Our clients are often at the most difficult point in their lives when they come to us for help and fuel costs and fuel arrears can represent a significant challenge for clients seeking to address their debt situation. Our research shows that on average our clients have waited a year before seeking help, as they try to manage crises in their personal financial situation, such as losing a job or a period of ill-health. One way in which clients can try to manage energy costs is by using existing credit lines to cover energy bills, worsening their debt situation; reducing energy consumption below safe levels due to fuel rationing, self-disconnection and accruing arrears on energy while they try to manage other bills or other on-going personal crisis. Pre-payment meters may then be installed to manage arrears where a client is struggling, making it even harder to heat their home appropriately.

We welcome action from the Scottish Government to reduce fuel poverty as many of our clients find themselves struggling with energy bills.

However we have some concerns over the timeline of the target. 2040 is a distant prospect for fuel-poor clients, and rising numbers of clients struggling with energy bills require more urgent intervention. Between 2013 and 2017 the proportion of our clients across Scotland with electricity arrears has increased from 11% of clients to 15% and the proportion of clients with gas arrears has increased from 11% to 13%. Average electricity arrears have increased by 37%. This represents the second largest growth of debt type for Scottish clients (behind Council Tax) over the 5-year period⁴⁰.

Fuel poverty is a growing problem for our clients and interventions to relieve fuel poverty for those in problem debt will need to be complex and go beyond addressing issues of technological efficiency or building fabric. A situation where complex vulnerabilities were neglected and that left those on the margins fuel-poor, would not be desirable or in line with the Scottish Government's intention to reduce poverty.

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

⁴⁰ StepChange Debt Charity Scotland, 'Scotland in the Red 2017' <https://www.stepchange.org/policy-and-research/2017-scotland-in-the-red.aspx>

and assesses the extent to which households can then maintain an “acceptable standard of living” once housing and fuel costs are deducted.

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

To evaluate how the new definition may affect our clients we examined a sample of clients as described above. Of the 2161 clients, the financial circumstances 994 (45.9%) met both parts of the new definition and are in fuel poverty.

Demographics of those who met definition:

Our analysis showed that clients in fuel poverty were most likely to be female, renting from a private landlord

577 of these clients had no dependent children
222 had 1 dependent child
140 had 2 dependent children
44 had 3 dependent children
12 had four or more children.

The age grouping of these clients broadly reflects the age grouping of StepChange clients, although a larger proportion of clients aged 40-59 are in fuel poverty (46% of this age group are in fuel poverty, but this age group represents 42% of all clients across Scotland).

StepChange is contacted by more females than males, so it is unsurprising that 602 (60.5%) of the clients in fuel poverty were female, and females account for 56% of all clients.

673 of clients were single and 321 were in couples.

Housing

The majority of clients who met the definition were in rented accommodation, with the largest sub-group marginally being those renting from a private landlord.

289 clients were renting privately 29%
283 were renting from housing association 28.4%
209 were in Council Housing 21%
186 were paying a mortgage 18.7%
26 owned their home outright 2.6%

193 of those clients who met the definition were struggling with rent arrears, and 55 had mortgage arrears, meaning 25% of clients in fuel poverty are struggling with housing arrears as well as energy costs. No clients paying board were recorded as being in fuel poverty; this is likely due to the exclusion of those with no fuel costs, as these would likely be included in their board payments.

Case study A:

A client (male, aged 40-59, single with no children and paying a mortgage) that met both parts of the definition had over £9,200 of Council Tax arrears. After housing costs were adjusted the client's net income was £330, and their fuel costs were 30% of this. They were making a token payment towards Council Tax and Mortgage arrears.

Case study B:

A client (female aged 40-59, with 1 child, renting from a housing association) with gas arrears of £2,500 was paying £60 a month on fuel, and a £1 towards arrears. As their fuel bill represented just over 10% of their adjusted net income, they met both parts of the new definition.

Clients spending under 10% of adjusted net income on fuel.

In total 465 clients met part B of the definition, but were not classed as fuel poor due to part A of the definition, meaning these clients spent under 10% of net income on fuel bills (after adjustment for housing costs).

In our view this is problematic. Of these 465 clients, 83 were spending between 9% and fractionally below 10% on fuel bills, meaning they are marginally outside the 10% target. These clients are clearly in financial distress therefore likely to be vulnerable. 11 of clients with electricity arrears were spending fractionally below 10% on fuel costs and would not be defined as living in fuel poverty.

Case study C:

A client (female, aged 25-39 with 1 child and a partner living in privately rented accommodation) with a monthly budget deficit of -£13 and just over £1,500 in electricity arrears and £2,370 of Council Tax arrears did not meet the definition, as their fuel payment represents 9.46% of their adjusted net income.

18 of the clients that met part B of the definition but not part A had gas arrears and 42 had electricity arrears. Furthermore, 68 clients who did not meet part A of the definition were struggling with rent arrears, and 20 had mortgage arrears. These represent

significant pressures on client budgets and present a real risk that these clients could be rationing energy use in part to service housing costs.

Arrears

Unfortunately, the definition and strategy do not seem to consider energy arrears.

From our sample group of 2,161 clients, 189 have gas arrears and 346 have electricity arrears. Only 239 of clients with electricity arrears and 129 of clients with gas arrears would meet the new definition and be classed as living in fuel poverty.

The remainder of clients with arrears who are excluded from the definition are extremely likely to be fuel poor and be in wider financial difficulty.

Client monthly payments may be suppressed due to repayment arrangements to clear the arrears such as Debt Payment Programmes or Token Payment Plans. Therefore clients with problem debt may have artificially low fuel costs that do not accurately represent their fuel usage or fuel needs. Those in this situation should not be excluded from additional support that might be made available to those classed as living in fuel poverty.

It seems remiss that there is no method to factor energy arrears and how these can effect financial circumstances status and how these are to feature in assessing levels of fuel poverty.

While we cannot assess how a client is using heating or other energy from the information we gather, research from the Money Advice Trust has found there to be 'no strong link' between heating costs and the energy efficiency of the home, and found that a significant proportion of homes that were assessed as being energy efficient were rationing their use of heating or had problems with mould or condensation⁴¹.

Case Study D:

A client (single male, aged 40-59 with no children and paying a mortgage) who did not meet the definition but had £5,000 of energy arrears and £2,500 of Council Tax arrears. The client's fuel costs were 14% of adjusted net income, but as their adjusted income for housing (including Council Tax) and childcare was above 90% of the Minimum Income Standard, the client would not be defined as being in fuel poverty.

⁴¹ Money Advice Trust, *'Fuel Debt and Fuel Poverty, a case study of Financial Exclusion'* 2009
http://www.infohub.moneyadvicetrust.org/content_files/files/cen___fuel_poverty___full_report.pdf

Sections 3-5 requires 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.

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 fuel poverty strategy is a welcome step that brings together the diverse strands of policy that will be necessary to successfully address fuel poverty.

It is important that the voices of individuals who are living in or have lived in fuel poverty are heard and understood as part of formulating the strategy and approaches to reduce fuel poverty that could be introduced as a result of the strategy.

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 broadly welcome the draft strategy and hope it will result a coordinated approach to addressing fuel poverty.

However, we would urge the Scottish Government to be wary of over-emphasising energy efficiency schemes at the expense of more wide ranging interventions that address personal circumstances and challenges that make someone susceptible to fuel poverty.

We welcome the focus on income maximisation and welfare advice as this will form a key part of supporting individuals out of fuel poverty.

Successful intervention for the most vulnerable will depend upon holistic support that helps individuals affected resolve the issues that leave them vulnerable to fuel poverty, building financial resilience. This is likely to involve health and mental wellbeing support, wide ranging advice, including welfare and debt advice.

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.

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

Given the issues that we feel there are with the new definition, as part of reporting we believe that the Scottish Government should include information on the level of

households that are on the fringes of fuel poverty or that might be particularly vulnerable to fuel poverty, though they sit outside of the target.

Written Submission from Argyll and Bute Council

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.

- 1. Do you agree with the Scottish Government's proposal to provide for a statutory target to reduce fuel poverty to no more than 5 per cent of Scottish Households by 2040. Please explain your reason why. For example, is the statutory target necessary? Is the target ambitious enough? Is it realistic and achievable?***

In principle, yes. However, given that this is a blanket target which is Scotland wide; there is the potential that householders in remote and rural areas will be disproportionately represented in the residual 5%; and will still be in fuel poverty even if this target is met. Given the older, pre 1919 housing stock; reliance on either full electric or oil based heating systems; and issues with supply chain – remote and rural areas are disadvantaged by this. Despite the known additional costs associated with remote and rural areas, there is still no allowance for this in the fuel poverty bill – which is disappointing. In the recent Energy Efficient Scotland consultation, it was proposed that fuel poor households would have to reach an EPC (Energy Performance Certificate) band C by 2030 and B by 2040 (where cost effective and technically feasible). As identified above; rural properties may be disadvantaged due to cost effectiveness and feasibility of raising the EPC – therefore raises concerns over the 5% target.

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.

- 2. Do you agree with the Scottish Government's proposals for a revised definition of fuel poverty? Please explain your reasons why. For example, will the new definition ensure that the Scottish Government will focus their efforts on those with the greatest need?***

No. The use of MIS (Minimum Income Standard) is acceptable for urban areas from which the MIS has been calculated for. However, the MIS does not take into account the additional household costs for remote and rural areas; and it is difficult to understand why this hasn't been taken into account. In 2010, the JRF (Joseph Rowntree Foundation) acknowledged that there are different incomes required for living in a rural area. Furthermore, HIE published a report in 2016 indicating the increased costs for remote and rural areas. The use of the current MIS for calculating fuel poverty is to the detriment of fuel poor households in remote and rural areas. It would be beneficial for the Scottish Government to develop its own MIS which would

take into account factors more prevalent to remote and rural locations – ensuring that fair representation in rural and island households is accounted for in the definition.

There are also concerns over the increase in age from 60 to 75 for the increased heating regime – as this is a large increase and would advise that pensionable age (i.e. when there's a significant lifestyle change) would be more applicable. In addition, households with children under 5 will have a higher energy use; and should be factored into the increased heating regime.

In addition, the new definition is extremely difficult to explain to householders; and this will make it difficult for advisors on the front line. A lot of what the new calculation method is looking for is personal information related to finances – which will be difficult to get from householders as it's invasive.

It is disappointing that the proposed Bill hasn't acknowledged the additional issues related to the remote and rural properties; and would urge that this is factored into the way in which fuel poverty is defined.

Sections 3-5 requires 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.

3. Do you agree with provisions in the Bill requiring the Scottish Government to publish a fuel poverty strategy? Do you also agree with the consultation requirements set out in relation to the strategy? Please explain your reasons why.

In principle, yes. It is a good idea to move towards discussing a strategy with individuals and families that are living in fuel poverty. It needs to be clear whether the consultation takes into account the current fuel poverty definition or the proposed fuel poverty definition. If the new fuel poverty definition is used, then we would urge the rural/island impact to be reviewed.

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?

It is clear that to meet the new target, additional funding will be required in order to deliver. In terms of initiatives; although it is difficult to state whether lessons have been learned yet, the current initiatives appear to be working well in Argyll and Bute. The HEEPS: Area Based Scheme (HEEPS: ABS) utilises a criteria of Council Tax Band A-C properties (and D and above on islands where the EPC of the property is E or below)

– and this has proved to be effective in terms of upgrading homes throughout Argyll and Bute; with the programme proving to be popular. In addition, programmes that provide grant assistance like HEEPS: ABS allow householders to undergo vital energy efficiency improvements to assist not only with improving EPC ratings; but also providing higher levels of comfort in homes and assisting with any repair issues as well. This therefore allows for the current housing stock to benefit greatly from this assistance; and ensures that properties are in a good condition. The HEEPS: ABS programme also utilises Home Energy Scotland; which is beneficial for providing energy advice and support; along with ensuring households are directed to any programme that is the best fit for them (which allows for a more person/household focussed approach).

However, HEEPS: ABS cannot guarantee to reduce fuel poverty as home energy efficiency is only one of three factors to take into account. The fuel poverty strategy appears to continue to focus on energy efficiency improvements; there needs to be more of an emphasis on lowering energy costs and increasing overall income.

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.

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

Reporting every five years appears to be too long a timescale – and would propose that reporting every three years will allow better monitoring of the target; and allow for any programmes or initiatives to be amended as necessary.