LOCAL GOVERNMENT AND COMMUNITIES COMMITTEE

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

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.

Professor Donald Hirsch
Loughborough University