LOCAL GOVERNMENT AND COMMUNITIES COMMITTEE

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

SUBMISSION FROM ORKNEY HOUSING ASSOCIATION LTD

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% of Scottish households by 2040?

We feel that the target is too distant and should be brought forward, for example to 2032.

In terms of numbers of households 5% is still significant, and a target of 0% of all households would be more ambitious – by 2040 or preferably also by 2032.

In line with these suggested shorter timescales, setting new statutory interim targets of 2025, 2030 and 2032, replacing the non-statutory targets of 2030 and 2040, would also be preferable.

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

No, due to the fundamental flaw of having ignored the recommendation from the expert panel to include an enhanced Minimum Income Standard (MIS) for remote rural Scotland.

To set aside this key recommendation is illogical, given the robust work that went into creating the MIS for remote rural Scotland and the fact that it was published by a Scottish Government agency, Highlands and Islands Enterprise.

The original 2013 MIS for remote rural Scotland document indicates that the required weekly budget for a couple with primary and pre-school children in a Northern Isles (Orkney or Shetland) town would be 28.9% above the MIS for urban UK. That increases to 66.1% for a couple with two children in a remote small settlement in the Northern Isles – possibly another island, requiring additional ferry journeys to access many services.

The figures in the MIS for remote rural Scotland policy update of 2016 are only marginally better, with a couple with two children in a small settlement on a Scottish island having 30% additional costs compared to urban UK households, compared to 32% in 2013, a reduction of only 2%.
Ignoring the existence of the MIS for remote rural Scotland and its evidence of higher living costs for the islands also drives a coach and horses through the Scottish Government claim that the Islands (Scotland) Act will ‘aim to meet the unique needs of Scotland’s islands now and in the future’ and that key provisions include ‘a requirement to ‘island-proof’ future legislation and policies’. Fundamentally, deciding not to apply the MIS for remote rural Scotland allows the well-worn criticism from opposition parties that the Scottish Government applies ‘one-size-fits-all’ policies.

Further to this inequity, it is also likely that Highlands and Islands Enterprise, as one of the public bodies covered by the Fairer Scotland Duty, would be in breach of that Duty if it did not seek to apply the MIS for remote rural Scotland in the region for which it is responsible.

The Scottish Government has stated in its interim guidance for the Fairer Scotland Duty that it wants the duty ‘to reduce inequalities of outcome’. The Duty itself ‘places a legal responsibility on particular public bodies in Scotland to actively consider (‘pay due regard’ to) how they can reduce inequalities of outcome caused by socio-economic disadvantage, when making strategic decisions’.

The interim guidance defines ‘socio-economic disadvantage’ as ‘living on a low income compared to others in Scotland, with little or no accumulated wealth, leading to greater material deprivation restricting the ability to access basic goods and services.’ We would argue that those living in remote rural areas of Scotland, including Orkney, fit this description very closely.

In describing how public bodies can meet the Duty in practice, a key requirement is an expectation that public bodies will: “actively consider, at an appropriate level, what more they can do to reduce the inequalities of outcome, caused by socio-economic disadvantage, in any strategic decision-making or policy development context, and publish a written assessment, showing how they’ve done this.”

Given that Highlands and Islands Enterprise is aware of the existence of the MIS for remote rural Scotland as a potential tool with which to reduce inequalities of outcome caused by socio-economic disadvantage, it would appear logical than any active consideration of what the agency could do to reduce inequalities would result in a decision that the MIS for remote rural Scotland should be applied in the Highlands and Islands as part of the new fuel poverty definition.

Finally, Orkney has already decarbonised its electricity grid, having since 2013 generated more electricity from renewable sources than it can use. In 2016 the islands generated approximately 120% of their annual electricity demand. The last month that Orkney was a net importer of electricity was April 2015, and in April 2017 the islands exported 5000MWh of electricity generated from renewables. Calculations show Orkney’s electricity has a carbon density of 55g CO2e/KWh, compared to 275g for the
UK (2016). However, because of UK energy regulations that are no longer fit for purpose, islanders (along with others in the north of Scotland) instead of being rewarded for having clean, green electricity, pay more for their electricity than anywhere else in the UK due to being ‘remote’ in terms of electricity distribution. The Scottish Government is in danger of amplifying this inequity if it continues to ignore the evidence of the panel of independent experts who reviewed the fuel poverty definition.

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?

There are a lot of encouraging warm words around partnership working in the Fuel Poverty Strategy for Scotland 2018. However, this recognition of the value of trusted local organisations must now form the basis of enabling meaningful action plans to be delivered by effective partnerships at a local level, with a degree of autonomy on how to deliver on the targets once they are finalised.

One of the fundamental issues in addressing fuel poverty in Orkney – and other rural areas - has been the short-term nature of national funding programmes. Currently, a significant resource in Orkney’s partnership working to reduce our extremely high fuel poverty figures - using a holistic method - is reliant on short-term funding, which creates pressures on staff and uncertainty among service users. A move by the Scottish Government to longer term funding programmes for local projects – at least 3-5 years - would also increase confidence among local firms to become part of the energy efficiency supply chain, which at present is very fragile and hinders progress on improving properties.

Robert Leslie
Energy Officer