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 believe it is of great benefit to provide a statutory target since a serious commitment to reducing fuel poverty could improve many lives as well as further strengthen both social and economic development. Based on current levels of fuel poverty, it is certainly an ambitious target, but would require change towards greater equity in income as well as equal access to lower cost, sustainable energy, heating and transport throughout Scotland. We note and welcome that the Fuel Poverty Strategy aims to link with the “Fairer Scotland Action Plan” as well as “Energy Efficiency Scotland”. As previously mentioned in our response to the Energy Efficiency Scotland consultation, it is important to keep both rural issues, such as low incomes and lack of access to services, as well as fuel poverty high in the agenda of these strategies. Of course, these changes are dependent upon the prevailing national political and economic climate as well as moving towards a more sustainable, circular economy. We remain hopeful that these challenges can be overcome before 2040.

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

From our experience with fuel poor households, the change to the definition to include Minimum Income Standard will help focus resources on those in the greatest need, particularly when highlighting households well below both definitions. As with any definition involving set cut-off values (i.e. 10% and the MIS level), it will be most unfair for those just over the cut-off and will not provide any additional benefit for those well below the cut-off. However, it is unclear how this could be avoided without further tapering eligibility (e.g. see answer to question 4).

It would be useful for the text of the bill to further clarify several features of the extended definitions:

- Calculation of necessary fuel costs
  - It is unclear how fuel costs will be calculated in situations where requisite temperatures are not met; indeed, almost all our clients in severe fuel poverty under-heat or are unable to heat their houses. We therefore calculate an average of the number of rooms in a property that are
heated to an adequate level (100%), low level (50%) or not at all (0%) to ascertain similar fuel poverty levels for different heating regimes.

- Several clients spend little or nothing on fuel, either from burning scrap to keep warm or not heating their houses at all. It would be beneficial to suggest a minimum necessary fuel spend and heating regime for these cases to ensure they are still calculated as being in fuel poverty. In our experience, ECO installers have felt restricted by the previous definition to place clients without the resources to pay for fuel into low levels of fuel poverty. We avoid this by providing a minimum of £50/month to heat one room to a low temperature.

- Quantification of “requisite temperatures”
  - In a similar vein to fuel costs, it would be useful to clarify how in practice temperatures are to be measured or estimated. We currently use subjective estimates; we are looking into using sensors to accurately measure temperatures (as well as electricity use) but this would not be practical for nationwide deployment.

- Clarification of MIS model vs. fuel poverty calculation in bill
  - The position and text of section 2(5) could confuse readers since deductions to the MIS are similar to deductions within the fuel poverty calculation. In particular, this could confuse the point that either (actual) rent or mortgage costs are deducted in the fuel poverty calculation, whereas a modelled value for rent is deducted from the MIS income. We would recommend putting the MIS definition in the definition section if possible.

- Definition of fuel costs
  - The explanatory notes clarify which indoor fuel needs are included in fuel costs. These should be included in the bill to ensure accuracy.
  - However, the inclusion of outdoor fuel needs such as transport costs should also be considered, since these are related to transport poverty which typically co-locates with fuel poverty (Mattioli, 2018).

As mentioned in question 1, we would recommend looking at including the wider impact of income and wealth:

- Inclusion of additional terms to “adjusted net income”:
  - Debt - Many of our clients have no assets and are currently in debt to energy suppliers or other debtors. Debt repayment and debts which are not being paid will reduce the level of available income for households to reach an acceptable standard of living. Debt repayments or estimated required prepayments (e.g. estimated repayment costs over 3 years) should be part of an adjusted income to ensure equitable assessment of fuel poverty. This should also include debts related to energy, such as
the HES loan, to avoid the situation where citizens have a reduced level of fuel poverty replaced by an increased level of income poverty.

○ Assets and wealth – There is currently a much greater concentration of inequality in wealth and assets compared to inequality in income. MIS provides a means to assess income inequality but an additional standard on wealth would be needed to ensure equity in the allocation of national funds. Indeed, wealthy individuals are likely to prefer not to claim grants if they have to declare their assets, further reducing unfair allocation.

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.

Yes, a strategy is important to ensure iterative improvements to policy. However, there is already a wealth of demographic data available, so the strategy would benefit from focussing on practical aspects of delivery and iterative improvements. We agree that those who have been in fuel poverty should be consulted but suggest there may be issues with reaching the most vulnerable citizens, who may not have the resources or wish to participate. We would suggest using local intermediaries such as councils or third sector organisation, such as THAW. However, recent reports have confirmed our experience that communities have greater trust in the advice and support of local organisations due to their perceived independence.

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 Fuel Poverty Strategy does appear to have taken into account feedback on previous initiatives and benefits from encouraging continued public consultation on further development. We welcome the re-consideration of eligibility to the energy efficiency schemes and working towards improvements to the management and supply-chain development of local schemes.

The importance of eligibility to schemes is clearly visible in the HES loan scheme, since many households who are not eligible for or cannot access the national scheme (e.g. non-benefit families) also cannot afford taking this option, which is currently only
practically accessible for well-off households. Access to schemes is also not equitable between council areas, such as differing HEEPS-ABS criteria or the availability of local ECO installers e.g. Orkney Council uses income and property energy performance to assess HEEPS-ABS eligibility whilst Highland Council uses certain benefits as criteria, reducing the number of eligible households. All schemes would benefit from a standardisation of criteria, but only if eligibility is broadened.

Overall, broadening eligibility for grants whilst tapering the levels based upon actual need (for example, using levels within the new definition) should make the system more equitable. Increasing the reach of the grant schemes, for example to include energy storage, renewable micro-generation and energy efficient transport, would level access to what are now mature technologies. In our response to the Energy Efficiency Scotland consultation we noted that fuel poverty is not integrated in the strategy even though it is regularly mentioned; without broadening access to all energy efficient measures, the 2040 deadline may be difficult to achieve.

We do also note a clear focus in the current fuel poverty strategy towards centrally managed energy efficiency advice, for example focussing on the recent locally-positioned HES pilots in Dumfries and Galloway and Moray rather than one of several longer established local organisations. Although we work closely with HES, local organisations can reach people, places and place-based innovations (such as island-specific technology) that may be overlooked by a nationally controlled organisation. Working in partnership with such organisation would encourage further flexibility in action on 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.

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

We do not have any comments on reporting, but would recommend including the power to add additional definitions to the fuel poverty definition in section 10(b), since it seems likely that the definition will require further updating within the next 20 years.