

Response to Scottish Government Consultation on a Fuel Poverty Strategy for Scotland

Section 1: Legislative context

Q1. New fuel poverty definition

The new definition should be a vast improvement on the previously used definition because it: gives priority to housing as a basic human right; implicitly recognises that there is a trade-off between fuel costs and other household budget items; and makes adjustments for households of different size and types. There are, however, a couple of terms which could be clarified:

- 'need': is this a reference to need in theory or in practice? It may be that different approaches are required for different purposes. Estimating need from what is known about households' incomes, dwelling energy efficiency and means of heating, seems appropriate for measuring and monitoring national progress on fuel poverty. However, where the issue is one of identifying particular households who would benefit from intervention or assistance, an examination of what they 'usually spend' on heating and electricity would be more suitable.
- 'healthy indoor environment': what is implied by this new term? Is it a reference to the earlier 'satisfactory [or suitable] heating regime' or does it also refer to anything else such as ventilation, source of fuel (e.g. renewable or not)?

How will the definition and the strategy deal with other types of circumstances than those highlighted in the definition itself? There may be households who spend less than 10% of their 'after housing costs' (AHC) income on fuel, but nonetheless have incomes less than 90% of the Minimum Income Standard (MIS), reflecting either low income/poverty, or underconsumption of energy / under-heating of the home (i.e. choosing to live in cold homes, possibly for fear of the costs of heating their home). There may also be households who spend more than 10% of their AHC income on fuel when they do not 'need' to do so (i.e. over-heating of the home), and who may as a result have an income less than 90% of the MIS after their expenditure on fuel is taken into account, i.e. who are unnecessarily in fuel poverty. It is not clear whether these other types of cases are to be addressed as part of the strategy.

The decision not to include an uprating of the MIS for households containing someone who is long-term sick or disabled is regrettable and the reason given not very convincing – unless negative consequences from the policy inconsistencies mentioned can be demonstrated. Indeed it could be argued that the omission of adjustments for the additional costs of disability is contrary to a policy founded on social justice and fairness. Our own research finds that the odds of reporting difficulty paying for fuel costs are one-and-a-half times greater when someone becomes long-term sick or disabled, compared with a household where there is no disability. It would be sensible to reconsider this decision following further investigation in the near future into whether the MIS is adequate for households containing someone who is long-term sick or disabled, in the light of their experience paying fuel bills.

There may be a need for greater clarity around the definition of housing costs and the inclusion/exclusion criteria applied to these. People in different housing tenures, and indeed those with different landlords or factors within each tenure, may face different configurations of unavoidable housing costs which may or may not include maintenance, insurance, cleaning, security or other costs. For some people these other costs may be included in the rent or factor charges and

for others not. There seems scope for inequity within and between housing tenures in this regard. Could a short piece of work look at this set of issues in theory and in practice to establish what may reasonably and fairly be considered to be 'housing costs', particularly where their compulsory nature reduces a household's scope for financial flexibility to make budgetary adjustments to pay for other costs such as fuel?

Q2. Vulnerability

We are concerned at the narrow interpretation of 'vulnerability' taken by the Panel and in the proposed strategy. The Panel initially considered vulnerability in a capabilities framework including, rather importantly in our view, 'problem-solving skills'. This was subsequently dropped in favour of the present focus on health risks and the 'adverse health and wellbeing impacts of living in fuel poverty', which is then converted into an adjustment to the indoor temperatures required for a satisfactory heating regime for those aged 75 or over.

There are a number of issues to consider here, not least the under-emphasis on mental health and wellbeing compared with a focus on thermal comfort and the health risks arising from cold homes. As well as the impacts of fuel poverty, there is an important issue of vulnerability *to* fuel poverty arising from poor mental health, addictions etc., which may lead to a lack of ability to heat the home or to organise one's finances to pay fuel bills. Indeed, in these cases, fuel debt and affordability difficulties may serve as better indicators of fuel poverty than the proportion of AHC income spent on fuel. Furthermore, an age threshold does not seem appropriate for this kind of vulnerability, which can affect people of any age. Indeed, in our own analysis we have found substantial negative mental health impacts from increased fuel payment difficulties that are not age specific. Thus, we would argue for a broader interpretation of vulnerability in the strategy, including vulnerability *to* as well as *from* fuel poverty and its effects, and support the idea contained in the document that further work should be done on vulnerability categories for the strategy.

Section 5: Targets and indicators

Q10. Statutory target

The Scottish Government does not have it within its powers to eradicate a social and economic problem like fuel poverty, and the paper recognises that not all the levers to act upon all the drivers are currently under the power of the Scottish Government. Therefore, to have a target of eradication does not make practical sense, although it may have political attractions. An ambition to reduce fuel poverty as far as is possible remains realistic and reasonable.

Q11. Sub-targets and milestones

In general, sub-targets and milestones expressed over ten- or 20-year horizons may be too long, providing scope for a lack of urgency in making progress towards the targets. Five-year sub-targets would be preferable, if indeed the targets are expressed in this form. However, for example, the sub-target and milestone for the overall fuel poverty rate implies a rate of reduction of 0.8% per annum in the case of the former and 0.6% per annum in the case of the latter (or lower if the target becomes effective prior to 2020). Although these targets seem modest, expressing the targets and milestones in terms of the annual pace of change or pace of improvement would allow more regular and constant monitoring of progress.

The energy efficiency targets and milestones could be more specific in two other respects. First, the desired minimum energy efficiency level could be stated. Reducing the proportion of properties below EPC Band C would be one option. Second, the targets could be tenure specific so that intervention is targeted proportionately, and earlier, to where the problem is worst. Thus, for example, two-thirds of owner occupied dwellings in Scotland are below EPC Band C, three-in-five of private rented dwellings, and just under half of social rented dwellings.

Section 6: Monitoring evaluation and reporting

Q13. Monitoring progress

The two groups might bear in mind that there are different levels at which progress can be monitored. At the national level, targets and milestones, however specified and agreed, provide a means of establishing macro-level progress towards reductions in the estimated incidence of fuel poverty, and this is likely to be achieved through the use of national and other survey data.

At a local level, a means should be established through which the quality of local partnership working can be evaluated in different parts of the country. An early priority for Fuel Poverty Partnership Forum (FPPF) should be the development of methods by which relevant local partnerships can be identified and feedback on their performance provided.

At the individual level, the effectiveness of the impacts of interventions, of different types, upon householders and their families requires to be assessed. Again, a framework for doing this is needed which identifies the range of forms of advice, assistance and intervention measures and sets out how they will be monitored and evaluated, perhaps on a regular, sample basis. The effectiveness of interventions in impacting the experience of fuel poverty has been largely unknown in the past, but the new strategy provides an opportunity to correct this at an early stage.

Q14. Early priorities

Developing an overarching monitoring and evaluation framework. As stated above, an early priority should be to set out how progress will be monitored at different levels and covering the different kinds of actions that are being proposed. Establishing regular means by which the necessary information, consultations and investigations would be conducted to achieve this would be beneficial to the Strategy, so that areas of strength and weakness can be identified.

Section 7: Outcomes and principles

Q 19. Outcomes-focused approach

Stating the underlying broad outcomes to be achieved by a strategy is in principle a good way of enabling other partners to see how they can contribute and often enables them to justify their input in terms of their own organisation's aims and objectives, so this is a good approach.

There are a few comments to be made on the outcomes themselves:

- The first outcome, regarding 'adequate thermal comfort' could be extended to include the phrase '...alongside appropriate use of the home' to allow for the fact that households should be able to make suitable use of all parts of their home, i.e. that all parts of the home are warm and free from damp and that households are not constrained or overcrowded due to such problems.
- The second outcome regarding financial hardship strongly suggests that evidence should be gathered on the experience of hardship by households categorised according to the proposed definition of fuel poverty. Furthermore, our evidence on the strong associations between fuel payment difficulties and difficulties meeting other items of household expenditure, particularly council tax payments and food costs, indicates a need for further investigation of how fuel costs are positioned and handled within household budgets.
- The last outcome stipulating that fuel poor households occupy dwellings with lower carbon emissions need some further statement of explication or rationale as its meaning and effect is not immediately self-evident. Indeed, there is a conundrum in that fuel poverty is already often more prevalent among people who live in flats (e.g. multi-storey flats), which have lower carbon emissions than other dwelling types.

Q20. Principles

The question of whether or not the principles are adequately represented in the outcomes framework depends partly on one's interpretation of the three principles, hence a brief comment on each of those:

- With regard to fuel poverty, one of the important relevant dimensions of equality and fairness is tenure-neutrality, if that can be achieved. It is certainly the case that private sector tenants in particular can be at a disadvantage both in terms of suffering fuel poverty and being less able to respond to it where key factors such as heating, energy supply, and insulation etc. are in the hands of their landlord, who may be unresponsive to their needs and circumstances. The recent growth of the private rented sector also suggests that how the strategy will be applied to and within the sector will be a key factor in its success. A fuller consideration and statement of fuel poverty strategy and the private rented sector would be merited.
- The emphasis on early intervention and prevention would justify action on two other fronts. First, as stated in Section 2 with regard to energy use, ensuring that householders are empowered and in control of their home; this is relevant to the private rented sector in particular, but not only. Second, ensuring that householders are socially well-connected and supported. For example, our recent findings (yet to be published) indicate that householders are nearly twice as likely to enter fuel poverty over time where they have infrequent contact

with family members beyond the household, who may be a source of advice, assistance and a means of accessing social spaces beyond the home.

- As regards the drivers of fuel poverty, the fourth driver, namely 'how energy is used in the home' is a narrow interpretation of the factor of 'occupant behaviour'. Putting the needs of individuals and families at the heart of service design should embrace the social dimensions of fuel poverty as stated above. In further evidence to support this, we have also recently found that the likelihood of householders experiencing fuel payment difficulties is lowest among those who walk in the neighbourhoods on most days of the week, which may again be an indicator of the protective nature of social engagement outside the home. This is something that could be taken into account in targeting households for assistance and in thinking about the nature of that assistance.