

## **HIHAAW's\* submission to the NZET Committee's 30<sup>th</sup> Nov 2021 evidence session on SG's "Tackling Fuel Poverty in Scotland: A Strategic Approach"**

### **Introduction**

*"Principle 1: Fairness and social justice should be every household's right, wherever in urban or rural Scotland they happen to live"*

*"Principle 2: All vulnerable households should receive the most effective practical help and support they need to keep their homes warm and at a cost they can afford."*

*"Rural Scotland needs and deserves a level 'affordable warmth' playing field; one where it will receive an effective and equitable deal from the new fuel poverty strategy that the Scottish Government will be laying before the Scottish Parliament."*

These quotes come from the introduction and foreword to the Scottish Government's Rural Fuel Poverty Task Force's October 2016 report back and, in the view of the Highlands & Islands Housing Associations Affordable Warmth group (**HIHAAW\***), they are acid tests worth applying to the Scottish Government's new and long-awaited fuel poverty strategy document ("Tackling Fuel Poverty in Scotland: A Strategic Approach").

In other words,

- is the new fuel poverty strategy fair and equitable?
- is it likely to actually deliver the urgently needed but greatly improved fuel poverty outcomes which rural and remote rural Scotland – and, in particular its hardest hit, off-gas areas - manifestly need ?
- is it fit for purpose with regard to the statutory requirements and targets placed upon it by the Fuel Poverty (Target, Definition and Strategy) Scotland Act 2019 ?

It is with great concern for both the immediate and longer-term future well-being of those already in fuel poverty - plus all those other households about to be overtaken by it this coming winter - that HIHAAW has to say that the Scottish Government's new "Strategic Approach", as currently drafted, fails all three acid tests and falls well short of reasonable expectations for it,

notwithstanding the unarguable reality that it is Westminster and not Holyrood that is ultimately responsible for setting gas and electricity prices and ensuring that they are properly regulated and controlled thereafter.

The main reasons why HIHAAW believes that the proposed Strategic Approach will fail to deliver the much more level domestic energy playing field that remote rural Scotland has for years been crying out for are as follows.

### **Extreme fuel poverty and its prevalence in the Highlands & Islands**

In essence, if you are in extreme fuel poverty then you are at least twice as badly affected as someone in 'ordinary' fuel poverty and, according to the Government's latest available Scottish House Condition Survey findings, 33% of all remote rural households (as opposed to 11% of households in the rest of Scotland) are living in extreme fuel poverty: the main underlying reason for this being the almost total unavailability of mains gas in remote rural areas like the Highlands & Islands and the consequentially much heavier reliance on electricity for water and space heating.

Though mains gas prices are rising so are prices for electricity and the longstanding price differential remains much the same, making electricity three to four times more costly per unit than mains gas. Thus, this huge pricing inequality means that the mains gas household (83% of all Scottish households) can purchase three to four times more domestic energy as the remote rural household for the same amount of money – an inequity of such magnitude that ought to be acknowledged and addressed squarely by the new Strategic approach but isn't. The consequences of this lack of engagement with such a fundamentally important fuel poverty cause are grim for those affected: HIHAAW members providing frontline fuel poverty remediation services report that many, off-gas and remote rural households routinely use far less energy than they require to keep their homes warm enough simply because they cannot afford the bills – they are choosing between heating and eating.

In welcoming the Strategic Approach's promise that the Scottish Government will lobby the Westminster about the inequity of the levies which they raise on electricity as opposed to the much less burdensome ones currently applied to mains gas, HIHAAW would also like to see the Strategic Approach address a further levy distortion, namely the significantly higher distribution cost levy per

unit that is applied to customers living in the North of Scotland “region” compared to customers living in the South of Scotland “region”. Why, in the interests of fairness, should this North/South pricing differential be perpetuated and will the Scottish Government commit to lobbying to get rid of it once and for all ?

Extreme fuel poverty is separately and deliberately identified, explained and targeted by the Fuel Poverty etc (Scotland) Act 2019, the interim target being to reduce it to 5% by 2030 which equates to a 28% reduction over the next 8 years – a 3.5% reduction per annum. Even though Scottish Government is not responsible for mains gas and electricity price rises, it is hard to understand why the delivery of this statutory and quite specific, interim target is not directly addressed by the Strategic Approach: it should be. The key question arising is what more could and should be done, within reason, by a Scottish Government which, whilst not having the power to control energy prices, still has control of a vitally important energy efficiency and fuel poverty budget – a key spending priority of which should surely be to bring about a tangible year on year reduction in the extreme fuel poverty levels afflicting off-gas and remote rural Scotland ? The answer is twofold : first part, more ‘boots on the ground’ advice and support services and, second part, more retrofit.

### **‘Boots on the ground’ information, advice and support outreach services**

When Cabinet Secretary, Kate Forbes MSP, spoke at the Sutherland Fuel Poverty conference recently (October 8<sup>th</sup>) she emphasised the importance of having enough skilled and trustworthy fuel poverty advice and support workers – ‘the boots on the ground’ as she described them – to make sure that everyone who needed help, wherever they might happen to live in a geographically dispersed and deeply rural community like Sutherland, would get it. HIHAAW agrees with the Cabinet Secretary.

Other speakers drew attention to the fact that Sutherland has had a number of locally-generated, locally-trusted and very effective fuel poverty advice and outreach support projects which have relied for their existence on accessing short-life revenue funding grants from the Energy Redress Scheme pot but then, after causing much local frustration, fold after a year or two when the

grant runs out, removing the 'boots on the ground' required to cope with the workload.

Scottish Government revenue funding support for such work goes mainly to its national and regional energy advice service providers, Warmer Homes Scotland and Home Energy Scotland – and this deliberate policy choice by Scottish Government of financing the operations of national and regional fuel poverty service providers but not the locally-based ones has not, the evidence shows, made - and, in HIHAAW's judgement, therefore seems very unlikely to make - the year on year inroads now required by statute to get the extreme fuel poverty level down from 33% to 5% by 2030 unless the 'boots on the ground' troop numbers are significantly increased wherever they are needed in remote rural Scotland. This will only happen if the approach required is backed strategically and financially by Scottish Government.

In welcoming and valuing the important services which Warmer Homes Scotland and Home Energy Scotland have been providing across Scotland, HIHAAW members point out that their ability to achieve outreach results relies significantly on the referrals they receive - at no cost - from equally well-managed local projects run by HIHAAW members and others, the substantive difference being that the local service providers do not receive any Scottish Government revenue funding support whilst the national and regional service providers do and rely on it heavily. This inequitable funding approach from Scottish Government makes no sense in the light of what its Strategic Approach repeatedly says in Chapter 7 about the low level of awareness of sources of advice and support available to people in fuel poverty, eg *"Our Evidence Review found that awareness of support services was low, particularly amongst those who were having the greatest difficulty in affording their bills."*

Moreover, the Evidence Review found that *"Households were open to seeking advice on their heating but were concerned about which organisations they could trust."* Trust at local level, not least in remote rural communities, is the key to getting the high level of household and community understanding and engagement that is now urgently required if the interim statutory target of reducing extreme fuel poverty is to be delivered. Good local energy advice projects quickly generate and maintain the trust of their local communities and from this trust and subsequent engagement many more households with fuel

poverty problems make themselves known or are identified using local knowledge.

By using, developing and supporting good locally-based fuel poverty remediation projects, much more can then be done to identify and help *all* the households that need advice to find the right answers – some of which would continue to be delivered via onward referrals to national and regional service providers - and receiving whatever practical measures of support are available to help them address all the applicable fuel poverty related aspects of their situation. Moreover, the advisers' local base and knowledge gives them much greater potential to make follow-up home visits and assessments for those clients who it appears would clearly benefit from that kind of handholding support eg those from the proportionately much larger than national average cohort of older persons who live in remote rural areas. In essence, this is the full-blooded Energycarer approach as first developed and advocated by HIHAAW members and then discussed and recommended by the Rural Fuel Poverty Task Force – and should not be confused with the less thorough Energycarerlite version subsequently adopted by Home Energy Scotland

HIHAAW therefore urges the Net Zero, Energy and Transport Committee to press the Government on how it expects to deliver its 2030 Extreme Fuel Poverty and encourages them to give local energy advice/Energycarer projects a much enhanced delivery role that is financially supported by the Scottish Government in the same way as national and regional energy advice projects.

### **Increasing the energy efficiency of homes through good retrofit delivery**

Remote rural Scotland typically has much higher proportions than the national average of older, detached and hard-to-treat houses – often occupied by older and/or vulnerable households - which need retrofitting with all the available measures required to maximise their energy-saving performance.

Unfortunately, the PAS2030/35 rules now being applied by Scottish Government are causing huge logistical – and well-documented - problems in remote rural areas like the Western Isles.

The newly imposed standards and accreditation requirements for grant-assisted retrofits are acting as a major deterrent to the relatively small local workforce of skilled and experienced tradesman – so the required energy

improvement work is not getting done, much to the detriment of the fuel poor clients involved, the trustworthy local tradesmen and the local supply chain. This issue remains unaddressed by the Strategic Approach and HIHAAW asks the Committee to seek a constructive but urgent adjustment to it so that the new rules offer sufficient flexibility to allow this badly-needed fuel poverty remediation work be delivered in the very places where it is most needed.

### **An all-fuel price comparison website – to be operated by CAS or LAs.**

As originally recommended by the Rural Fuel Poverty Task Force, a relatively straightforward to implement measure, which would be really useful in helping people living in remote rural Scotland improve their chances of getting the best available price for whichever forms of domestic energy they rely on, would be an up-to-date price comparison website for *all* fuels, not just the regulated ones – mains gas and electricity. Many people in remote rural areas like the Highlands & Islands use domestic oil for heating and others use biofuels, wood chips, logs, peat etc., in combination with electricity. Prices for each fuel type would, however, need to be gathered and kept updated for each distinct energy market or local authority area. Citizens Advice Scotland working in conjunction with Citizens Advice Bureaux and/or local authorities would be obvious candidates to provide the service and HIHAAW would like to see the proposal supported by the Committee and adopted and funded by the Scottish Government as part of its new Strategic Approach.

### **A ‘Just Transition’**

Most of the Highlands & Islands outside Inverness is categorised by Scottish Government’s Urban/Rural Classification system as being ‘remote rural’ and, therefore, at least 33% of those that live there may reasonably be assumed to be living in extreme fuel poverty – with numbers very likely to rise this winter as the effects of the recent electricity price and pricecap rises plus other inflationary costs take their toll.

So, HIHAAW asks the NZET Committee to consider what kind of ‘Just Transition’ such remote rural parts of Scotland need to experience to reduce and eliminate the extreme fuel poverty disadvantages they have long been living under and to create a much more equitable and level playing field with the rest of urban and rural Scotland? Energy prices are currently beyond the

Scottish Government's scope to alter but the proposed Strategic Approach to Tackling Fuel Poverty in Scotland, should offer remote rural Scotland realistic hopes for lasting beneficial change. In HIHAAW's view, it does not yet do so and we hope that the Net Zero, Energy and Transport Committee and MSPs will be able to influence its final content and direction to ensure that remote rural areas like the Highlands & Islands are treated fairly and as effectively as possible by the Scottish Government's new Fuel Poverty Strategy.

Di Alexander, HIHAAW group chair (and independent chair of the Scottish Government's Rural Fuel Poverty Task Force, 2015/17) Nov 2021