

Enhanced Heating Consultation

Scottish Government Response

December 2019



Scottish Government
Riaghaltas na h-Alba
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ENHANCED HEATING CONSULTATION – SCOTTISH GOVERNMENT RESPONSE

Section 1 – Introduction and context

1. Following the passing of the Fuel Poverty (Targets, Definition and Strategy) (Scotland) Act 2019, the Scottish Government held a consultation on which households should have an enhanced heating regime applied when calculating if the household was in fuel poverty or not. The consultation ran from the 24 June to 16 August 2019¹. In addition, the Energy Savings Trust were commissioned to run focus groups with people who have experience of fuel poverty. We have now published the analysis of the consultation responses² and the report from the focus groups³. This document sets out our response to the feedback from respondents and the approach we will take in the Enhanced Heating Regulations as a result.

2. This new approach to applying the enhanced heating regimes will allow us to ensure that fuel poverty rates are accurately reflecting the heating needs of the population. For the first time, we will be looking at where households need additional heat, their heating on for longer or a combination of the two. This tailoring means, for example, that we are now including households with children under 5 who require the heating on for longer but at a standard temperature.

3. We have listened carefully to the views and ideas of stakeholders and feel these new enhanced heating regimes will improve our understanding of fuel poverty and also allow us to better target our energy efficiency schemes to those homes who are most vulnerable due to their age or illness.

Measuring fuel poverty – the Scottish Household Survey and the Scottish House Condition Survey

4. The Scottish Household Survey (SHS) is undertaken annually and conducts detailed interviews with around 10,000 households gathering information on the composition of the household and many aspects of their lives. The Scottish House Condition Survey (SHCS) conducts physical surveys of the homes of around 3,000 of these households to assess the general condition as well as the energy efficiency of the property. Information gathered through both the SHS interviews and the SHCS physical surveys is used to calculate the levels of fuel poverty at a national and local authority level.

5. We will continue to measure levels of fuel poverty by using the information obtained through the SHCS as this provides a statistically robust approach. Most of the data required under the new definition of fuel poverty will be unchanged from the previous definition. One question in the SHS survey will become annual and be asked of all SHCS households to identify household occupancy patterns within the home.

¹ <https://www.gov.scot/publications/consultation-enhanced-heating-regimes-within-new-definition-fuel-poverty/pages/7/>

² <http://www.gov.scot/ISBN/9781839604461>

³ <http://www.gov.scot/ISBN/9781839604461>

Calculating fuel poverty

6. Under the new fuel poverty definition (section 3 of the Fuel Poverty Act), a household is in fuel poverty if their fuel costs are more than 10%, or 20% for extreme fuel poverty, of the household's net adjusted income after housing costs are deducted, and if after deducting fuel costs, benefits received for a care need or disability and childcare costs, the household's remaining income is insufficient to maintain an acceptable standard of living. The income must be at least 90% of the UK Minimum Income Standard⁴.

7. The SHCS gathers information on the income of the household as well as the housing costs – setting a baseline for the net adjusted income. The next aspect to be calculated are modelled fuel costs for the household based on the energy needed to heat a home to the requisite temperatures that supports health and wellbeing and is in line with the occupancy pattern for the household - the requisite heating hours. The temperatures and heating hours combined make up the heating regime. The calculation on the amount of energy used takes into account the energy efficiency of the home. This information is provided by the Building Research Establishment (BRE), as are the average costs of fuel.

8. We recognise that some people are more vulnerable due to their age or a physical or mental illness or condition which means they are likely to need either a warmer home, or a home heated for longer, or both. That is why the Fuel Poverty Act sets out the standard and enhanced temperatures as well as standard and longer heating hours. This allows the additional costs that these households are, or should be incurring, by heating their home properly to be considered in calculating whether they are in fuel poverty or not.

9. In order to identify which heating regime should be applied we have to rely on information that is provided in the SHCS and SHS. For example we collect information on the age of all occupants; there is a question asking which benefits members of the household receive; and there is a question specifically asking if any member of the household has a long term physical or mental illness or condition that has lasted or is expected to last 12 months or more. All of these questions will be used to identify vulnerable households.

10. With the additional option of applying standard or longer hours we intend to use a question that asks the interviewee to identify which periods of the day the home is occupied. This question is currently only used once every two years. We will now ask this every year of every household in the SHCS. We intend to apply the appropriate heating regime based on the occupancy pattern indicated, regardless of who is occupying the home, as it is more likely to be the vulnerable member of the household who spends longer in the home. We also know that most households in Scotland contain only 1 (36%) or 2 people (34%).

11. Once the appropriate heating regime is identified we can then calculate the energy costs for the home as a percentage of the net adjusted income. If these are more than 10% then the second element of the test is applied.

⁴ <https://www.lboro.ac.uk/research/crsp/mis/>

12. Having deducted the energy costs for the home we will also deduct any child care costs and the amount of money received, if any, for a care need or disability. Both of these costs are identified through discrete questions in the SHS. The amount of net adjusted income left will then be compared to the appropriate UK Minimum income Standard (MIS)⁵ for the household type to determine if the household's remaining adjusted net income is sufficient to maintain an acceptable standard of living for members of the household. If the amount is less than 90% of this then the household is deemed to be in fuel poverty.

Note on enhanced heating regimes

13. It is important to note that the enhanced heating regimes are part of the calculation of national and local fuel poverty rates only. As part of our work on the Fuel Poverty Strategy we are also undertaking work to identify the characteristics of fuel poor households based on the new definition to help ensure our policies are tailored to those who need it most.

Section 2 - Summary of Scottish Government response to the consultation views

Enhanced Heating Regime 1 (EHR1) and Enhanced Heating Regime 2 (EHR2)

14. EHR1 applies higher temperatures for longer hours and EHR2 applies higher temperatures for standard hours. Our consultation proposed that EHR1 would be applied to those households:

- a) where a household member has a long-term mental or physical illness lasting or expected to last 12 months or more AND they regularly spend more time in the home during winter, or
- b) where a member is in receipt of benefits received for a care need or disability AND they regularly spend more time in the home during winter, or
- c) where a member of the household is age 75 and over AND they regularly spend more of their time in the home during winter.

15. The consultation proposed that EHR2 would be applied to those households:

- a) where a member has a long-term mental or physical illness lasting or expected to last 12 months or more but they DO NOT regularly spend more time in the home, on weekdays, during the winter, or
- b) where a member is in receipt of benefits received for a care need or disability but they DO NOT regularly spend more time in the home, on weekdays, during the winter, or
- c) where a member of the household is age 75 and over but they do not regularly spend more time in the home, on weekdays, during the winter.

⁵ <https://www.lboro.ac.uk/research/crsp/mis/>

EHR1 a) and EHR2 a) – where a member has a long-term mental or physical illness lasting or expected to last 12 months or more

16. Responses to the consultation largely agreed with our proposals for EHR1 and EHR2. Comments relating to the first category EHR1 a) and EHR2 a) included reducing the length of time of illness to 6 months, to include those who were recently discharged from hospital and to identify a list of illnesses or categories of illnesses that were vulnerable to the cold.

Scottish Government response

17. We welcome the support by the majority of respondents for our proposed approach and have carefully considered the issues raised by those who made alternative suggestions.

18. The question on a long term physical or mental illness or condition is a well-established question, which is used to compare views and experiences across the full range of topics covered by the Scottish Household Survey (SHS) between those in good health or not. This question is also a core question within all three of the Scottish Government's main population surveys (including the Scottish Health Survey and Scottish Crime and Justice Survey) and the combined large samples are used for comparisons across equalities groups (this question is used as an equality check to see how policies are landing on different groups).

19. As the core questions occur in all three surveys a pooling of the responses results in an annual sample of around 20,000 respondents, providing unprecedented precision of estimates at national level. This sample size enables the detailed and reliable analysis of key national estimates by ethnicity, sexual orientation, religion, age and sex, marital status, education level and economic activity, as well as tenure, car access and household type. The core questions also enables a detailed sub-national analysis by local area, urban-rural classification and Scottish Index of Multiple Deprivation. Because of this, and because we are using a heating regime that spans a year, we have decided to retain the existing question and approach.

20. Our approach is also more inclusive - allowing the interviewee to self-identify as having any long term physical or mental illness or condition without having to answer detailed questions about their illness or condition – questions that people may feel uncomfortable responding to.

21. We recognise that an annual survey could not capture all relevant information and that peoples circumstances can suddenly change. Where households suddenly become vulnerable to fuel poverty and are struggling to pay their bills then we want them to be able to access support. This would include households where a member is diagnosed with having a terminal illness or who have been discharged from hospital. That is why Home Energy Scotland (HES), our national advice service is already working to put in place referral arrangements from Macmillan and the British Red Cross that would see people referred to HES to identify if they were eligible for individual additional support. This sort of partnership approach is vital as we continue to develop the Fuel Poverty Strategy.

EHR1 b) and EHR2 b) - where a member is in receipt of benefits received for a care need or disability

22. EHR1 b) and EHR2 b) both relate to individuals who are in receipt of a benefit for a care need or disability. There was general support for the use of benefits for a care need or disability being a 'fair proxy' for those individuals who would be more likely to need higher temperatures for longer hours, although a few respondents noted that for care benefits it was important that it was the household with the person receiving care that would have the enhanced heating applied when calculating fuel poverty. Some respondents mentioned that there should be consideration of those that would be or are eligible for these benefits but do not claim them.

Scottish Government response

23. We have considered these responses carefully. The phrase 'benefits received for a care need or disability' is lifted from the Fuel Poverty Act as these are deducted before assessing if the household is in fuel poverty and will have the same definition as in the Act. It is not possible to include households who may be eligible for these benefits but are not claiming them as the interviewer cannot assess their eligibility. We are working with Social Security Scotland and other colleagues to ensure that the Fuel Poverty Strategy ties in with work that helps people to get the benefits they are entitled and Home Energy Scotland is also working with the Money Talks Team to maximise household income.

EHR1 c) and EHR2 c) - where a member of the household is age 75 or over

24. The majority of respondents agreed with our proposal with only three disagreeing with the age of 75 or over.

Scottish Government response

25. We intend to retain the original proposal of 75 or over and in doing so have accepted the views of the Definition Review Panel who noted that:

'...age per se is not a particular useful criterion for classifying people as vulnerable to cold-related health impacts. In the absence of any long-term ill-health or disability, the Panel took the view that age should not become a proxy for disability, until a much older age than is presently used as threshold in Scotland (which is 60 years). A threshold nearer 75 to 80 years might be more appropriate....'

26. We understand that people living with lower incomes, poorer working conditions and other social factors such as housing and communities, mean that they are at greater risk of poorer health outcomes, both living shorter lives and spending a greater proportion of their lives in long term poor health or disability and at risk of being fuel poor. The overall enhanced heating regulations should already capture those in poor health.

27. It is vital that our Fuel Poverty Strategy ensures our policies help those households who need it most. We already target homes in areas of multiple deprivation through our Home Energy Efficiency Programmes: Area Based Scheme.

This provides grant funding to improve the energy efficiency of private sector homes. SIMD data is one of the criteria that local authorities are encouraged to use when identifying projects as well as administrative data on subjects such as child poverty, school meals, benefits entitlement etc.

Other households

28. We asked respondents if they thought there were other households that should have an enhanced heating regime applied when calculating fuel poverty and to provide details and evidence to support their view. There were a number of suggestions including pregnant women, premature babies, people on low income, terminal illness, and temporary or fluctuating illness although no specific evidence was provided in the responses to support them.

Scottish Government response

29. We have considered these groups carefully but including them would be problematic for a number of reasons. As noted previously the SHCS is an annual survey and is therefore not a suitable vehicle to capture short term issues and the heating regimes are based on annual costs. For example, pregnancy could be counted across two years or none at all.

30. Whilst the Enhanced Heating Regime is a tool to more accurately calculate rates of fuel poverty, we do want to target support to people as and when they need it. We acknowledge that pregnant women and premature babies could be vulnerable and are already working alongside officials in Social Security Directorate and Social Security Scotland to ensure that such households receive the benefits and support available to them. We will continue to build on this as we develop the Fuel Poverty Strategy to ensure that all vulnerable households can access advice and support they are entitled to.

Issues around the phrasing used in the consultation

31. Several respondents commented on the use of the word 'winter' and 'spending more time at home'. Noting that it was potentially confusing as people who spend more time at home in the winter also likely to spend more time in the home all year round and that it wasn't clear what was meant by 'spending more time at home'.

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32. The SHCS asks 'Generally speaking, during winter when heating needs are greatest, at which of these times are you or someone else in your household regularly at home?' and then provides a list of options, set out below:

- All day/all of the time
- Weekday morning – 9am – noon
- Weekday lunchtime – noon – 2pm
- Weekday afternoon – 2pm – 5pm
- Weekend evening
- Weekend daytimes

- Weekend evenings
- Highly variable (no regular pattern)

33. All heating regimes that are used in calculating fuel poverty assume the home is heated for 16 hours at the weekends and for at least nine hours during the day on weekdays (assuming an occupancy pattern of early morning and evening when the home will be heated). The longer hours element assumes the home is occupied for 16 hours during the day on weekdays. We intend to take into account additional costs associated with using the heating for longer and will apply the longer hours element to those households in EHR1 a), b), and c) where the interviewee indicates the home is occupied weekday mornings, weekday afternoons, both weekday morning and afternoons and highly variable.

34. Use of the word 'winter' helps to focus the interviewee on how the house is occupied when it is cold and the question is well understood by interviewees. Moreover, as the heating regime also automatically assumes that if the home is occupied more in the winter it is occupied in this pattern throughout the year we intend to keep the well-established wording. This approach means that the additional costs of heating the home to a higher temperature or for longer are applied on a yearlong basis, not only on the additional costs incurred in winter.

Enhanced heating regime 3

35. Our consultation proposed applying Enhanced Heating Regime 3 (EHR3) to households with children under the age of three AND who regularly spend more time at home during the winter.

36. 11 respondents to the consultation agreed with our approach, with eight disagreeing and two respondents not answering this question. Of those disagreeing the majority suggested that age five or under was more appropriate.

Scottish Government response

37. As a result of the consultation and views from a number of stakeholders, we now intend to apply EHR3 to those households with a child age five or under where the home is occupied for longer. This allows those households, who for various reasons do not take up their offer of funded childcare and instead spend more time in the home to have the additional costs taken into account when calculating fuel poverty.

Other households

We do not intend applying EHR3 to other households although there were a number of other suggestions. We recognise that some households face particular difficulties and care experienced young people and homeless people moving into their first tenancy are two such groups. We intend to explore how we can best support these groups and others that were suggested through the development of the Fuel Poverty Strategy and embedding effective partnership working.



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