

The positive contribution of the third sector in tackling fuel poverty and challenges ahead

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Introduction/Background

This paper was requested by the chair of the task force after a discussion at a task force meeting about the current difficult economic environment and its impact on the future of third sector organisations. Throughout the lifespan of the Rural Fuel Poverty Task Force the important and positive role of third sector trusted intermediaries has been recognised as being vital to engaging customers and supporting behaviour change. These organisations are clearly valued and are quite often where people in fuel poverty turn to for advice and support but they face an uncertain economic future and is time to start viewing them as a core function of the national infrastructure and ensure they thrive moving forward?

There are a range of organisations who offer fuel poverty and energy efficiency advice across Scotland. The types of services they offer vary across organisations. Several of these organisations form part of the Home Energy Scotland network but also provide Home Energy Advice Teams, others manage HEEPS ABS schemes for local authorities, provide recycling services, training on fuel poverty and energy efficiency and employability services. These organisations such as Scarf, Changeworks, Energy Agency, Wise Group, Lochalsh and Skye Housing Association and others are trusted by local communities and are essential for promoting behaviour change.

Not only do these organisations deliver quality services they also offer fantastic opportunities for employment and as social enterprises seek to generate their own funding where possible. These organisations make a huge contribution to the Scottish Government's goal of creating inclusive economic growth. All of these organisations employ people from non-traditional backgrounds i.e. long term unemployed etc, offer placements and work experience opportunities and most importantly also support their customers to move out of fuel poverty and put more money back into the pockets of poorer households and the local economy.

It should be noted that some of these organisations have been recognised for their excellence at a national level. Scarf has been voted as one of the top 100 companies to work for in the UK for the last three years running, is a living wage employer and has Investors in People and Investors in Young People accreditation. The Wisegroup were the Quality Scotland Business of the Year in 2015 and were the only company in Scotland to achieve five-star accreditation from the European Framework for Quality Management in 2015. The Energy Agency was runner-up in the National Home Improvement Council Awards 2015 for Energy Efficiency in Local Communities category. They were also shortlisted as finalists for the Herald Society Awards 2015, in the category Environmental Initiative of the Year and have previously won a range of international, regional and local awards. This is further evidence that the network of organisations that fight fuel poverty in Scotland is unique and make a fantastic contribution to the agenda and are worth giving maximum support to.

Challenges faced by the Third Sector

It is typical that these third sector organisations deliver a range of contracts for the Scottish Government and Local Authorities as well as delivering other business ideas to generate their own revenue such as training, waste management services, HEEPS ABS coordination, research etc.

Typically each organisation will rely financially on at least four or five main contracts as well as their own income generating ideas. Each contract will contribute a percentage of the total contract value to pay for support functions necessary for running any organisation such as, CEO, Finance, HR/recruitment, Legal costs, building costs, insurance, legal work, heating, maintenance costs, IT infrastructure, governance costs. Although some of these contracts might be well funded, losing one contract or a reduction in funding in one contract can very quickly cause strain on an organisations financial position.

Some of the funding for fuel poverty services can be precarious and is funded on a year to year basis. Often a decision is taken on the continuation of funding just prior to the start of a new financial year. This can be particularly true of some of the HEAT services commissioned by some local authorities. This can lead to financial uncertainty for third sector organisations and makes keeping good staff difficult if they are uncertain about their job. The Home Energy Scotland (HES) contract is a good example of a longer term contract that is offered over three to five years making it easier to plan ahead. However, even organisations that hold HES contracts are reliant on a range of funding over and above HES and significant changes in other contracts can still cause financial difficulty.

Some third sector organisations have found themselves in the position where they were admitted bodies into their local authority pension scheme. These organisations entered their staff into these pension schemes believing they offered security and best value for their staff pensions. However, in recent years several local authority final salary pension schemes have got into difficulty and now run substantial pension deficits. It is possible that this could have implications for some third sector organisations moving forward.

In a time of austerity governments, local authorities and other funding bodies are often looking for an excellent service but at no extra cost. This is a scenario that is likely to last for the foreseeable future. As time goes on it will become increasingly difficult for third sector organisations working in the fuel poverty/energy efficiency sector to grow and develop new services and partnerships with diminished resources. Third sector organisations cannot work forever on standstill budgets and will eventually have to reduce staffing levels to cope.

Recommendations

- The Scottish Government should recognise these organisations as being a vital component of the national infrastructure as they make such a significant contribution to inclusive economic growth and consumer's behaviour change.
- The Scottish Government should consider how best they can utilise the skills of these organisations through social enterprise opportunities and contribute further to inclusive economic growth.
- The Scottish Government should prioritise these organisations to ensure they they have access to support packages from agencies such a Scottish Enterprise and others to ensure they can grow and thrive.
- Where there is market failure the Scottish Government should consider how these organisations could help. They could be supported to help fill gaps where there is market failure.

- The Fuel Poverty Task Force should state in their recommendations that the funding for rural fuel poverty services whether it be local authority or the Scottish Government should always be funded for three years minimum, ideally five years or more, and have an accompanying contract or SLA
- The Scottish Government should work closely with these organisations to consider how they might cooperate to draw down lottery funding and potentially other funding to support the testing of new approaches to working with people in fuel poverty.