

Agenda Item	12
Report No	HC/36/21

## HIGHLAND COUNCIL

**Committee:** The Highland Council

**Date:** 8 December 2021

**Report Title:** Discretionary Fuel Support Fund

**Report By:** Executive Chief Officer, Resources and Finance

### 1. Purpose/Executive Summary

- 1.1 Living with fuel poverty has far reaching impacts, including the effects on individual household's health and wellbeing, learning, employment and social networks. The percentage of Highland households living in fuel poverty and extreme fuel poverty is stark with the percentage of dwellings off the gas grid almost 4 times higher than the Scottish average.
- 1.2 The significant increases in fuel prices will place even greater pressures on an increased number of Highland residents. When taken together with the prevailing other cost of living increases, these impacts will be felt the hardest by those already experiencing fuel poverty and extreme fuel poverty and those just above benefit thresholds and on the cusp of being able to access financial support.
- 1.3 This report invites Members to consider whether a local discretionary fuel support fund should be made available for those in most need of additional support as a contribution to their winter heating costs.

### 2.1 Recommendations

2.1 Members are invited to:

**Note:**

- i. The Scottish Government has made available £25m flexible funding to local authorities for the purposes of providing support for residents in respect of winter 2021/22. The Council's allocation from the Scottish Government is confirmed at £1.019m. (Further information about the Scottish Government's Winter Support Fund is provided in Section 7 of this report.)
- ii. Local authorities are being guided to adopt intersectional and wellbeing approaches when deciding how to support residents this winter. This includes helping to alleviate overlapping disadvantage and to support marginalised groups, those experiencing homelessness – including those with no recourse to public funds, assistance with housing costs and other essential items.

- iii. Local authorities should consider cash-first approaches but have discretion to consider other appropriate methods of provision. A cash-first approach means making payments of money to eligible residents by bank transfer and other means.
- iv. The Scottish Government's guidance includes that local authorities may want to consider providing financial assistance to households at risk of self-disconnecting due to financial hardship, ie when a household stops using gas/electricity/energy entirely due to affordability. This may apply where a household pays in advance for energy – such as pre-payment meter users and those reliant on physical fuel deliveries, eg oil and LPG users. Consideration should also be given to households who are at risk of self-rationing their energy due to financial hardship, ie limiting energy use to less than is required to meet their needs in an effort to save money or prevent unmanageable debt. This may apply regardless of fuel type or payment method.
- v. It is anticipated that £0.020m will be required from this fund for the provision of housing for those with no recourse to public funds.

## **Agree**

- i. To make a one-off non-repayable payment of £180 per household to all Highland residents in receipt of means-tested council tax reduction as at 30 November 2021. At the time of writing this report, 16,440 council tax payers were receiving council tax reduction and while there will be some movement in the number of households that will be eligible as at 30 November 2021, it is not anticipated to be significant.
- ii. That a budget of £2.960m be provided for this purpose comprising £0.999m from the Winter Support Fund, with the required balance being drawn from the Council's reserves.
- iii. For payments to be made to those eligible for a discretionary fuel support payment by March 2022.
- iv. That £0.020m be allocated from the £1.019m Winter Support Fund in anticipation of the costs associated with housing those with no recourse to public funds.

## **3. Implications**

- 3.1 Resource – Delivery of the proposed local fuel support scheme for Highland residents, involving a payment of £180 per eligible household, will require a total fund made up of funding from the Scottish Government's Winter Support Fund of around £0.999m and £1.961m from Council reserves.
- 3.2 Legal – A scheme designed to alleviate fuel poverty supports the Council's Fairer Scotland Duty to reduce inequalities of outcome caused by socio-economic disadvantage, when making strategic decisions. The proposal set out in this report to provide fuel support payments is in line with the Scottish Government's guiding principles for Winter Support as is the proposed provision for housing those with no recourse to public funds.
- 3.3 Community (Equality, Poverty and Rural) – Should the proposed scheme be approved, it will be implemented on a Highland-wide basis to help mitigate the impacts that fuel insecurities have on citizens' health and wellbeing. This approach will help address fuel inequalities experienced by urban and rural communities arising from a matrix of factors thus supporting intersectional and wellbeing approaches. These include but are not limited to low income, standard

of living increases, access to affordable fuel, efficient fuel systems, variable housing conditions and increasing fuel prices.

- 3.4 Climate Change/Carbon Clever – The measures and support available through the Energy Efficient Scotland: Area Based Scheme aim to target fuel-poor areas; offer insulation measures (External Wall Insulation, Cavity Wall and Loft Insulation); and offer first time central heating and solar PV and battery storage. Individually and collectively these measures positively support climate change/carbon clever commitments.
- 3.5 Risk – The proposed scheme to make a payment a one-off payment of £180 for all households in receipt of council tax reduction as at 30 November 2021 has been designed to manage the risks of unanticipated demand, therefore minimising the risk of budget pressures arising from this scheme.
- 3.6 Gaelic – There are no Gaelic implications arising from this report.

## **4. Background**

- 4.1 The Fuel Poverty (Targets, Definition and Strategy) (Scotland) Act 2019 places in legislation the Scottish Government's fuel poverty targets. The primary target is that, by the year 2040, as far as reasonably possible, no household in Scotland is in fuel poverty but that, in any event, the following objectives are met:
- no more than 5% are in fuel poverty;
  - no more than 1% are in extreme fuel poverty; and
  - the median fuel poverty gap is no more than £250 (in 2015 prices).
- 4.2 There is also a 2040 target which applies at the level of local authority areas: the objectives to be met are the same as they are at a Scotland-wide level, but they are to be met with reference to each individual local authority area instead.
- 4.3 *Tackling Fuel Poverty in Scotland - A Strategic Approach* sets out policies and proposals for national Government, local authorities and third sector partners to collectively help make strong progress towards these targets. This covers actions to:
- mitigate the four drivers of Fuel Poverty (energy prices, income, energy efficiency of the home, and how energy is used in the home);
  - ensure fewer people are at risk of Fuel Poverty in the future by making systemic change; and
  - ensure that continued progress is made to tackle Fuel Poverty at the same time as Scotland decarbonises the way we heat and power our homes.

## **5. Fuel Poverty within Highland**

- 5.1 The *Scottish House Condition Survey: Local Authority Analysis 2017-2019* and analysis undertaken by Energy Action Scotland of Ofgem data (the government energy regulator), reveals more than a third of households in some local authority areas in Scotland are already living in fuel poverty, while nearly a quarter in others are in extreme fuel poverty.

- 5.2 The data for Highland shows:
- **33%** of households in Highland are experiencing fuel poverty compared to the national average of **24%\***.
  - **22%** of households in Highland are facing extreme fuel poverty, which is nearly double the national average, at **12%\***.

\*as measured by the 2021 Scottish House Condition report.

- 5.3 Energy Action Scotland highlight households living “[off the gas grid](#)” - not connected to the national mains gas network - often struggle most to cope with fuel costs with analysis showing many areas with the highest rate of households living off the grid, such as the Highlands and Islands, also had the largest number in fuel poverty. These findings were produced prior to the current increases in gas prices and should therefore be considered within that context.

- 5.4 In addition, while the average UK dual fuel bill comes to **£1,138**, Scottish consumers face an average bill of **£1,759** and for those with electricity only, the figure rises to **£2,276**.

- 5.5 Trend information published in the Scottish Housing Condition Surveys between 2010-2018 is provided in the following paragraphs. For Highland residents, the region has been consistently above the Scottish average year on year throughout the period across all measures, ie fuel poverty, extreme fuel poverty, and the percentage of dwellings off the gas grid.

- 5.6 The Fuel Poverty (Targets, Definition and Strategy) (Scotland) Act 2019 establishes a new two-part definition whereby a household is considered fuel poor if:

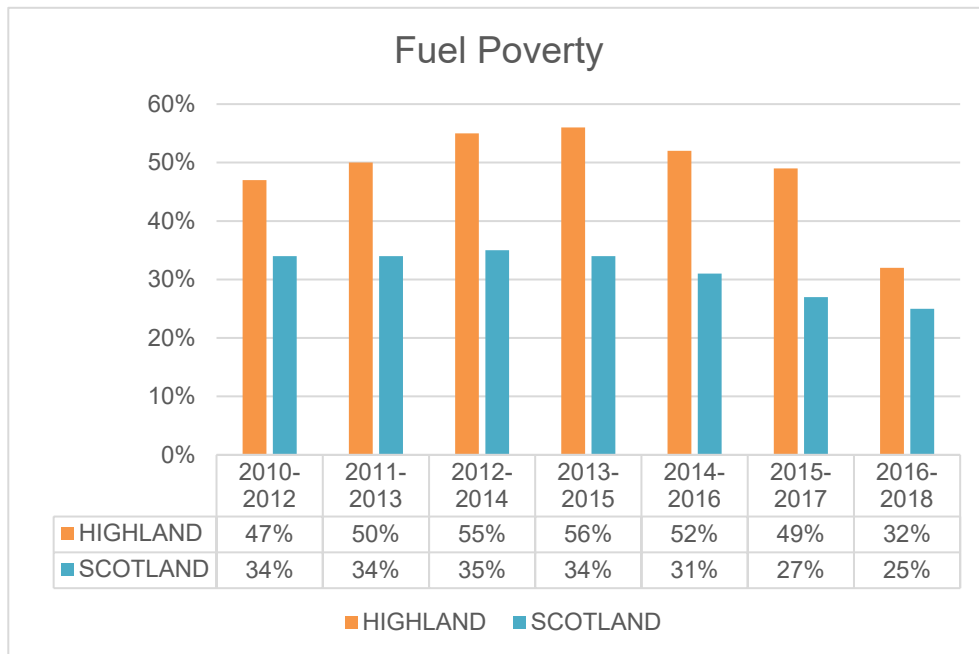
- after housing costs have been deducted, more than 10% (20% for extreme fuel poverty) of their net income is required to pay for their reasonable fuel needs; and
- after further adjustments are made to deduct childcare costs and any benefits received for a disability or care need, their remaining income is insufficient to maintain an acceptable standard of living, defined as being at least 90% of the UK Minimum Income Standard (MIS).

To take account of the generally higher costs of living in Scotland’s remote, rural and island communities, the legislation provides for uplifts to be applied to the MIS for households in these areas.

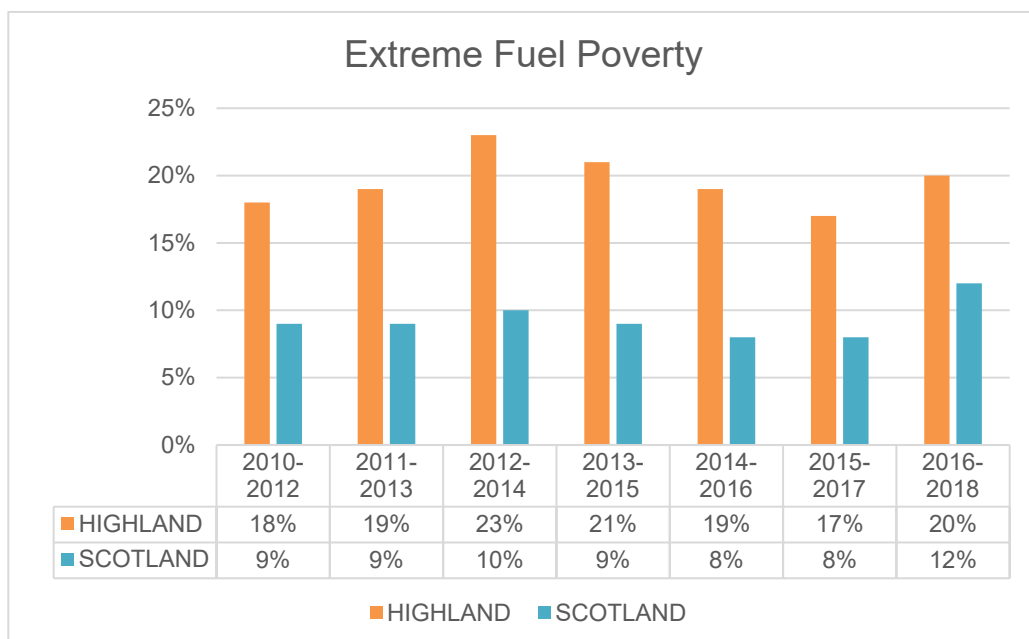
- 5.7 The test for whether a household is in extreme fuel poverty is largely the same as the test for whether it is in fuel poverty other than that the threshold is different:

- for extreme fuel poverty, the cost of meeting the household’s assessed fuel needs must amount to more than 20% of the net income that the household has after it has paid its housing costs (rather than the 10% which is required for fuel poverty).

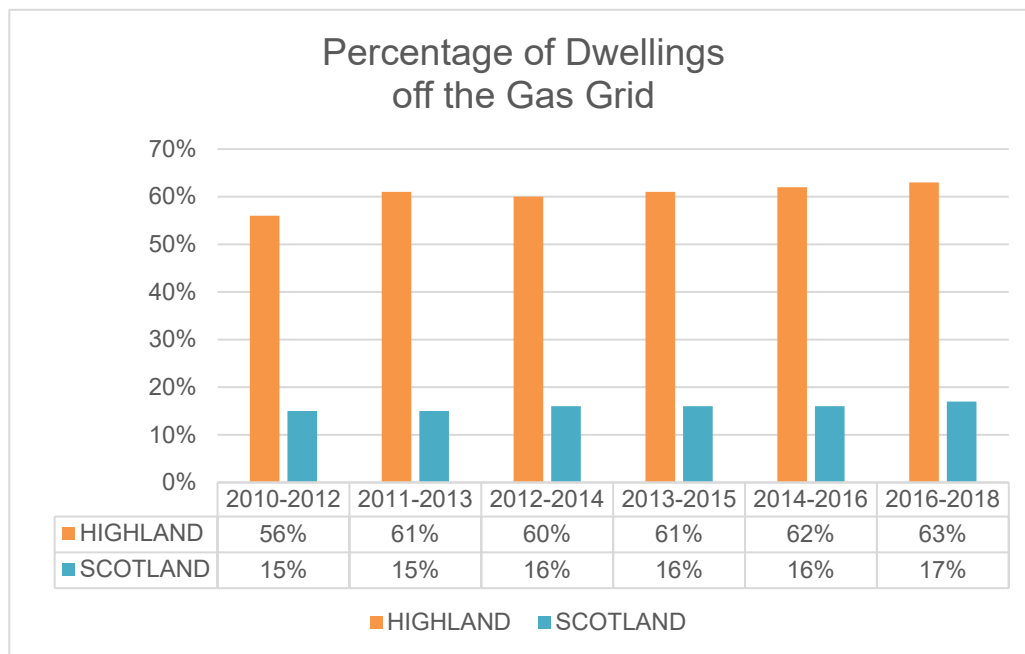
### 5.7.1 Households in Fuel Poverty



### 5.7.2 Extreme Fuel Poverty



### 5.7.3 Percentage of Dwellings off the Gas Grid



## 6. Energy Efficient Scotland: Area Based Scheme

6.1 The Highland Council has secured Scottish Government funding towards energy efficiency measures. This funding in conjunction with Energy Company Obligation (ECO) funding and a homeowner contribution will help owner occupiers and those in private rented properties to improve the energy efficiency within their home.

6.2 Home Energy Scotland (HES) is supporting the Council to provide free and impartial energy advice to homeowners and tenants. This includes advice about funding opportunities that are available, eligibility for the measures and how best to save energy in the home. HES also offers a home survey visit to establish the energy efficiency of the home. Energy saving measures currently available in Highland include:

- External Wall Insulation
- Cavity Wall Insulation
- Loft Insulation
- Air Source Heat Pump
- Solar PV & Battery Storage

Some of the benefits of these measures include:

- Having a brand new controllable and modern heating system
- Potentially reduced energy bills
- Reduced carbon footprint
- Reduced heat loss through roof

- Reduced heat loss through walls

These benefits help protect external walls, improve appearances and reduce draughts, condensation, and damp.

- 6.3 In addition, Home Energy Scotland offer a home visit service and will provide an in-depth post-visit report, which details options specific to the homeowners/tenants needs and wants, and the appropriateness of the options for the property. Home Energy Scotland also offer an interest free loan for energy improvements to homes when no other funding options are available.
- 6.4 Details of the current measures available as part of The Highland Council's Energy Efficient Scotland: Area Based Scheme (EES:ABS) and the eligibility criteria can be found at Appendix 1 to this report.
- 6.5 More information regarding the Area Based Scheme is available by email to [ees-abs@highland.gov.uk](mailto:ees-abs@highland.gov.uk). How to reduce fuel bills, go green and save, making homes warmer and funding for householders are detailed on Home Energy Scotland's website at <https://www.homeenergyscotland.org/>.

## **7. Support for households experiencing fuel poverty**

- 7.1 There are various benefits, entitlements and grants administered by the UK Government, Scottish Government and the Highland Council to deliver extra financial support to eligible households during the winter months.
- 7.2 Covid specific payments, the introduction of Social Security Scotland and announcements made in the recent Autumn 2021 Budget have also provided additional payments and entitlements to help with daily living costs for those eligible.
- 7.3 These benefits, entitlements and grants are detailed below with details of additional support contained within Appendices 2, 3 and 4 to this report.
- 7.4 Citizens Advice has a specialist team of Energy Advisors who can undertake a range of energy checks which are designed to help with reducing domestic fuel bills. CAB Energy Advisers can be contacted on 01463 237664.
- 7.5 The Council's Welfare Support Team provides support with fuel insecurities, including accessing the Scottish Welfare Fund for those eligible for emergency help with fuel costs, in addition to checking eligibility and submitting claims for all benefits and entitlements. The Welfare Support Team can be contacted by phone on 0800 090 1004 (calls are free from landlines and mobiles) or by e-mail to [welfare.support@highland.gov.uk](mailto:welfare.support@highland.gov.uk).
- 7.6 The support available for Highland residents from both Citizens Advice and the Council's Welfare Support Team is free, impartial, and confidential.

## **7.7 Winter Support Fund**

- 7.7.1 The Scottish Government received £41m from the UK Government's Household Support Fund. On 29 October 2021, the Scottish Government announced a Winter Support Fund for low-income families which included:
- £25 million in flexible funding to local authorities;

- £10 million to national partners who are tackling fuel poverty; and
- £6 million to third sector partners that support low income households.

7.7.2 The £25m flexible funding to local authorities is the focus of this report inviting Members to consider whether the Council's allocation from the Winter Support Fund should be used for the purposes of the local discretionary fuel support fund.

7.7.3 The £10m funding provided to tackle fuel poverty will include support for the following projects:

- Support for the **Fuel Bank Foundation** to extend their existing Fuel Bank network in Scotland. This Foundation provides same-day support for prepayment meter users at risk of imminent self-disconnection.
- Support for the **Fuel Bank Heat Fund** which supports households reliant on solid and liquid fuels who are unable to afford to purchase fuel.
- Funding for **Advice Direct Scotland** to deliver its Home Heating Support Fund which provides supports to households at risk of self-rationing their energy use, regardless of their payment method or fuel type.
- Funding to enable the **Scottish Federation of Housing Associations** to manage a Social Housing Tenants Fuel Support Fund. Projects must be able to be delivered by March 2022. Eligibility for the scheme is limited to Social Landlords either individually or collectively – Local Authorities landlords are unable to apply for funding.
- Support for **Energy Action Scotland** to support its strategic work around sector intelligence and on key issues such as the impact of fuel poverty on health and wellbeing.

7.7.4 Details regarding the purpose of the £6m to third sector partners that support low income households were not available at the time of writing this report and can be provided for Members in due course.

Designation: Executive Chief Officer, Resources and Finance

Date: 25 November 2021

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## Energy Efficient Scotland: Area Based Scheme Eligibility Criteria

Circumstances	Measure				
	Significant Funding Towards External Wall Insulation	Free Cavity Wall Insulation	Free Loft Insulation	Up to 100% funding for First Time Central Heating, delivered through air source heat pump	Up to 100% funding for Solar & PV Battery Storage
Your property is Council Tax Band A, B or C (Band D is eligible where the EPC rating is E, F or G)	✓	✓	✓	✓	✓
Your home is either owned by you or privately rented – must be your main residence and cannot be a second home or B&B	✓	✓	✓	✓	✓
Your property is of solid wall construction	✓				
Your property must not be in a conservation area	✓				✓
Your property must not be a listed building	✓			✓	✓
Your property has electric storage heating				✓	✓
Alternatively, you could qualify if you meet ECO Flex requirements		✓	✓		

To unlock additional funding, the household must meet the following criteria:

- 1. The household must meet the income threshold in the table immediately below:**

Number of people in the household	Household income after housing costs per year	Household income after housing costs per week
1 adult	£10,695	£206
1 adult and 1 child	£14,030	£270
1 adult and 2 children	£17,250	£332
1 adult and 3 children	£20,700	£399
1 adult and 4 or more children	£24,150	£465

2 adults	£17,480	£337
2 adults and 1 child	£20,930	£403
2 adults and 2 children	£24,265	£467
2 adults and 3 children	£27,715	£533
2 adults and 4 or more children	£30,820	£593

**2. The household is in fuel poverty OR a member of the household is vulnerable to the effects of living in a cold home:**

**Fuel Poverty**

The household must either:

- Spend more than 10% of its net income after housing costs on household fuel
- Have an EPC rating of D-G, with no connection to the gas grid
- Does not have a working central heating system

**Vulnerable to the effects of living in a cold home**

Households where one or more person has a health condition which could be exacerbated by living in a cold home are eligible.

### 1. Fuel-related support from the Department for Work and Pensions (DWP)

1.1 Depending upon household circumstances, a resident may qualify for extra financial support during the winter from the DWP.

1.2 **UK Government's Winter Fuel Payment:** A Winter Fuel payment is a one-off, tax-free payment of between **£100 and £300** made during the winter to help with heating costs; it is made to households with someone over Pension Credit age. Most payments are made automatically during November and December. If someone applies for the first time, they will receive their payment by Christmas. The amount a household will receive each winter can vary according to their personal circumstances. For example, age or other people living in the house who are also eligible can increase the eligible amount.

1.2.1 The annual Winter Fuel Payment statistics release (for winter 2020 to 2021) had been postponed. The 2019 to 2020 Winter Fuel Payment statistics show **49,710** people in Highland received a payment between **£100 to £300** with 26,560 (53.4%) being female recipients and 23,150 (46.6%) male recipients. This compares with 983,030 across Scotland, comprising 536,780 female recipients (54.6%) and 446,250 (45.4%) male recipients.

1.3 **UK Government's Cold Weather Payment:** A Cold Weather payment is an automatic **£25** payment to help with fuel costs during periods of very cold weather. There is no need to apply. The period of cold weather must cover seven consecutive days, between 1 November and 31 March, when the average temperature must be zero degrees Celsius or below. The £25 can be paid multiple times if the 7 consecutive day criteria are met.

Someone might qualify for a Cold Weather Payment if they do not live in a care home and are claiming:

- Pension Credit; or
- Income Support, Income-related Employment and Support Allowance or Income-based Jobseeker's Allowance or Universal Credit and one of the following statements also applies:
  - they get an extra amount in benefit (a premium) for having a disability or for being over state pension age;
  - they have a child under five;
  - they have a child and receive Child Tax Credit with an extra amount for their disability.

1.4 **The Warm Home Discount scheme:** The Warm Home Discount scheme (WHDS) offers a one-off payment of **£140** (inclusive of VAT) towards the energy bills of those who need it most. The scheme was introduced by the UK Government in April 2011 and is managed by energy suppliers. The money isn't paid directly to the customer; it is a one-off discount that is credited to the customer's energy account, prepayment card or key.

There are 2 ways to qualify for the Warm Home Discount Scheme:

- if someone receives Pension Credit Guarantee Credit; or
- someone on a low income who meets their energy supplier's criteria for the scheme.

### 1. Fuel-related support available from Social Security Scotland (SSS)

1.1 **Cold Spell and Winter Heating Assistance:** Since 2020, as part of *The Social Security (Scotland) Act 2018*, the Scottish Government, through their new agency, Social Security Scotland, has been responsible for payment of Winter Heating Assistance (to replace Winter Fuel Payment) and Cold Spell Heating Assistance (to replace Cold Weather Payment).

1.2 **Winter Heating Assistance:** The Scottish Government plan to develop and design Winter Heating Assistance based upon the existing UK Winter Fuel Payment. This includes keeping the payment consistent with the current Winter Fuel Payments with no means-testing or taxing Winter Heating Assistance.

1.3 **Child Winter Heating Assistance** is an automatic payment of £200 for children and young people up to the age of 18 to help with increased heating costs over winter. There is no need to apply for residents in Scotland. To be eligible, two criteria must be met on at least one day in the third full week of September (called the "qualifying week"). On that day those eligible must:

- receive the highest rate care component of Disability Living Allowance for children;
- be on the enhanced rate of the daily living component of Personal Independence Payment;
- be in receipt of Child Disability Payment; and
- be resident in Scotland

If there is more than one child or young person in a household who qualifies, they will each receive payment.

1.3.1 In October 2021, the Scottish Parliament passed legislation extending the eligibility for the Child Winter Heating assistance to young people aged 16 to 18 in receipt of the enhanced daily living component of PIP (Personal Independence Payment). The Scottish Government confirms that families who have a young person who was on PIP enhanced daily living component in September 2020 will also be awarded a backdated payment to cover winter 2020/21.

1.3.2 In Highland **590** children received the **£200** Child Winter Heating Assistance payment in 2020. In 2021, the payment will increase to **£202** per eligible child.

1.3.3 Gradually from November 2022 onwards, Social Security Scotland will pay Winter Heating Assistance to everyone who qualifies in Scotland as they reach the State Pension age.

1.4 **Cold Spell Heating Assistance:** This new payment will be designed and delivered based upon the existing Cold Weather Payment. The Scottish Government do not intend to amend the current eligibility for this benefit or to change the amount of benefit paid. First payments of this benefit are expected to be made from November 2022 onwards.

## 1. Additional Support Available

### 1.1 Scottish Welfare Fund

- 1.1.1 Administered by the Highland Council, the Scottish Welfare Fund (SWF) is a national scheme, placed in law and delivered on behalf of the Scottish Government. It aims to provide a safety net to people on low incomes by the provision of Crisis Grants and Community Care Grants.
- 1.1.2 A Crisis Grant may be awarded to meet expenses that have arisen as a result of an emergency or disaster where financial assistance is required in order to avoid serious damage or serious risk to the health or safety of the applicant or their family.
- 1.1.3 Where a household meets the SWF eligibility criteria, an application for a Crisis Grant can be made for living expenses, to help pay for essentials including heating. Types of heating include (but not limited to):
- Gas
  - Coal
  - Electricity
  - Heating oil (including filling of tanks)

### 1.2 Scottish Child Payment and quarterly bridging payments

- 1.2.1 During February 2021, Scottish Government introduced Scottish Child Payment for families on certain benefits or tax credits to help towards the costs of looking after a child. Scottish Child Payment is a **£40** payment, paid every four weeks (**£520** per annum) for each child under six. The most recent Scottish Child Payment statistics (June 2021) show Highland has had **3,575** successful applications. Applications can be made online, by phone or by post.
- 1.2.2 Scottish Child Payment will be extended to all eligible under-16s by the end of 2022. In the interim quarterly Bridging Payments (equivalent to the value of SCP) will be made to eligible families. The Scottish Government also intends to double the SCP to **£20** per week/**£1,040** per annum following the expansion.
- 1.2.3 The Scottish Child Payment Bridging Payments bring together the Covid hardship payments and the Family Pandemic Payment into one payment, made 4 times a year. These payments are available for each child who gets free school meals because of low income.
- 1.2.4 Eligible families with children in school received a payment of **£160** per child in October 2021 and will receive a further payment in December 2021. Two Bridging Payments of **£100** have already been made via local councils, taking the total to **£520** this year.
- 1.2.5 As pre-school aged children may be in receipt of the Scottish Child Payment, they are not eligible for additional bridging payments.

### 1.3 Carers Allowance Supplement

- 1.3.1 The Department for Work and Pensions are responsible for paying Carers Allowance. Social Security Scotland are responsible for Carer's Allowance Supplement which is an extra payment paid twice per year for people in Scotland who get Carer's Allowance on a particular date.

1.3.2 This year the first payment of **£231.40** Carers Allowance Supplement was made in June 2021 to **2,920** recipients in Highland.

1.3.3 The second payment is due December 2021 and will be **£462.80** for someone who was in receipt of Carers Allowance on 11 October 2021. The Scottish Government is providing this increased payment in recognition of the pressures unpaid carers face because of the pandemic.

#### **1.4 Universal Credit work allowances and taper**

1.4.1 The Autumn 2021 budget announced a reduction to the Universal Credit taper rate as well as an increase to claimants' work allowances. These changes were implemented by the Department for Work and Pensions on 24 November 2021

1.4.2 Work allowances are the amount an eligible claimant can earn before their Universal Credit is reduced. This increased by £500 per year from 24 November 2021 meaning more families are able to earn over £500 per month before their benefits are tapered off.

1.4.3 Once a claimant earns more than their work allowance their Universal Credit payments will be reduced at a steady rate. This is known as the Universal Credit earnings taper. The Universal Credit earnings taper rate has been reduced from 63% to 55%. This means that for every £1 a claimant earns over their work allowance if eligible their Universal Credit will be reduced by 55p (previously 63p).