

# Submission to the Scottish Government

## Draft Energy Strategy and Just Transition Plan

April 2023



### About us

The Poverty Alliance is Scotland's anti-poverty network. Together with our members, we influence policy and practice, support communities to challenge poverty, provide evidence through research and build public support for the solutions to tackle poverty. Our members include grassroots community groups, academics, large national NGOs, voluntary organisations, statutory organisations, trade unions, and faith groups.

## Chapter 1 – Introduction and Vision

### Question 1: What are your views on the vision set out for 2030 and 2045? Are there any changes you think should be made?

The Poverty Alliance welcome the Scottish Government's consultation on their Draft Energy Strategy and Just Transition Plan. The climate crisis poses the single biggest risk to humanity and strategies to tackle this must be bold.

The on-going cost of living crisis has shown how deeply the climate emergency and poverty are linked. Rising fuel costs, inefficient housing, expensive transport have all played a role in exacerbating poverty whilst pouring more carbon into the atmosphere. This brunt of the crisis has been felt disproportionately by those living on the lowest incomes, worsening income inequality and vastly increasing the debt of low income households who were already struggling to keep pace with prior to this crisis. This strategy therefore provides an important opportunity to enact policies that will both tackle the climate emergency and reduce poverty rates.

Our response demonstrates how solutions to the climate crisis are intimately tied to solutions to other problems such as poverty, fuel poverty and homelessness. We can meet these collective challenges by linking strategies and building on the knowledge of those most likely to feel the harshest impacts on the climate emergency, including people living on low incomes. Overall, we support the recommendations of the Scottish Fuel Poverty Strategic Working Group including the over-arching recommendation that the fuel poverty strategy should be firmly based on the principle of social justice and embedded in efforts to create a fairer and more equal society. In addition, we support the group's recommendation that we should address all four drivers of fuel poverty across income, energy costs, energy performance, and

how energy is used in the home.<sup>1</sup> This requires action to improve access to good quality, affordable housing; access to jobs that deliver fair work and pay the real living wage; strengthening our social security safety net; access to affordable and sustainable sources of energy; and high-quality face-to-face advice on energy use.

Overall, we support the vision as detailed in the strategy. However, we would stress that affordable energy can mean different things for different households and their circumstances. It is important therefore to consider equity in relation to the affordability of an essential service such as energy and we would urge that the final strategy reflects this.

### **Question 3: How can we ensure our approach to supporting community energy is inclusive and that the benefits flow to communities across Scotland?**

We were glad to see the strategy identify that local communities have a central role to play in the delivery and design of the energy strategy as well as being impacted in a just transition.

Before considering how to make community energy inclusive we wish to highlight the lack of distinction between, and clarity of, what is meant by community energy, community benefits and shared ownership. Each of these objectives requires different support for engagement from communities and this should be more fully developed in the strategy. There is also a disconnect within this element of the strategy with other portfolios which could work together such as Community Wealth Building, Wellbeing Economy, Social Justice, and the ambitions of the Tackling Child Poverty Delivery Plan.

On inclusivity, the strategy fails to consider how it would engage people living on low incomes and other seldom heard groups - such as asylum seekers and people with experience of homelessness - and how it would build capacity of these groups to be able to engage meaningfully and access any benefits derived from community energy initiatives.

In on-going research in our Get heard Scotland<sup>2</sup> (GHS) project, we have been working with people with experience of poverty on their views on Community Wealth Building. Although not exclusively about community energy, this was considered a key component of building community wealth and thus lessons can be inferred for both. A key message from participants is the need for the Scottish Government to

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<sup>1</sup> Scottish Fuel Poverty Strategic Working Group (2016) *A Scotland without fuel poverty is a fairer Scotland: Four steps to achieving sustainable, affordable and attainable warmth and energy use for all*. Available at: <https://webarchive.nrsotland.gov.uk/20210415134522/http://www.gov.scot/publications/scotland-without-fuel-poverty-fairer-scotland-four-steps-achieving-sustainable/pages/8/>

<sup>2</sup> Get Heard Scotland (GHS) helps people affected by poverty get their voices heard on the policies and decisions that most impact their lives. The programme is coordinated by the Poverty Alliance and funded by the Scottish Government as part of its Child Poverty Delivery Plan. For more information see - [Get Heard Scotland - The Poverty Alliance](#)

actively reach out to seldom-heard communities and to de jargon the language surrounding Community Wealth Being as a first step to being inclusive. Topics such as Just Transition and schemes like Shared Ownership can use a significant amount of jargon and language that is inaccessible for people without prior knowledge in the subject.<sup>3</sup>

Practically, there must be support put in place that allows people with low incomes to engage with and reap the benefits of shared ownership schemes without the need for initial spend such as buying shares in a community owned windfarm. People living on low incomes already struggle to afford essentials like food, housing, and transport, any other cost barrier will prevent engagement and be inequitable.

Administration of the schemes and the methods to apply for and access community energy schemes must be accessible and available in a variety of formats, preferably designed and implemented in partnership with local community organisations. People in our GHS project who had attempted to access community ownership schemes in their local communities told us of arduous processes which demanded significant time and resource.

As raised by other organisations, for shared ownership (and also for community benefit), there must be clear definition of who should be eligible for such opportunities, namely criteria should be limited to non-profit community organisations that invest in their local communities. There is a risk that the 'local' option is taken up by already wealthy people living in the local area who become wealthier through their investments. There is also a need to consult appropriately with different communities, including and especially low income communities, to understand their needs and how best to encourage behavioural change resulting in greener decision making on an individual level.

We welcome the mention of a tailored package of support for remote and rural off-grid communities. We still have a significant proportion of households reliant on fuel from an unregulated energy market to heat their homes, with approximately 18% of dwellings in Scotland estimated to be outside the coverage of the gas grid.<sup>4</sup> In rural areas, this rises to almost two-thirds (65%) of dwellings.<sup>5</sup> With these alternative fuels not being covered by the Energy Price Guarantee, and delays to the alternative fuel payment, this has meant that people in rural areas have faced spiralling costs during the crisis. People on low incomes also face a poverty premium when purchasing alternative fuels. With direct debit options unavailable for these fuels, the best prices are attained by purchasing in bulk – an option which is unavailable to people on low

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<sup>3</sup> Get Heard Scotland: The Poverty Alliance (2023) *Participation of people with experience of poverty in their views on Community Wealth Building*. Unpublished.

<sup>4</sup> Energy Action Scotland (Undated) *EAS Policy Position Statement – The Broader Energy Landscape*. Available at: <https://www.eas.org.uk/eas-policy-position-statement-the-broader-energy-landscape>

<sup>5</sup> Scottish Government (2020) *Scottish house condition survey: 2019 key findings*. Available at: <https://www.gov.scot/publications/scottish-house-condition-survey-2019-key-findings/documents/>

incomes. This should be a consideration for the implementation of support for off-grid communities.

To end, the strategy rightfully provides significant attention to the North East of Scotland which will face some of the most significant changes in the just transition. However, the strategy fails to meaningfully consider the impact on the rest of Scotland who will also face changes in their populations, job opportunities and skills demand. While a focus on the North East of Scotland is understandable, the Scottish Government's commitments to tackling inequality are significantly more broad than this and should thus be reflected in the strategy. Analysis should be made that explores how different areas could be impacted by the just transition and ensure that the most vulnerable groups in these communities (including people living on low incomes) are protected from any adverse effects.

#### **Question 4: What barriers, if any, do you/your organisation experience in accessing finance to deliver net zero compatible investments?**

A growing issue in the third sector is the lack of capacity and resource amongst staff and organisations. Many organisations report that the pandemic and the on-going cost of living crisis has placed significant pressure on third sector organisations. Many organisations are seeing increased demand for their services and as a result staff and resources are stretched, often to breaking point.<sup>6</sup>

This is predated by long standing issues with funding for third sector organisations which is often short term, limited and heavily competitive. Recent data from Scottish Council for Voluntary Organisations (SCVO) shows that financial insecurity of third sector organisations is worsening amidst the on-going cost of living crisis. 45% of organisations who responded to their survey stated that donations from the public have dropped, 26% have reported a decrease in their average monthly turnover and 42% of organisations surveyed predict that these financial strains will be a long term issue.<sup>7</sup> For organisations in the third sector to meaningfully engage with the climate emergency there must be increased investment and opportunities provided to do this and this must come from government investment and reform of the third sector funding mechanism.

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<sup>6</sup> The Poverty Alliance (2021). *Child Poverty Delivery Plan 2022-26: Voices from Our Communities*. Available at: [https://www.povertyalliance.org/wp-content/uploads/2022/03/TPA\\_GHS\\_Child\\_Poverty\\_Plan\\_2022-26.pdf](https://www.povertyalliance.org/wp-content/uploads/2022/03/TPA_GHS_Child_Poverty_Plan_2022-26.pdf)

<sup>7</sup> Scottish Council for Voluntary Organisations (2023) *Scottish Third Sector Tracker. Wave five findings. Winter 2022*. Available at: [https://storage.googleapis.com/scvo-documents-evidence/0693z00000b67PyAAI-Scottish\\_third\\_sector\\_tracker\\_wave5\\_report\\_winter22.pdf](https://storage.googleapis.com/scvo-documents-evidence/0693z00000b67PyAAI-Scottish_third_sector_tracker_wave5_report_winter22.pdf)

## **Question 8: What further advice or support is required to help individuals of all ages and, in particular, individuals who are currently under-represented in the industry enter into or progress in green energy jobs?**

Particular groups of people who are more likely to be experiencing poverty, including women, disabled people, single parents and Black and minority ethnic people, are under-represented within jobs that have been designated priority green sectors in the Scottish Government's Climate Emergency Skills Action Plan.

Analysis by Close the Gap has shown that women account for less than one-quarter (22%) of people employed in these priority sectors.<sup>8</sup> Within the skills interventions the Scottish Government have developed to support the drive for green jobs, including the Green Jobs Fund and Green Jobs Workforce Academy, it is not clear how people with no prior green skills will be able to transition into green jobs and sectors.

In particular, we would be keen to understand how these interventions will support people currently working in low-paid jobs and sectors, such as retail and hospitality, to transition into higher paying green jobs. This is particularly important because jobs in retail and hospitality are expected to decline as a result of changing consumer preferences and increasing automation.

Relatedly, there is mention in the strategy of supporting workers in the fossil fuel industry to upskill/reskill in order to enter the green jobs market however little detail on how this will be implemented. Moreover, there is no information on how the growing green job sector could provide employment opportunities for people on low incomes to access better paid, secure work and how these people could be upskilled to enter the green workforce. A failure to support people living on low incomes and workers in sectors like hospitality and retail into expanding green sectors therefore risks worsen unemployment rates, with subsequent implications for poverty rates in Scotland.

In our Get Heard Scotland project, we recently focused on the support needed for low income people to upskill and access training. Participants were asked to give recommendations of how to improve this access. Common themes emerged that: awareness of training and upskilling opportunities was limited; if a cost is applied to a course or training opportunity then this will make it inaccessible for people living on low incomes; and that affordable public services must be put in place to support people living on low incomes into training and upskilling such as transport, childcare and digital access.<sup>9</sup> Existing employers also have a role to play in supporting current

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<sup>8</sup> Close the Gap (2021) *Close the Gap briefing for Scottish Government Debate: global Ambitions for COP26*. Available at: <https://www.closesthegap.org.uk/content/resources/Close-the-Gap-Briefing-for-Scottish-Government-debate-Global-Ambitions-for-COP26---October-2021.pdf>

<sup>9</sup> The Poverty Alliance (Forthcoming) *Lifetime Skills: Get Heard Scotland*. Unpublished.

employees to access upskilling and training opportunities and schemes – this is a further area where government intervention would be necessary.

In order to support these groups into green jobs there needs to be increased investment in upskilling and reskilling support for people in low-paid sectors; support with childcare to enable single parents, over 90% of whom are women, to participate in upskilling and reskilling interventions; financial support to access training, including support to cover transport and childcare costs. These actions are key to a truly Just transition in addition to having important connections to meeting the Child Poverty Delivery Plan targets and to achieving the aims of the Fair Work Action Plan.

## **Chapter 4 Energy Demand**

### **Heat in Buildings**

#### **Question 27: What further government action is needed to drive energy efficiency and zero emissions heat deployment across Scotland?**

Upgrading homes would support lowering carbon emissions, reduce rates of fuel poverty, improve health and wellbeing outcomes, and reduce demand on existing energy networks. Despite this, the strategy provides little detail on action to improve the energy efficiency of homes or clear information on how it will incentives owners and landlords to improve the housing stock they own. This has particular impacts for rented homes, of which the majority of people in poverty reside. When looking at the most recent data on poverty in Scotland, of those who live in relative poverty 67% of people rent their homes (including social, council and private rents). This is compared to 19% who own their home and 13% who have a mortgage.<sup>10</sup>

Social housing has particular standards related to energy efficiency which appears to be driving improvements in energy efficiency of housing for people in these tenancies. Data from 2019 shows that over half (56%) of social housing was in band C or better, compared to two-fifths (40%) in the private rented sector and owner-occupied sector (41%)<sup>11</sup>. To this end, it was concerning that the strategy failed to mention commitments by the Scottish Government to bring all homes to energy efficiency ratings of at least EPC level C.

Rapid expansion of social housing that is environmentally friendly, affordable, and accessible is a key action that can combat both the climate and housing crisis whilst helping to reduce rates of poverty overall. This would require a reversal of the most recent 16% cut and to make real inroads on the housing to 2040 building strategies,

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<sup>10</sup> Scottish Government (2023) *Poverty and child poverty data 2019-2022. Three-year averages*. Available at: <https://data.gov.scot/poverty/download.html>

<sup>11</sup> Scottish Government (2020) *Scottish house condition survey: 2019 key findings*. Available at: <https://www.gov.scot/publications/scottish-house-condition-survey-2019-key-findings/documents/>

starting by building 38,500 houses by 2026 with at least 70% of these for social rent.<sup>12</sup>

This however does not negate the need to vastly improve the existing housing stock in tandem. The Existing Homes Alliance (EHA) have repeatedly called for the Scottish Government to increase investment in regard to improving the energy efficiency of homes. In the most recent Scottish Budget EHA called for £265m for fuel poverty and energy efficiency<sup>13</sup>, however the end budget was only £192.3m.<sup>14</sup>

EHA note that increasing investment will directly help people in fuel poverty. If the Scottish Government were to meet the investment needs for improving all homes in Scotland to an EPC C standard, this would more than wipe out the current rise in gas prices with a saving of over £500 per year. If all homes EPC band D and below are upgraded, this adds up to just under £500 million in savings per year that households could use to meet other needs such as food and transport costs.<sup>15</sup>

In the private sector, there is significant work to be done to incentivise landlords to upgrade energy efficiency of private dwellings. According to Citizen's Advice Scotland the private rented sector has below average standards of repair and energy efficiency, having both the greatest proportion of properties with low Energy Performance Certificates and those failing to meet the Scottish Housing Quality Standard.<sup>16</sup>

We welcome the grants that are available to support this, but this work relies on motivation and knowledge of landlords to do this. Some landlords may not wish to do this, failing to see the gains in terms of yield and financial benefit, or may not even know these schemes exist and how they work (ibid). Relatedly, for tenants with landlords who are out of contact with them or are uninterested in upgrading the property, they are left with no means to improve the efficiency of their homes thus increasing their fuel costs and driving up emissions.<sup>17</sup> Grants for conducting upgrades are a positive incentive for landlords to improve tenants' homes however there must be greater accountability on landlords to do this and support to do so. This is an area which should be considered in the formation of forthcoming rent control legislation.

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<sup>12</sup> Shelter Scotland (2023). *Scottish budget: choosing to increase homelessness in Scotland*. Available at: <https://blog.scotland.shelter.org.uk/choosing-to-increase-homelessness/>

<sup>13</sup> The Existing Homes Alliance (2022) *Warm Homes and the Scottish Budget 2022/2023*. Available at: <https://existinghomesalliancescotland.co.uk/information/briefings/warm-homes-and-the-scottish-budget-2022-23/>

<sup>14</sup> Scottish Government (2022) *Scottish Budget 2023-24*. Available at: <https://www.gov.scot/publications/scottish-budget-2023-24/pages/10/>

<sup>15</sup> The Existing Homes Alliance (2022) *Scottish Government should guarantee warm homes and clean, affordable heat through increased support and new standards*. Available at: <https://existinghomesalliancescotland.co.uk/information/doubling-down-on-energy-efficiency-and-renewable-heat-for-scotlands-homes-offers-the-fastest-and-simplest-way-to-cut-our-reliance-on-gas/>

<sup>16</sup> Identifying opportunities and barriers to Energy Efficiency in the Private Rented Housing sector. Citizen's Advice Scotland. 2021. Available at: [https://www.cas.org.uk/system/files/publications/cas\\_private\\_rented\\_sector\\_energy\\_report.pdf](https://www.cas.org.uk/system/files/publications/cas_private_rented_sector_energy_report.pdf)

<sup>17</sup> Toynbee Hall. (2022). *Net Zero Transition for Low-income Consumers: A Participatory Action Research Project*. Available at: [https://www.toynbeehall.org.uk/wp-content/uploads/2022/09/Toynbee-Hall\\_Net\\_Zero\\_Report\\_29\\_09\\_2022.pdf](https://www.toynbeehall.org.uk/wp-content/uploads/2022/09/Toynbee-Hall_Net_Zero_Report_29_09_2022.pdf)

Lastly, there is a significant lack of detail to address support for people living in rural communities who are disconnected from mains. This has important impacts on rates of poverty in rural communities. Even prior to the cost of living crisis, over 40% of people in Na h-Eileanan Siar were in fuel poverty<sup>18</sup> with poor energy efficiency of housing identified as a key cause. This has been estimated to have risen to as much as 57% this winter.<sup>19</sup> Recent research from IPSOS has also shown that while there is some support for households to change fuel type or make a property more energy efficient, households in the Highlands and Islands face barriers with cost, accessing tradespeople, and infrastructure.<sup>20</sup> A focused strategy looking at upgrading the energy efficiency of homes in rural localities must be developed, with the voices of people living in rural communities at the centre of consultation.

Affordability remains a key barrier to low income households being able to invest in energy efficiency measures. Existing financial support often still requires up-front household investment which is impossible for some households in Scotland. With poor energy efficiency being one of the four key drivers of fuel poverty, as designated by the Scottish Government, it is clear that improving access to energy efficiency upgrades for low income households is critical to addressing fuel poverty and our net zero ambitions. We support calls made by the Health and Social Care Alliance that at-cost loans should be available for energy efficiency investment, and this should also be free to people on the lowest incomes.<sup>21</sup>

## **Energy for transport**

### **Question 29: If further investment in the energy system is required to make the changes needed to support decarbonising the transport system in Scotland, how should this be paid for?**

At the Poverty Alliance we believe in equitable taxation systems which ensure all people have access to the services they need when they need them. People from all income brackets benefit from efficient, affordable public transport systems but particularly people living on low incomes.

Despite some taxes being reserved to the UK Government, the Scottish Government has existing tax powers that should be fully utilised to generate revenue to invest into decarbonising our economy, including transport. Utilising Scotland's powers over taxation is a critical tool in building a fairer Scotland and raising the revenue needed for this investment.

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<sup>18</sup> Energy Action Scotland (2021) *Fuel Poverty by Local Authority*. Available at:

<https://new.theclaymoreproject.com/uploads/entities/1230/files/News%20Releases/fuelpovertyLAmavV3.pdf>

<sup>19</sup> BBC News (2022) *How the rising cost of living is hitting islanders*. Available at: <https://www.bbc.co.uk/news/uk-scotland-highlands-islands-60555120>

<sup>20</sup> Ibid.

<sup>21</sup> The Alliance (2022) *Disabled people, unpaid carers and the cost of living crisis: Impacts, responses and long term solutions* available at <https://www.alliance-scotland.org.uk/wp-content/uploads/2022/10/ALLIANCE-Cost-of-Living-Report.pdf>



Crucially, we must see those who pollute the most, pay the most towards tackling the climate emergency. It is an injustice that those earning the least are the most likely to suffer the consequences of a climate crisis caused disproportionately by those who earn the most.

We therefore echo the calls of Oxfam and Stop Climate Chaos Scotland who called on the Scottish Government to:

- Increase income tax revenue to fund action on climate change, with increases falling mostly on higher and top rate taxpayers.
- Begin work on the long awaited reform of Council Tax by setting up a rapid and time-limited, independent commission looking at options for replacing the Council Tax with a land, property and/or local wealth tax, with climate justice built in.
- Introduce environmental taxes aimed at changing behaviours of emitters, such as: linking business rates to a business' carbon footprint; a Carbon Emissions Land Tax on owners of land which emits more carbon than it captures; and a nitrogen levy in farming.<sup>22 23</sup>

We also echo calls to make use of unused existing powers such as the Airport Departure Tax (ADT) as a means to derive revenue from those who are able and choosing to take multiple flights per year.

### **Question 32: What action can the Scottish Government take to ensure that the transition to a net zero transport system supports those least able to pay?**

We welcome the commitment by the Scottish Government to reduce car kilometres by 20% by 2023. The move to greater reliance on public transport will be central to achieving net zero. However, too many people are locked out of accessing public transport due to cost, availability, accessibility and safety.

In our research with Transport Scotland, public transport was shown to be both used to alleviate poverty but the cost to access public transport can also further entrench the poverty people are facing.<sup>24</sup> When able to afford and access good quality public transport, people in low income communities are better able to access work, education and training, socialisation and enhance their mental and physical health. When unable to access public transport, people living on low incomes are forced to make impossible choices about what services they can access such as a food shop,

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<sup>22</sup> Oxfam Scotland (2022) *Time to Tax: Briefing Paper*. Available at: <https://oxfamapps.org/scotland/wp-content/uploads/2022/12/Time-to-Tax-Briefing-paper-Oxfam-Scotland-December-2022.pdf>

<sup>23</sup> Policies which incur costs on individuals who fail to meet certain environmental behaviours creates issues for people living on low incomes – we would therefore recommend that low income households be exempted from these fees.

<sup>24</sup> McHardy et al. (2021). *Transport and Child Poverty – Beyond the Pandemic*. Available at: <https://www.povertyalliance.org/wp-content/uploads/2021/06/Transport-and-Child-Poverty-Beyond-the-Pandemic.pdf>

a health visit or entering the job market. For people in rural communities, the lack of public transport forces them into relying on private car use which is often more expensive and contributes to carbon emissions.<sup>25</sup> It is imperative then that we understand a carbon zero transport system as central to both achieving net zero and eradicating poverty. The findings of this research highlight the importance of building a long-term sustainable transport system that ensures that transport costs never again contribute to pulling people into poverty or forcing people into expensive private car ownership.

Recently, we conducted a citizen's panel exploring people on low income's experiences with the public transport system. Participants expressed that the current public transport system did not work for them citing high costs, unreliability, lack of access due to using a wheelchair or having a pram, lack of safety (particularly for women, disabled people and Black and minority ethnic people) and disjointed ticketing systems.<sup>26</sup> The results meant that many people felt forced into using private transport methods like cars and taxis.

When asked to consider a vision of Scotland public transport in five years' time there was unanimous agreement that a truly just transport system must be universally free at the point of use. This was felt crucial in order for people living on low incomes to feel incentivised to use public transport and to encourage the vast behavioural change we need to see in order to reduce car kilometres by 20%.

It is therefore our recommendation that the energy strategy and just transition plan detail more explicit plans on how the Scottish Government will reduce car kilometres, with our recommendation that the expansion of free public transport be rolled out as quickly as possible.

We have already seen evidence that when cost is removed as a barrier, public transport use increases, the under 22's scheme has been responsible for over 45 million journeys since its roll-out.<sup>27</sup> The scheme was a step in the right direction with people living on low incomes detailing the opportunities that have been opened to them as a result:

*“Under 22 has made such a difference and eased and helped us as a family. Cost was the thing that prevented me going to city centre.”*

We however acknowledge that universal free public transport will not happen overnight. The Scottish Government should, as part of the ESJTP begin by expanding concessionary schemes to those who need it most. Our Everyone Aboard campaign calls for free bus travel for those under the age of 25 and all those in

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<sup>25</sup> The Poverty Alliance (2023) *Participation of people with experience of poverty in the development of Scottish Government Fair Fares Review*. Unpublished.

<sup>26</sup> The Poverty Alliance (2023) *Participation of people with experience of poverty in the development of Scottish Government Fair Fares Review*. Unpublished.

<sup>27</sup> Intelligent Transport (2022) *Nearly 45 million journeys made since Scottish government introduced free bus travel for under 22s*. *Intelligent Transport*. Available at: <https://www.intelligenttransport.com/transport-news/143441/nearly-45-million-journeys-scottish-government-free-bus-travel-under-22s/>

receipt of low income benefits, in order to open travel for those who need it most. This should also be expanded to include people with No Recourse to Public Funds. As a step towards this, participants in our Get Heard Scotland panel also noted that public transport fares could be capped through a similar scheme that has been observed in places like Manchester and London.<sup>28</sup>

These moves to expand the free provision must be enhanced in tandem with improving the public transport system ensuring it works for the communities who rely on it, rather than profit for private companies. This means integrating ticket systems across multiple forms of transport and empowering and involving local people in the design and implementation of routes. We know that in the Transport (Scotland) Act 2019, Local Authorities were granted powers to run their own bus services. We welcome this as a means to ensure transport meets local needs. However, Local Authorities must be adequately funded to provide these services and there is a need for the Scottish Government to consider funding for Local Authorities in the context of creating a net zero economy.

### **Impact assessment questions**

**Question 44: Could any of the proposals set out in this strategy unfairly discriminate against any person in Scotland who shares a protected characteristic?**

**These include: age, disability, sex, gender reassignment, pregnancy and maternity, race, sexual orientation, religion or belief.**

As described throughout our response, there is a key opportunity for this strategy to alleviate the pressure of poverty on households. We know that certain groups (young people, disabled people, single parents - 90% of whom are women - Black and minority ethnic people) are more likely to be pulled into poverty and therefore careful considerations must be made to ensure that any new policies introduced as part of the energy and just transition do not further entrench the inequality faced by too many.

Demonstrating the cruciality of this consideration, the introduction of no car zones/low emission zones in city centres has been welcomed for its impact on reducing carbon emissions. However, this has had negative consequences on key groups such as disabled people and the elderly who are more likely to rely on private car use and/or taxis. Inclusion Scotland noted that planning for active travel

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<sup>28</sup> Greater Manchester Combined Authority (2022) *Greater Manchester becomes first major conurbation outside London to cap bus fares*. Available at: <https://www.greatermanchester-ca.gov.uk/news/greater-manchester-becomes-first-major-conurbation-outside-london-to-cap-bus-fares-to-help-with-cost/>

(walking/cycling) may fail to consider those who can do neither.<sup>29</sup> They have noted that, in some cases, low emissions zone legislation has led to the removal of parking bays for disabled people which reduces their ability to access essential services and can create more social isolation. Relatedly, urban planning for low-carbon cities that favours pedestrianisation may result in urban ‘no go’ zones for disabled people reliant on cars, and taxis, when public transport is not accessible or suitable for them.

In connection to this, we understand the need to both introduce incentives and penalties to drive behavioural change. Further policies that have suggested as means to this include applying charges to cars of a certain age when driving into city centres. The cost of this would be beyond many people living on low incomes and again we stress that these policies must be considered through an anti-poverty lens. A transition that entrenches inequality and poverty is not just.

As highlighted in question eight, the drive for green jobs and skills could actually entrench, rather than tackle, labour market inequality for groups who are under-represented in the designated priority green sectors. Unless our upskilling and reskilling support explicitly considers the needs of women, disabled people, and Black and minority ethnic people, it is likely that these programmes will reinforce the under-representation of these groups in green jobs. This will have negative consequences for the gender, disability and ethnicity pay gap – ultimately reinforcing poverty for these groups.

**Question 46: Is there any further action that we, or other organisations (please specify), can take to protect those on lower incomes or at risk of fuel poverty from any negative cost impact as a result of the net zero transition?**

As detailed on page 33, central to the Energy Strategy and Just Transition Plan is prioritising access to affordable, clean energy for all. This is a commitment we welcome as recent polling suggests that 29% of people are currently in debt to their energy provider and one third of these people are being forced to sacrifice essentials, such as skipping meals.<sup>30</sup> The crisis caused by the rising energy costs over the past year has pulled thousands into poverty and deepened the poverty some were already experiencing. The consequences of this will be long reaching particularly in relation to rising debt levels and vastly reduced financial resilience

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<sup>29</sup> Inclusion Scotland (2022). *Inclusion Scotland response to the New realities of retail and ecommerce in Scotland call for views*. Available at:

[https://yourviews.parliament.scot/efw/towncentres/consultation/view\\_respondent?uuld=822574778](https://yourviews.parliament.scot/efw/towncentres/consultation/view_respondent?uuld=822574778)

<sup>30</sup> YouGov interviewed 2,196 people between 20th and 21st March 2023. Results were weighted to be representative of the GB population. GB 18+ population is 51,435,642 (ONS) with around 4.5m experiencing anxiety as a result of energy debt.

through loss of savings. The Scottish Government must use all levers available to it to ensure this never happens again.

To this end, the draft strategy lacks sufficient detail on how it means to tackle fuel poverty. We welcome the commitments to expand the fuel insecurity fund however the impact of this will not tackle fuel poverty, it is by definition there to mitigate the causes of fuel poverty; not to tackle the source.

The Scottish Fuel Poverty Strategic Working Group reported to the Scottish Government that the four primary drivers of fuel poverty are: income, energy costs, energy performance, and how energy is used in the home.<sup>31</sup> However, the issues of income in particular is not dealt with adequately in this draft strategy and many of the recommendations listed in this report are not mentioned. We would therefore strongly urge the next strategy to include detail on how it would meet tackle all four drivers of fuel poverty and implement some of these existing recommendations.

Specially on recommendation four of this report, which calls on the Scottish Government to review devolved social security, the Scottish Government has since brought in the Winter Heating Payment.<sup>32</sup> We welcomed this along with the removal of the stringent criteria for a cold spell to trigger the payments ensuring money went to more households each year.

However, the Scottish Government also chose to apply a set blanket payment to all eligible households at £50. As detailed in our response to the Low income Winter Heating Assistance consultation, this has reduced the amount of support going into the pockets of people in colder, wetter climates who would have received more income in its previous format.<sup>33</sup> Relatedly, the lived experience panel who were consulted in development of this payment noted that the £50 was not nearly enough to make their energy bills affordable:

*“It is better than nothing but still a miserable pittance”*

This benefit must be revisited in the context of a just energy system, recognising that income is a key component of tackling fuel poverty.

On affordability more broadly, there is no definition given of how the strategy would measure affordability of energy. Fuel poverty is tightly linked to adequacy of wages, social security as well as the wider cost of living. Although outwith the scope of this strategy, the final strategy should clarify how affordability of energy will be linked to levels of awards of social security, current minimum wage levels (whilst acknowledging local average wages when considering community owned and produced energy), and how it is determining what level of cost for energy is

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<sup>31</sup> Scottish Government (2020) *Social Security Experience Panels: Cold Spell and Winter Heating Assistance*. Available at: <https://www.gov.scot/publications/social-security-experience-panels-cold-spell-winter-fuel-payment-report/documents/>

<sup>32</sup> Formerly the Cold Weather Payment administered by the Department of Work and Pensions.

<sup>33</sup> The Poverty Alliance (2022) *Poverty Alliance response to Consultation on Low Income Winter Heating Assistance*. Available at: <https://www.povertyalliance.org/scottish-government-consultation-on-low-income-winter-heating-assistance/>

genuinely affordable.

It is crucial at this point to note that low income households were struggling to meet energy costs prior to the recent increases in fuel costs; the strategy fails to consider this. Within this context it must be stressed that affordability of energy means different things for different households. For people with children, those living in rural areas, disabled households and those with long term health conditions affordability is more nuanced and this must be carefully considered when considering the impact of the transition into net zero energy provision.

Framing heat pump and energy efficiency grants as solutions to fuel poverty is welcome, however these are medium/long term solutions that do not meet the demands of the immediate problems facing households who are unable to afford their energy bills now. Relatedly, as detailed in our response to question 27, adding fuel pumps and upgrading the energy efficiency of homes are mechanisms largely unavailable to people living in poverty due to their greater likelihood to be renters.

There is also a lack of concerted actions which would ensure that the changes made in a just transition would not further entrench existing inequalities and indeed worsen outcomes for those already experiencing poverty. As detailed further in our response to question 8, there is no mention of how the green workforce will provide opportunities for low incomes households who may lack qualifications needed to enter the priority green sectors. The strategy also fails to mention links to wider policy agendas in this regard, most notable the Fair Work Action Plan and the lifetime skills offer.

To this end, in order to better protect people from fuel poverty the Scottish government should:

- Immediately stop collection of public sector debt for a period of at least six months, helping households to use money on essentials like food, energy and housing costs.
- Ensure that affordability of energy is linked to real time incomes from social security and wages.
- End forced instalment of pre-payment metres.
- Boost funding of the Scottish Welfare Fund and better publicise this whilst expanding eligibility.
- Urgently revisit whether the Winter Heating Payment is fit for purpose. To do this, the Scottish Government should:
  - o introduce a payment for people in colder, wetter regions during periods of colder weather to afford their bills.
  - o increase the £50 Winter Heating Payment to at least £100.

## **Question 49: What are your views on the draft Just Transition outcomes for the Energy Strategy and Just Transition Plan?**

We are broadly supportive of the proposed outcomes, however, note the need for more explicit mention of protection for vulnerable households who may not be directly linked to the fossil fuel industries (e.g. in terms of their employment) but who will be impacted by the move to net zero and renewable energy. For example, low income households who work in hospitality, retail and other sectors which support employees who work in the fossil fuel industries.

The draft outcomes for *Jobs, Skills and Economic Opportunities*, appear to be focused primarily on those moving out of fossil fuel centred roles and into green energy jobs. Although it is right that these groups are given adequate support and protection, it is important that we recognise that this strategy provides an opportunity to upskill low income communities with lacking skills sets so that they can access fair, secure and well paid employment. We would encourage an explicit mention in these outcomes on building the skill set and bringing more people from lower income backgrounds, including under-represented groups like women, disabled people and Black and minority ethnic people, into the priority green sectors to benefit from these newly created jobs. This must also include detail on how this new sector would support people into work through provision of decent public services such as transport and childcare, the costs of which are often significant barriers to people (particularly vulnerable groups) from accessing paid work.

On the draft outcomes for *Communities and Places*, we again welcome the commitment to put energy into local hands. As detailed earlier we have concerns that there is a lack of understanding and specification in the strategy about what it means by community energy, whether this be community owned energy, community generated energy or simply community benefit. This must be clarified to allow for adequate scrutiny.

On the draft outcomes for *People and Equity*, we welcome the mention of linking child poverty and fuel poverty. We welcome the outcome around fair distribution of costs but would require more detail on how that is to be achieved; for example, does this mean that energy costs will be lowered for households with low incomes, and, if so, how will this be decided and measured? Related to this, it is imperative that we take an intersectional approach to measuring rates of fuel poverty ensuring that impacts on certain groups more vulnerable to fuel poverty e.g., rural communities, disabled people and people with children, are measured and accounted for. Analysis by National Energy Action and Energy Action Scotland has found that households falling into multiple intersecting categories of vulnerability are being disproportionately affected by the cost of living crisis.<sup>34</sup> We welcome the outcomes

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<sup>34</sup> NEA and EAS (2023) *The hardest hit: Impact of the energy crisis – Fuel Poverty Monitor 2021-22* available at <https://www.nea.org.uk/wp-content/uploads/2023/01/NEA-Fuel-Poverty-Monitor-Executive-Summary-2021-22-final.pdf>

around access to transport, but again highlight the need for expansion of free public transport to remove cost as a barrier and support behaviour change.

**Question 50: Do you have any views on appropriate indicators and relevant data sources to measure progress towards, and success of, these outcomes?**

There is a lack of disaggregated data on fuel poverty which makes it difficult to measure fuel poverty rates for particular groups, including single parent households, households with a disabled member, or Black and minority ethnic households. In particular, there remains insufficient poverty data relating to the priority families in the Tackling Child Poverty Delivery Plan. Improving access to disaggregated fuel poverty data will enable the Scottish Government to better target interventions.

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