

		AGENDA ITEM 5
		<b>PSEG/31/16</b>
Committee:	Place Services and Economic Growth Scrutiny Committee	
Date:	24 November 2016	
FUEL POVERTY		
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In October 2014 a motion on Fuel Poverty was referred by full Council to Councillor Walsh as the former Chairman of the Scrutiny Board. A copy of the motion is attached at Appendix A to this report.

In the intervening period the Board commissioned a literature review that provides some background on fuel poverty, which is attached at Appendix B.

The Scrutiny Board has now referred the motion to this Scrutiny Committee.

In response a briefing has been organised to provide the Committee with a progress report on work undertaken by Essex County Council and its partners in respect of action being taken to address fuel poverty across Essex.

Based upon the Council's agreed motion the following key lines of enquiry have been used to shape this briefing:

1. What partnership working exists in Essex to build sustainable area-based capacity for low-income households, maximising free home insulation, energy advice and income opportunities?

*National Energy Action (NEA) was promoting such schemes that utilised both ECO (Green Deal) funding and other Central Governmental funding streams. Due to a refocussing of funding mechanisms, the majority of 'free' insulation has ceased. However, there are still some ECO funds available, which proactive Partners such as Colchester Borough and Braintree District Councils utilise for the benefit of their residents.*

*Essex County Council (ECC) chairs the CORE Group (Carbon Action Network) whose membership consists of all Essex Districts and Boroughs. Its remit covers, energy efficiency, fuel poverty and carbon reduction. ECC is also chair of the Eastern 'branch of the Association of Local Energy Officers*

*<http://aleo.org.uk/> The Association of Local Energy Officers (ALEO) is the new identity of the Carbon Action Network. ALEO is a not-for-profit organisation supporting local government officers and housing professionals with a remit for reducing all aspects of the UK's domestic-sector carbon footprint and tackling fuel poverty.*

2. What forms of financial assistance are available households such as energy saving low-interest loans to households?

*The Authorities stance has been to promote the services of accredited financial advisors/debt councillors through the message within the Essex Energy Switch. Citizen Advice Bureaus (CABs) and Age Concern provide this service free of charge. ECC has worked CABs in Chelmsford, Braintree and Maldon on their Healthy Homes: Active Advice programme in providing bespoke advice to residents.*

3. What opportunities are there to redevelop and expand capital funding to the Community Initiatives Fund to incentivise the delivery of community micro-energy generation projects?

*Workshops and engagement events have been carried out to promote the funding opportunities on offer for community schemes – there was no interest – predominately due to the reduction of the Feed in Tariff which helped provide a realistic ROI to ‘investors’. There is perhaps an opportunity of revisiting this topic as Energy generation is now the remit of a Commissioner.*

*Public Health are fully in support of this agenda and do undertake a successful ‘Winter Warmth’ programme, which involves local CVS’s.’*

Paul Hinsley, Head of Environment Team, will deliver the briefing.

Please note that fuel poverty is a broad crossing cutting topic, and the briefing has been developed on the basis of matters falling within the remit of the Place Services and Economic Growth Scrutiny Committee alone.

#### **Action required by the Committee:**

**The briefing has been commissioned to provide an update on fuel poverty, and is an opportunity for the Committee to ask questions on the topic in terms of those aspects that fall within the remit of the Place Services and Economic Growth Scrutiny Committee.**

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## Appendix A

Council Motion October 2014

### 1. ***“Fuel Poverty***

*Moved by Councillor J Young and seconded by Councillor I Henderson*

*‘That this Council;*

- notes that fuel poverty is a significant public health issue in Essex which contributes to long-term illness and to excess winter deaths which totalled 31,100 in England and Wales for 12/13;*
- further notes that latest figures show the average fuel poverty gap for households in Essex is £451;*
- recognises the concerns of the tens of thousands of households that are worst affected in Essex, households with one or more dependent child and residents aged over 60 who face an average fuel poverty gap of more than £500;*
- is appalled that 1000 elderly users of Meals on Wheels in Essex, will now face further financial pressure this winter due to a price increase by the administration to their nutritious meals;*
- acknowledges recent publication of the Green Deal Report, which branded Government’s flagship policy to improve some of the key drivers behind fuel poverty, as having ‘failed to live up to expectation: its planning flawed, its funding inefficiently delivered and its implementation poor’;*
- further acknowledges National Energy Action’s assessment of Government cuts to the Energy Company Obligation which will now assist under 7% of fuel poor households nationally;*
- believes the Administration should be doing much more to tackle fuel poverty in Essex.*
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*Council therefore resolves to:*

- 1. Seek partnership opportunities with social enterprise such as Warm Zone, to build sustainable area-based capacity for low-income households, maximising free home insulation, energy advice and income opportunities, following similar successful delivery of zones in London, the Midlands and the North East.*
- 2. Explore opportunities to support Credit Unions in providing financial assistance such as energy saving low-interest loans to households.*
- 3. Explore opportunities to redevelop and expand capital funding to the Community Initiatives Fund to incentivise the delivery of community micro-energy generation projects.’*

*It was moved by Councillor A Brown, Cabinet Member for Adults Social Care, Public Health and Wellbeing and seconded by Councillor T Cutmore that:*

***‘This Motion be referred to Councillor Simon Walsh for detailed investigations to be carried out by the relevant Policy and Scrutiny Committee.’***

*Upon being put to the meeting the Motion moved by Councillor A Brown and seconded by Councillor T Cutmore was carried.’*

Appendix B

# Fuel Poverty

## An introductory review of the literature

January 2016

Place & Customer Intelligence Team

## **Purpose**

This introduction to the literature has been produced by the Place & Customer Organisational intelligence team, following a request from the Scrutiny board, in order to begin to answer the following three research questions:

To what extent is fuel poverty a problem?

What do we know about causes of fuel poverty?

What are the solutions and examples of best practice to tackle fuel poverty?

It is designed to promote discussion and highlight areas for further research and analysis.

## **The Fuel Poverty Problem**

- 4.5million homes in the UK are Fuel Poor
- 8% of households in Essex are living in fuel poverty
- 96% fuel poor homes are also poorly insulated
- 21 million homes in the UK have a poor energy efficiency rating
- 30-50% of excess winter deaths can be attributed to cold homes

‘Fuel Poverty is understood to be an interaction between low income, energy inefficiency and energy prices’ (DECC, 2012, Boardman, 2012)

The way that fuel poverty is measured has changed from the historical 10% measure, Where 10% (or over) of household income is required and spent on energy costs, although this is still used for general UK figures and as a comparator for other Devolved Nations. To the Low Income High Cost (LIHC) measure in 2013, is a relative measure and considers a household to be fuel poor if:<sup>1</sup>

- They have required fuel costs that are above the national average ( the national median level)
- Were they to spend that amount, they would be left with a residual income below the official poverty line

This measure enables more factors to be considered and gives a relative aspect of poverty as well as highlighting the poverty ‘gap’ and is the measure that is now most widely used.

It is estimated that a total of 4.5 million homes in the UK are considered to be fuel poor. 2.3 million of these in England alone. Half of these fuel poor homes in England are working households.<sup>2</sup> Further Research has shown that 96% of these fuel poor homes are also poorly insulated. In the UK, 21 million homes have a poor energy efficiency rating, meaning they score below a band C on their Energy Performance Certificates (EPC)<sup>3</sup> Therefore are more difficult to, and more expensive to heat to acceptable living condition levels.

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<sup>1</sup>[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/468011/Fuel\\_Poverty\\_Report\\_2015.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/468011/Fuel_Poverty_Report_2015.pdf)

<sup>2</sup> <http://www.policyexchange.org.uk/publications/category/item/warmer-homes-improving-fuel-poverty-and-energy-efficiency-policy-in-the-uk>

<sup>3</sup> <http://www.endfuelpoverty.org.uk/>

It is estimated that 10% of all households in England are in fuel poverty, but this figure rises steeply to 19% when looking at privately rented accommodation.<sup>4</sup> The most recent figures for Essex suggest that 8% of households are fuel poor (2013 data) equating to about 47,000 properties; this is slightly lower than the eastern regional average of 8.8%<sup>5</sup>. Data surrounding types of properties and broken down demographic data is not available at a local authority level.

The most recent annual report on fuel poverty released by the department of energy and climate change states that an 'adequate standard of warmth is usually defined as 21°C for the main living area, and 18°C for other occupied rooms.'<sup>6</sup>

According to recent media, 25,000 older people die every year as a result of living in a cold home. That equates to one person, aged over 65 every seven minutes.<sup>7</sup> . These are amongst some of the highest levels in Europe despite us having a relatively milder climate than some of our European counterparts. This is higher than deaths due to alcohol, Parkinson's disease and traffic accidents.<sup>8</sup> In a study, Braubach et al, 2011 estimated that 30-50% of excess winter deaths can be attributed to cold housing.

The Joseph Rowntree Foundation conducted research in June 2014 that issues around being in fuel poverty have significant impact on a person's health and wellbeing. This research found significant impacts on mental health as well as physical health – for example increased levels of stress at being unable to meet the financial demands to keep a warm home. Being unable to afford to heat the full home space also resulted in changes to how spaces within the home environment are utilised which significantly impacted on social relationships within the home.<sup>9</sup>

In a report published in the British Medical Journal<sup>10</sup> it was reported that research has shown that in relation to winter deaths, living in cold conditions at home can dramatically affect the health of a person, regardless of age for a wide variety of reasons. When compared with their counterparts who lived in a warm home environment, respiratory problems are approximately doubled in children, instances of arthritis and rheumatism increase and mental health can be affected at any age. The same report also considers that

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<sup>4</sup> <http://www.policyexchange.org.uk/publications/category/item/warmer-homes-improving-fuel-poverty-and-energy-efficiency-policy-in-the-uk>

<sup>5</sup> <https://www.gov.uk/government/statistics/2013-sub-regional-fuel-poverty-data-low-income-high-costs-indicator>

<sup>6</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/468011/Fuel\\_Poverty\\_Report\\_2015.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/468011/Fuel_Poverty_Report_2015.pdf)

<sup>7</sup> <http://www.theguardian.com/society/2015/oct/27/fuel-poverty-crisis-fixed-insulation-energy-efficiency>

<sup>8</sup> <http://www.endfuelpoverty.org.uk/>

<sup>9</sup> [https://www.cse.org.uk/downloads/reports-and-publications/fuel-poverty/Fuel\\_and\\_poverty\\_review\\_June2014.pdf](https://www.cse.org.uk/downloads/reports-and-publications/fuel-poverty/Fuel_and_poverty_review_June2014.pdf)

<sup>10</sup> British Medical Journal

adolescents who live in a cold home have five times the risk of developing multiple mental health issues than their counterparts who live in warm homes (Marmot et al, 2011).<sup>11</sup>

## **Demographics**

Fuel poverty is a problem for a diverse demographic, which is also affected by which measure is being used. Under the historical 10% definition, single people, in particular those of pensioner age, those who are unemployed, who privately rent their homes, those who purchase energy via a pre-pay meter, and those who live in rural areas are the worst affected by fuel poverty.

Using the replacement low income, high cost definition; it is lone parents, rather than single house occupants who represent the highest proportion of household types<sup>12</sup>, though the picture remains the same with worklessness and income poverty being significant factors. Other research has shown that the level of fuel poverty was greatest amongst groups where the youngest member of the household was aged 16-24.<sup>13</sup>

There is a clear link between income poverty and fuel poverty. In a survey completed by Anderson, et al (2010), low income households were found to be especially likely to find their large fuel bills a financial challenge, to have to cut back on the usage of their heating and reported having a 'colder home, than they would like' during the previous winter<sup>14</sup>. Research carried out by the charity Barnardo's found that 'The poorest families are paying the highest costs for their energy bills'.<sup>15</sup> This is largely due to the fact that people on lower incomes are more likely to purchase energy via pre-pay meters. This further supported the research carried out by Save the Children, that showed that there was a significant 'low income premium'<sup>16</sup> in relation to energy costs. The most recent statistics released by the Department of Energy and Climate change showed that 74% of income decile 1 (the lowest incomes) households were fuel poor.

## **Identified causes of fuel poverty**

- Low Income
- Non energy effect homes
- Rural Properties
- Off Grid properties
- Pre-pay meters

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<sup>11</sup> Marmot M, Geddes I, Bloomer E, Allen J, Goldblatt P. The health impacts of cold homes and fuel poverty. Friends of the Earth/Marmot Review Team, 2011.

<sup>12</sup> Preston, I et al (2014)

<sup>13</sup> DECC- Annual Statistics Report, 2015

<sup>14</sup> Anderson, W et al 2010

<sup>15</sup> Barnardo's, 2012

<sup>16</sup> Save the Children, 2011



High fuel costs, low household income and fuel inefficient dwellings are considered to be the main causes of fuel poverty. (Boardman, 2010) <sup>17</sup>

‘Rising Energy costs, the consequences of the global financial crisis during the first decades of the twenty first century , and cuts to the public sector budgets and welfare benefits, have all been linked – at least in passing, to an increase in fuel poverty’ (Kaye et al, 2012)

The energy efficiency of the housing stock makes a significant impact on the rates of fuel poverty. The Fuel Poverty (England) Regulations 2014 set a fuel poverty target to ensure that as many fuel poor homes as is reasonably practicable achieve a minimum energy efficiency rating of Band C by 2030. The age of properties is also hugely significant, in England 24% of households who live in pre 1919 properties are fuel poor ( compared to only 6% of homes built post 1980), this figure increases to almost 70% in Northern Ireland<sup>18</sup>.

Living in rural areas of the country can also significantly impact the likelihood of being in fuel poverty. In England 2011, 25% of people living in more rural locations were identified as being in fuel poverty, compare to only 13% of their urban counterparts.<sup>19</sup>

In a similar theme to this, living in a property which is off the mains gas grid increases your likelihood of being fuel poor. This is due to the fact that Gas is the cheapest form of heating for the home and other methods, such as electric or oil fired central heating are significantly more costly. The cost of electricity can be three times that of Gas.<sup>20</sup>

The use of pre-pay meters, which are common in rental properties, can also lead to fuel poverty. In these cases occupants are unable to negotiate on the cost of fuel and are usually on a higher tariff. In DECC’s 2015 report it was shown that 20% of households with pre-pay meters are in fuel poverty, this reduces by more than half in households where the energy is paid by a direct debit arrangement.

### **What can be done to tackle the Problem?**

- Government incentives
- Local Schemes
- Lessons from Europe

Current nationwide policies include the winter fuel payment, the cold weather payment and the social tariff.<sup>21</sup>

The winter fuel payment is a non means tested payment that is available to all older people (those aged over 60). This could be a factor in the relatively low amount of elderly households recorded as in fuel poverty. This could also possibly impact on the amount of winter deaths and hospital admissions of elderly people during the winter months.

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<sup>17</sup> Boardman 2010

<sup>18</sup> Fuel and Poverty Review, 2014

<sup>19</sup> [https://www.cse.org.uk/downloads/reports-and-publications/fuel-poverty/Fuel\\_and\\_poverty\\_review\\_June2014.pdf](https://www.cse.org.uk/downloads/reports-and-publications/fuel-poverty/Fuel_and_poverty_review_June2014.pdf)

<sup>20</sup> Cutting the Cost of keeping warm

<sup>21</sup> Boardman, 2010

Cold Weather payments, in comparison are available to a much wider demographic and are only available if 'The temperature In your area is recorded as, or forecast to be, zero degrees Celsius or below for seven consecutive days'.<sup>22</sup> Almost £2 million has already been spent on these payments in 2016, the majority in Scotland following a cold start to the year.<sup>23</sup>

There are a wide variety of local schemes, such as the Essex Energy Switch which are opportunities for people to group together and have the opportunity for better negotiated rates. Since the scheme started there has been over £1 million pounds worth of savings on citizen's energy bills, with a total of 7,227 switches made.<sup>24</sup>

## European Schemes

National Energy Action (NEA) is a charity working to eradicate fuel poverty in England, Wales and Northern Ireland. They are currently running a three year project funded by the European Commission's Horizon 2020 Grant. 'Smart-up' involves working with partners in France, Spain, Malta and Italy to increase knowledge of and engagement with smart meters and focusses on 5000 consumers identified as vulnerable to fuel poverty. The results of this project will then go on to inform a wider roll out of smart meters<sup>25</sup>.

The state bank in Germany offers fixed low interest loans to householders to support improving energy efficiency during building work. Over 3 million households have benefitted from this scheme.<sup>26</sup> This scheme is designed so that some of the loan is able to be subsidised relating to the levels of energy efficiency achieved as a result from the work. This model is found to be flexible and easily adaptable to the needs of the household.<sup>27</sup>

This is similar to a scheme in Belgium, though the focus here is more on low interest finance for those low income households. This scheme, though is national, is delivered through local authorities, where the responsibility for the success of the programme lies within local government.<sup>28</sup> The results in Belgium have been mixed due to the fact that the focused, low income householders are often, understandably, reluctant to take on a loan, where in some cases the repayments are more than that of their current energy bills.<sup>29</sup>

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<sup>22</sup> [www.gov.uk/cold-weather-payments](http://www.gov.uk/cold-weather-payments)

<sup>23</sup> <http://www.thecourier.co.uk/news/uk/cold-weather-payments-scheme-triggered-by-plunging-temperatures-1.920873>

<sup>24</sup> <https://www.essex.gov.uk/Pages/Energy-Switch.aspx>

<sup>25</sup> [www.nea.org.uk](http://www.nea.org.uk)

<sup>26</sup> Guertler, 2013

<sup>27</sup> Hamilton, 2010

<sup>28</sup> Schiellerup et al, 2009

<sup>29</sup> Grevisse, 2011

## Scrutiny examples

The topic of Fuel poverty has been a subject of national scrutiny discussion over the past few years. Many of the recommendations across the UK are similar themed and there has already been some excellent examples of best practice<sup>30</sup>.

The most recent example, in May 2015 was carried out at the London Borough of Islington. This report concluded that even though much has already been done to tackle the problem, partnership relationships and a 'more holistic approach'<sup>31</sup> is required in order to eradicate fuel poverty. Seven recommendations were made in this instance. Nottingham City Council (December 2011)<sup>32</sup> Southampton City Council (October 2008)<sup>33</sup>, Rotherham Metropolitan Borough Council (December 2012)<sup>34</sup> and Norfolk Borough Council (December 2013) have also published scrutiny review papers on this subject.

The recommendations in these documents have many common themes:

- Firstly, that it is important to fully understand the extent of the fuel poverty problem and what it means for the local citizens.
- Being responsible in setting energy efficiency standards for the council owned housing stock and encouraging housing associations and private landlords to do the same.
- Working to ensure that vulnerable people are claiming all of the benefits to which they are entitled, this includes specific schemes such as the warm home discount.
- Encouraging citizens to be proactive in managing their energy costs – in particular local run 'energy switching schemes'.
- The acknowledgment that the key to tackling this issue is effective partnership working, proactive engagement and actively seeking examples of best practice.

In the papers published by Leeds City Council in November 2014<sup>35</sup> the recommendations focus heavily on effective engagement and partnership working between the Health and Wellbeing Board and the areas Clinical Commissioning Groups (CCG's) To ensure that there is a 'consistent and systematic approach to identifying the needs of vulnerable householders' (3.2.4) <sup>36</sup>

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<sup>30</sup>[https://www.luton.gov.uk/Health\\_and\\_social\\_care/adult\\_social\\_care/I%20am%20over%2050/Keeping\\_warm/Pages/Keeping%20warm%20in%20winter%20service%20-%20Cosy%20Rosy.aspx](https://www.luton.gov.uk/Health_and_social_care/adult_social_care/I%20am%20over%2050/Keeping_warm/Pages/Keeping%20warm%20in%20winter%20service%20-%20Cosy%20Rosy.aspx)

<sup>31</sup> <http://democracy.islington.gov.uk/documents/s4308/Fuel%20Poverty%20Report%20Final.pdf>

<sup>32</sup>[http://open.nottinghamcity.gov.uk/comm/download3.asp?dltype=inline&filename=49874/111129\\_Fuel\\_Poverty\\_Report\\_v2\\_upload.pdf](http://open.nottinghamcity.gov.uk/comm/download3.asp?dltype=inline&filename=49874/111129_Fuel_Poverty_Report_v2_upload.pdf)

<sup>33</sup> <http://www.cfps.org.uk/domains/cfps.org.uk/local/media/library/pdfversionofscrutinyreport.pdf>

<sup>34</sup> [file:///chesfs50/EUCHomedirs/victoria.wiens/Desktop/Fuel\\_poverty\\_review.pdf](file:///chesfs50/EUCHomedirs/victoria.wiens/Desktop/Fuel_poverty_review.pdf)

<sup>35</sup> <http://democracy.leeds.gov.uk/documents/s123300/item%207%20-%2020141110%20Fuel%20Poverty%20Scrutiny%20Report%20FINAL.pdf>

<sup>36</sup> <http://democracy.leeds.gov.uk/documents/s123300/item%207%20-%2020141110%20Fuel%20Poverty%20Scrutiny%20Report%20FINAL.pdf>

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