

EAST HERTS COUNCIL

HEALTH AND WELLBEING SCRUTINY COMMITTEE,  
8 DECEMBER 2015

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REPORT BY THE EXECUTIVE MEMBER FOR HEALTH AND  
WELLBEING

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EAST HERTS DRAFT FUEL POVERTY STRATEGY

WARD(S) AFFECTED: ALL

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**Purpose/Summary of Report**

- To inform the Committee of the publication earlier this year of the Fuel Poverty Strategy for England 2015 and of a new statutory fuel poverty target.
- To seek the Committee's support for a new Fuel Poverty Strategy for East Herts based on the guiding principles in the national strategy
- To appraise the Committee of a potential range of local actions aimed at reducing fuel poverty within East Herts.

**RECOMMENDATION FOR HEALTH AND WELLBEING SCRUTINY**

**That :**

<b>(A)</b>	<b>the draft Fuel Poverty Strategy for East Herts as appended to the report be supported; and</b>
<b>(B)</b>	<b>further reports on specific measures within the draft strategy be submitted as they develop.</b>

1.0 Background

1.1 The Environment Scrutiny Committee previously received a report on Fuel Poverty in East Herts in September 2014. Members of that Committee recommended that a new Fuel Poverty Strategy be prepared for the District, to replace the Council's previous

Affordable Warmth Strategy 2007-2012, in the light of the anticipated publication of the Fuel Poverty Strategy for England.

- 1.2 Unfortunately the Government Strategy document was repeatedly delayed with final publication just prior to the election this year.
- 1.3 Fuel poverty as an issue for East Herts has now been moved from the terms of reference of Environment Scrutiny to that of the Health and Wellbeing Scrutiny Committee.
- 1.3 This report aims to provide a brief background to fuel poverty and to present and seek support of Members for a draft Fuel Poverty Strategy for East Herts.
- 1.4 East Herts Council first adopted a Fuel Poverty Strategy in December 2000. This outlined the Council's plans to alleviate fuel poverty in East Herts. The Strategy was reviewed in 2007 and renamed the Affordable Warmth Strategy.
- 1.5 Since 2007 there has been a huge range of initiatives and activities in the domestic energy efficiency sector, however, despite this fuel poverty amongst some households has continued to be an issue across the Country.
- 1.6 Almost all of the nationally available options for assistance with improving energy efficiency (such as the Green Deal) have now ceased, with the Energy Company Obligation expected to finish within the next two years.
- 1.7 The last coalition Government published a new National Fuel Poverty Strategy in March 2015 designed to set new targets for reducing the number of households in fuel poverty and to take a more focussed approach to providing assistance to eradicate fuel poverty in the future.
- 1.8 To reflect the objectives of the Government's Strategy as well as a new definition for those in fuel poverty, together with the many recent changes in the national domestic energy arena, the Council has produced a draft new East Herts Fuel Poverty Strategy (**Essential Reference Paper "B" refers**).
- 2.0 What is Fuel Poverty?
- 2.1 In the UK the concept of fuel poverty has traditionally been taken as occurring when a household is unable to afford to heat their

home to the level required for health and comfort. The generally accepted definition has been when more than 10% of the household income is required to be spent on heating the dwelling to a comfortable level.

- 2.2 However, the Government commissioned a review of fuel poverty in 2012 known as the *Hills Review*. This introduced a revised definition known as the *Low Income High Costs Indicator (LIHC)* and this was formally adopted in July 2013.

Under the new measure of fuel poverty, fuel costs are “equivalised” to reflect the fact that different types of household will have different levels of spending power. Therefore the new definition of a fuel poor household is where:

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

- 2.3 The key elements in determining whether a household is fuel poor or not are:

- Income
- Fuel prices
- Fuel consumption (which is dependent on the dwelling characteristics and the lifestyle of the household)

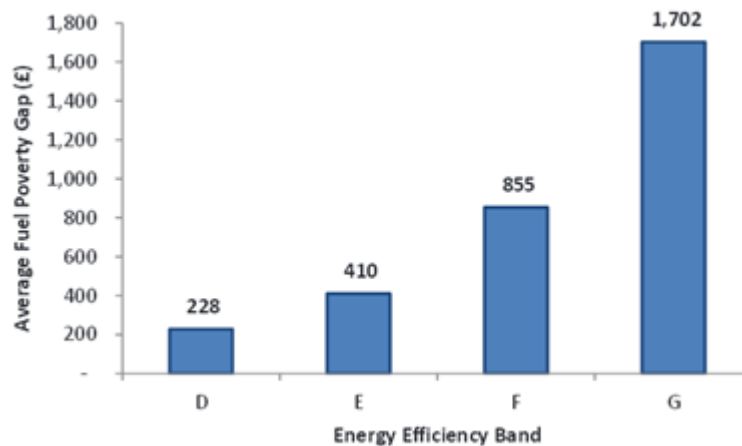
- 2.4 An innovation is that the measurement of fuel poverty will now include an assessment not only of the extent of the problem, but also the depth of the problem i.e. how badly affected each household actually is. This is achieved by looking at how much more a fuel poor household needs to spend to keep warm compared to a typical household.

- 2.5 Department of Energy and Climate Change research (DECC 2013) has shown the following general attributes for a fuel poor household:

- Annual income after tax and housing is less than half that of non- fuel poor
- Household energy costs are 20% higher
- 70% are of working age and of whom 80% are in work
- 45% are families
- 85% live in private tenure, mostly owner occupiers

- Most live in energy inefficient older homes, with 65% of such homes rated as band E or below

2.6 Fuel poor households tend to use the most expensive fuels for heating. Thus those deepest in fuel poverty have a fuel poverty gap of over £800 (off gas) compared with £332 for those using mains gas (DECC 2014). The fuel poverty gap also increases for those living in poorly insulated homes as the graph below indicates.



2.7 Taken together the information above allows us to build a picture of those most likely to be in fuel poverty along with the types of home most likely to be affected. In turn using this information the Government is intending to develop a policy to direct action to those that are in most need and that this policy framework can then be used by local authorities in directing energy efficiency activity in their own local area.

### 3.0 Fuel Poverty in East Herts

3.1 In East Herts data (DECC 2013) indicates that approximately 7.5% of local households are fuel poor. This is average for Hertfordshire as a whole. Watford Borough has the largest proportion of fuel poor at 10.3% whilst Stevenage and Broxbourne the least at 6.3%.

3.2 Whilst the figure of 7.5% for East Herts is average for the county as a whole this is based on a wide range of 2.4% to 17.1%, with the higher proportion within the rural north of the District and within those communities that are off gas and solid wall. The East Herts Council's House Condition Survey in 2009 found that rural housing was less energy efficient than housing in our towns, e.g., a Standard Assessment Profile (SAP) rating of just 41 in the Rural North, compared with 57 in Buntingford and with the overall rating for East Herts of 52.

#### 4.0 The Government Framework

- 4.1. The Government has set a new statutory target for reducing the number of fuel poor homes and this is that “as many fuel poor homes as is reasonably practicable will achieve a minimum energy efficiency standard of band C, by 2030”.
- 4.2. In order to meet this target the Government has established three guiding principles:
- Prioritisation of the most fuel poor
  - Developing a cost effective policy to support the fuel poor
  - Prioritise “vulnerable” households in future fuel poverty policy decisions.

#### 5.0 Making the National Strategy Local to East Herts

- 5.1 In order to reflect the aspirations of the National Policy and to assist in contributing to the statutory target the draft Fuel Poverty Strategy for East Herts is split into seven challenges. A range of proposed actions is suggested for each. It is suggested that progress against the Strategy be reviewed within three years from adoption.
- 5.2 The draft Fuel Poverty Strategy for East Herts is appended as **Essential Reference Paper “B”**.

#### 6.0 Implications/Consultations

- 6.1 Information on any corporate issues and consultation associated with this report can be found within **Essential Reference Paper ‘A’**.

#### Background Papers

Fuel Poverty; a Framework for Future Action – DECC (August 2013).

Fuel Poverty Data – DECC (2013 and 2014)

Cutting the Cost of Keeping Warm – DECC (March 2015)

Contact Member: Councillor Eric Buckmaster -Executive Member for Health and Wellbeing  
[Eric.buckmaster@eastherts.gov.uk](mailto:Eric.buckmaster@eastherts.gov.uk)

Contact Officer: Brian Simmonds – Head of Community Safety and Health Services – Extn 1498  
[brian.simmonds@eastherts.gov.uk](mailto:brian.simmonds@eastherts.gov.uk)

Report Author: David Thorogood – Environmental Strategy and Development Manager - Ext No – 1621  
[David.thorogood@eastherts.gov.uk](mailto:David.thorogood@eastherts.gov.uk)