

Essential Reference Paper “B”

East Herts Council

Fuel Poverty Strategy

December 2015

DRAFT

Foreword

East Herts District 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.

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. The last coalition Government published a new National Fuel Poverty Strategy in spring 2015 setting new targets for reducing the number of households in fuel poverty.

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 new East Herts Fuel Poverty Strategy.

Through this Strategy the Council will endeavour to develop advice, guidance and assistance to eligible private sector residents to assist those in fuel poverty in the District to achieve adequate and affordable warmth. Residents in the private sector will be actively encouraged to undertake energy efficiency measures to achieve affordable warmth within their own homes and private landlords will be encouraged to improve their dwellings. In line with the Government's National Strategy it is this Council's aim to eradicate fuel poverty where reasonable, practicable and possible and in so doing help to improve the quality of life of lower income households by assisting them in accessing affordable warmth.

1.0 Introduction

- 1.1 East Herts Council is committed to reducing the number of fuel poor households in the District and improving access to affordable warmth for all private sector residents. This strategy sets out the Council's plans for reducing fuel poverty in the light of the publication of the Government's Fuel Poverty Strategy for England 2015.
- 1.2 The East Herts 2009 House Condition Survey provides a comprehensive assessment of the condition and energy efficiency of dwellings across all housing tenures within East Herts. It also considered the characteristics of the occupiers. The survey estimated there were over 12,000 vulnerable households across all tenures within the district. Whilst many vulnerable tenants of housing associations have benefited from substantial investment in their homes many vulnerable households across all tenures, but particularly those in the private sector, struggle to maintain a reasonable level of thermal comfort in their homes.
- 1.3 It is these residents that are most likely to live in cold, damp homes which they cannot afford to heat to a level sufficient for health and warmth. This can result in discomfort, fuel debt and ill health. The inability to access affordable warmth impacts upon quality of life and also places increasing demands upon health, housing and other services. Indeed in its most severe form it is calculated that 73.8 extra winter deaths are directly attributable to excess cold weather in East Herts each year (East Hertfordshire Health Profile 2015, Public Health England – three year rolling average).
- 1.4 This strategy identifies key priorities and objectives for East Herts based on the framework for action proposed in the Government's Fuel Poverty Strategy 2015. It is hoped that the adoption and implementation of a local Fuel Poverty Strategy for East Herts will contribute towards wider objectives of sustainable development, social inclusion and an overall improvement in the quality of life for people in the District.

2.0 What is fuel poverty?

2.1 Definition

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. The World Health Organisation (WHO) has suggested that in order to achieve thermal comfort temperatures should be 21°C in the main living room and 18°C in other occupied rooms. It considers that at temperatures below 16°C there are serious health effects to the elderly and vulnerable, with a high risk of hypothermia below 10°C. (The Effects of the Indoor Housing Climate on the Health of the Elderly, WHO, 1984).

2.2 However, the Government commissioned a review of fuel poverty known as the Hills Review, which was formally adopted in July 2013. The Hills Review identified a new measure of fuel poverty known as the Low Income High Costs Indicator (LIHC). Under the new measure, fuel costs are “equivalised” to reflect the fact that different types of household will have different levels of spending power. Therefore under the new definition a household is considered to be fuel poor 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 The main effect of the new definition is to reduce the number of households in apparent fuel poverty, since the old definition was heavily influenced by fluctuating fuel prices. The new definition, however, aims to better understand the number of ongoing fuel poor.

2.5 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 will be achieved by looking at how much more a fuel poor household needs to spend to keep warm compared to a typical household.

2.6 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

2.7 In particular the privately rented sector is disproportionately represented amongst fuel poor households. This has been recognised by the Government and by 2018 it will no longer be generally possible to let a home that has an Energy Performance Certificate of band F or G.

- 2.8 Fuel poor households tend to use the most expensive fuels for heating. Thus those deepest in fuel poverty have fuel poverty gap of over £800 (off gas) compared with £332 for those using mains gas. The fuel poverty gap also increases for those living in poorly insulated homes for example solid wall houses with no additional insulation and park homes.
- 2.9 Traditionally it has been thought that those households using prepayment meters are particularly likely to be fuel poor. The latest DECC research does not support this view, indicating instead that these tend to have the lowest fuel poverty gap whilst those on standard credit tariffs are the most affected (DECC 2014).
- 2.10 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's Strategy aims to direct action to those that are in most need. It is the intention of the East Herts Strategy to utilise the national policy framework to direct and focus energy efficiency activity within the District.

3.0 Why Fuel Poverty Matters

- 3.1 After many years of continued price rises in the domestic energy sector, over the last year there has been some reduction in unit cost, although there remains an upward trend in long term energy costs.
- 3.2 Whilst fuel poverty can be characterised as a cost of living issue, the Government recognises it as a distinct problem. It is therefore best considered as a function of household income adequacy and the thermal and energy efficiency of housing stock and domestic appliances. Thus for any given level of income households and individuals have an unequal ability to convert income into affordable warmth.

- 3.3 The Hills Review of Fuel Poverty (2012) identified fuel poverty as an “overlap issue” cutting across poverty, health and wellbeing and carbon reduction.
- 3.4 In terms of poverty households with the lowest incomes (in the bottom 20%) spend around 8% of their household budget on fuel compared to just 3% for the highest earning households - despite the fact that the highest earners tend to spend more on fuel in absolute terms (DECC Fuel Statistics Report 2014). Fuel poor households therefore tend to trade off warmth against other necessities and typically under heat their homes.
- 3.5 Living at lower temperatures in a cold damp home contributes to a range of health and well-being consequences, including direct health issues such as cardiovascular and respiratory conditions, followed by hypothermia, which are the key cause of death linked to cold. In addition fuel poverty is linked to a strong correlation with social isolation and lower outcomes for young people (Warmer Homes Report, Policy Exchange 2015). In total it has been estimated that the health effect of living in cold homes costs the NHS in excess of £1.36 billion per year (Fuel Poverty, Age UK, 2014).
- 3.6 Fuel poor households generally live in less energy efficient properties – the average Energy Performance Certificate (EPC) rating being band E for fuel poor households compared to band D for non-fuel poor homes. In addition of course, the fuel poor are least able to afford capital improvements to their homes and this is compounded by the fact that the least efficient homes are often those that require the most works to improve their energy efficiency standard. For example there is a higher incidence of fuel poor households living in solid wall homes and the insulation of such homes to modern standards can be prohibitively expensive.

4.0 **Fuel Poverty in East Herts**

- 4.1 In East Herts Government 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%. Interestingly East Herts has a very similar level of fuel poor as typical inner London Boroughs confirming that fuel poverty is not necessarily an inner city problem.

4.2 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. This reflects a similar picture across the UK where there is usually a significantly greater proportion of the fuel poor in more rural communities, off mains gas and living in “hard to treat” properties (DECC 2014). Indeed 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.

4.3 The East Hertfordshire Housing Needs Survey 2014 provides additional evidence with some 21% of households in the District indicating that their homes are too costly to heat and over 11% claiming to have no/insufficient heating (DCA East Herts Housing Needs Survey Data 2014).

5.0 **The National Fuel Poverty Target**

5.1 Through use of the Warm Homes and Energy Act 2000 as amended by the Energy Act 2013 the Government has created a new statutory target for reducing the number of fuel poor homes as detailed in its Fuel Poverty Strategy for England 2015. The target states that “*as many fuel poor homes as is reasonably practicable will achieve a minimum energy efficiency standard of band C, by 2030*”, with intermediate milestones of 2020 to achieve band E and 2025 to reach band D. This may be seen as a challenging ambition as currently just 4% of fuel poor households live in homes of band C or better, compared to over 18% for non-fuel poor households.

5.2 The Government has also stated that it sees these targets as contributing to the UK national carbon reduction targets of reducing carbon dioxide emissions by 80% by 2050. Further it believes that the target is necessary to ensure that the fuel poor do not get left behind as standards improve in the general housing stock.

5.3 In order to meet the 2030 target significant activity will be required to improve the energy efficiency of housing stock both at a national level and more locally. The guiding principles recognised by the Government in relation to action on fuel poverty in order to achieve the target are as follows:

- Prioritisation of the most fuel poor - fuel poor households face the highest costs of maintaining an adequate level of warmth in the home. In addition they face the starkest trade-off between heating their home and spending on other essentials.
- Developing a cost effective policy to support the fuel poor – adopting a cost effective approach means obtaining the best returns in relation to many contending challenges and the Government indicates that it sees the use of new technology as one way by which intervention costs for fuel poverty initiatives may be maintained at an acceptable level.
- Prioritise “vulnerable” households in future fuel poverty policy decisions – some fuel poor households are more at risk from the impacts of living in a cold homes than others, even if they are not the most severely fuel poor in simple financial terms. The Government’s Strategy considers the particular needs of the vulnerable referring to the oldest old and the youngest young along with those with specific long term health conditions or disabilities.

6.0 **The Role of Local Authorities**

6.1 The National Strategy makes clear that it sees local authorities as having a key role to play in delivering action on the ground to combat fuel poverty. In particular it indicates that local authorities

may wish to work with local Health and Wellbeing Boards, as well as local health partners in developing specific initiatives. Local authorities are especially seen as key in their ability to engage customers and provide trusted support to the local community and to act as the honest broker in an area where customers often feel the need for technical support and advice. Secondly local authorities are seen as having valuable experience of targeting support to specific households due to their local knowledge.

6.2 In addition to the new national Fuel Poverty Strategy for England, the Care Act 2014 and its associated statutory guidance imposes a duty on District Councils to cooperate with a duty imposed on County Councils to ensure well-being of an individual, including the general suitability of living accommodation.

The guidance recognises that housing or suitable living accommodation is a place which is safe, healthy, and 'suitable for the needs of a person, so as to contribute to promoting physical and emotional health and wellbeing and social connections – a healthy home would be dry, warm and insulated' (Department of Health, October 2014).

6.3 The Housing Act 2004 prescribes the Housing Health and Safety Rating System (HHSRS) as the methodology to be used by the local Housing Authority (the District Councils in Hertfordshire) for evaluating potential risks to health and safety from housing deficiencies.

The underlying principle of the HHSRS is that any residential premises should provide a safe and healthy environment for any potential occupier or visitor. Statutory guidance is provided on a range of 29 housing hazards including excess cold and damp for specific vulnerable groups (Office of the Deputy Prime Minister, Housing Health and Safety Rating System Operating Guidance, February 2006).

7.0 A Strategy for Action in East Herts

7.1 The East Herts Fuel Poverty Strategy is shaped by the guiding principles of the Government's own Fuel Poverty Strategy as discussed in section 5.3 above. In order to take these into account at a local level the following seven challenges from the National Strategy have been identified as requiring action:

- Challenge 1 - improving energy efficiency standards in fuel poor homes
- Challenge 2 - working together to help the fuel poor through partnership and learning
- Challenge 3 - increasing effective targeting of fuel poor households
- Challenge 4 - improving support to certain high cost homes such as non-gas or park homes
- Challenge 5 - improving support to certain low income households such as those who have health conditions linked to living in a cold home
- Challenge 6 - tackling the financial burden of energy bills for those on low incomes
- Challenge 7 - ensuring the fuel poor are able to get maximum benefit from the energy market

7.2 The definition of vulnerable household for the purposes of this Strategy is taken as one where a member of that household is in receipt of a means tested or disability related benefit, or is over 65 years of age or contains children under five years old. In addition should a hazard of damp or mould be identified

under HHSRS guidance then the vulnerable age group will include all persons aged 14 years or under.

7.3 The table below sets out a range of proposed activities to help alleviate each of the challenges identified above. Potential tasks are identified along with indicative timescales. Progress against the Strategy will be reviewed within three years.

Challenge	Activity	Timescale
Challenge 1 - improving energy efficiency standards in fuel poor homes	a) Continue to promote availability of free loft and cavity wall insulation, which is available through nationally funded Energy Company Obligation Scheme (ECO). Promotion via website, telephone advice, LINK magazine, flyers, partner organisations, Herts Healthy Homes. Seek to develop further promotional opportunities where ever possible. (Herts Healthy Homes is a partnership between all local authorities in Hertfordshire and the third sector aimed at providing advice, information and practical action to help the elderly and vulnerable stay healthy in their own homes. It is led by Herts County Council)	Currently Ongoing although ECO funding will cease by March 2017 at latest.
	b) Promote statutory requirement on private sector landlords that homes for rent will require minimum energy efficiency standards of band E or above from 1 April 2018. Promotion via usual outlets and local landlord forum meetings.	Ongoing
	c) Continue to promote East Herts Home Insulation Grants. The scheme provides 50% grant of up to £200 towards loft insulation and a 50% grant of up to £300 towards cavity wall insulation.	Ongoing
	d) Investigate and report on a possible extension of the East Herts Home Insulation	September 2016

	Grants to include a wider range of higher cost measures e.g. external and internal wall insulation. Insulation of fuel poor homes to current standards is proportionally more costly than for non-fuel poor homes as both more expensive <i>and</i> extensive measures are usually required. Consider refocusing of grants to the most fuel poor either directed to rural north and/or most vulnerable.	
	e) Continue to utilise the East Herts Discretionary Decent Homes Grants to provide means tested grants towards the costs of works to help homes meet the Decent Homes Standard. As part of this standard, there is a requirement for homes to provide a reasonable degree of thermal comfort, and so energy efficiency measures, along with the repair of seriously defective boilers can be provided through this criterion in exceptional circumstances. Currently, there is a £1000 limit for energy efficiency assistance, raised to £2000 for energy efficiency works in hard to treat homes. The cash limit is removed for households falling within government's vulnerable household definition.	Ongoing
	f) Continue to deliver through Herts Healthy Homes small scale home insulation improvements such as minor draught proofing works at no cost to vulnerable householders.	Ongoing
Challenge 2 - working together to help the fuel poor through partnership and learning	a) Continue to work in partnership with Herts Healthy Homes to raise awareness, amongst the vulnerable, of the potential health effects of inadequate home heating.	Ongoing
	b) Investigate and report on opportunities for encouraging community energy projects, in conjunction with local third sector organisations, to deliver social benefit for the fuel poor through establishment of local lower cost energy tariffs and/or funding for energy efficiency measures directed at the fuel poor.	March 2017

	c) Continue to work with Herts Sustainability Forum to raise awareness of domestic energy efficiency measures through presence at community events and production of promotional material e.g. Home Insulation guide and Energy Vampire challenge. (Herts Sustainability Forum is a partnership of most district authorities across Hertfordshire along with several third sector organisations and the University of Hertfordshire. It is currently led by East Herts Council)	Ongoing
	d) Facilitate “bite-size” training sessions on energy efficiency awareness for East Herts front line staff, particularly those that undertake home visits. This will enable those staff to provide better help and advice and knowledge of appropriate referral pathways for those householders at risk of fuel poverty.	October 2016
	e) Investigate the potential for joint working with heating engineers to determine if there are any opportunities for establishing a referral service about insulation and tariff switching following a visit by an engineer to service a boiler.	January 2017
Challenge 3 - increasing effective targeting of fuel poor households	a) Undertake a mapping exercise utilising Lower Super Output Area data (once released by DECC) on gas networks, fuel poverty levels, housing type, energy performance opportunities for renewable energy together with results from the forthcoming East Herts Housing Modelling Project. Improved mapping will provide the Council with a more comprehensive understanding of the issues and constraints and direct possible solutions for fuel poverty within the District; especially as within East Herts fuel poverty tends to occur in pockets and is not possible to treat on a street by street approach.	November 2016
	b) Investigate if there are opportunities to seek funding from the remaining reprioritised national Energy Company Obligation (ECO) for specific funding for improvements to off-gas homes.	ECO funding will cease by early 2017

	c) Investigate the potential through Herts Healthy Homes for closer working with GP's and health workers to identify those householders at risk of fuel poverty. A significant cohort of fuel poor households is not currently identifiable using centralised, data driven approaches, local health agencies may be able to assist with improving this data set.	September 2016
Challenge 4 - improving support to certain high cost homes such as non-gas or park homes	a) Investigate potential for more detailed mapping of non-gas homes in East Herts, with a view to identifying those properties that are within 23 metres of the grid in order to determine potential for moving additional homes onto the gas network.	January 2017
	b) Continue to investigate and submit bids for external grants, should they become available, for projects aimed at improving energy efficiency in high cost homes.	Ongoing
	c) Investigate and promote improved insulation methods for park homes including new insulation technology and keep options for seeking external funding under review.	Ongoing
Challenge 5 - improving support to certain low income households such as those who have health conditions linked to living in a cold home	a) Continue to work in partnership with Herts Healthy Homes to deliver a range of targeted energy efficiency assistance to vulnerable and fuel poor residents, including advice on energy efficiency and benefits, home visits, draught proofing improvements, emergency portable heaters and electric blankets.	Ongoing
	b) To work with health centres, principally in conjunction with Herts Healthy Homes to deliver energy efficiency advice for the winter period through flu clinics and home visits by district nurses and other health professionals.	Ongoing
	c) Subject to agreement with partners to extend joint working with health centres and Herts Healthy Homes to include basic assessment of actual energy efficiency of a client's home during routine house calls by health professionals and for those professional to refer potential fuel poor householders to East Herts and the Herts	November 2016

	Healthy Homes programme for assistance.	
Challenge 6 - tackling the financial burden of energy bills for those on low incomes	a) Continue to promote uptake of the national Warm Home Discount (via website and Herts Healthy Homes), which provides £140 toward electricity costs for vulnerable low income households. Government has yet to confirm commitment for scheme beyond 2015/16.	Winter 2015/16
	b) Continue to promote availability of national cold weather payments during periods of very severe cold weather to pensioners on low incomes and those on means tested benefits with young children	Ongoing
	c) Further promote the "Ready to Switch scheme" through the East Herts web site, literature and Herts Healthy Homes. Ready to Switch is a collective tariff switching scheme coordinated by a consortium of local authorities of which Herts County Council is a part. Some 35% of UK households – with older householders disproportionately represented (Energy Saving Trust 2015) - have never switched energy supplier and may therefore be on higher cost tariffs.	July 2017
	d) Identify those oil buying clubs operating in East Herts, with a view to promoting their use by local residents and also encouraging the formation of further community ventures. A significant proportion of fuel poor households are those whose homes are off-gas and heated by oil (approx. 30%). Local oil buying clubs enable groups of people to combine their orders for fuel oil in order to achieve a more competitive price from suppliers. Several clubs currently operate in East Herts and generally achieve savings of at least 10% below base which can be a useful means to reduce fuel costs.	March 2018
	e) Wood fuel is becoming an increasingly popular option in East Herts, and may provide opportunities for the fuel poor particularly in off-gas areas. However, suitable commercial wood supplies can be costly. There is believed to be considerable potential to establish a local wood fuel	November 2017

	network within the district and it is proposed that this be investigated with possible local suppliers.	
Challenge 7 - ensuring the fuel poor are able to get maximum benefit from the energy market	a) see 6c above.	July 2016
	b) Promote, via the East Herts website and Herts Healthy Homes, the concept of regular tariff switching, in order to encourage local residents to review their own household energy suppliers to ensure they continue to achieve best value for money.	Ongoing
	c) Encourage householders to apply to their utility company for installation of smart meters in advance of main national rollout, which is to be completed by 2020. Smart meters offer real time information on energy use, including energy use in pounds and pence and as such have been shown to be a useful tool in helping those in fuel poverty budget effectively. In particular those householders currently on prepayment type meters will see greater convenience and choice in payment top-up and the ability to switch between credit and prepayment modes.	Ongoing to 2020