

EAST HERTS COUNCIL

EXECUTIVE - 2 FEBRUARY 2016

REPORT BY THE EXECUTIVE MEMBER FOR HEALTH AND WELLBEING

DRAFT EAST HERTS FUEL POVERTY STRATEGY

WARD(S) AFFECTED: ALL

Purpose/Summary of Report

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

RECOMMENDATIONS FOR EXECUTIVE: that:	
(A)	the draft Fuel Poverty Strategy for East Herts as appended to the report be approved; and,
(B)	information on oil buying clubs as detailed in Challenge 6 action (d) of the draft Fuel Poverty Strategy be disseminated to all Parish Councils and local Members.

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. Unfortunately the Government Strategy document was repeatedly delayed with final publication just prior to the election last year.

- 1.2 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 as it better fits with the remit of that Committee.
- 1.3 The Health and Wellbeing Scrutiny Committee considered the draft East Herts Fuel Poverty Strategy in detail at its meeting held on 8 December 2015. The Committee welcomed the report and reflected upon the causes of fuel poverty across the District, with particular reference to the higher levels of fuel poor households in the more rural north and the need for improved levels of insulation in many homes. In addition to supporting the draft Strategy as submitted, the Committee asked that information on oil buying clubs (as detailed in Challenge 6 action (d)) be disseminated this winter to all Parish Councils and local members.
- 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 18 months.
- 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 This report aims to provide a brief background to fuel poverty and to seek the adoption of the East Herts Fuel Poverty Strategy as appended (**Essential Reference Paper "B" refers**), which reflects on the objectives of the national strategy and the many recent changes in domestic energy arena.

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)

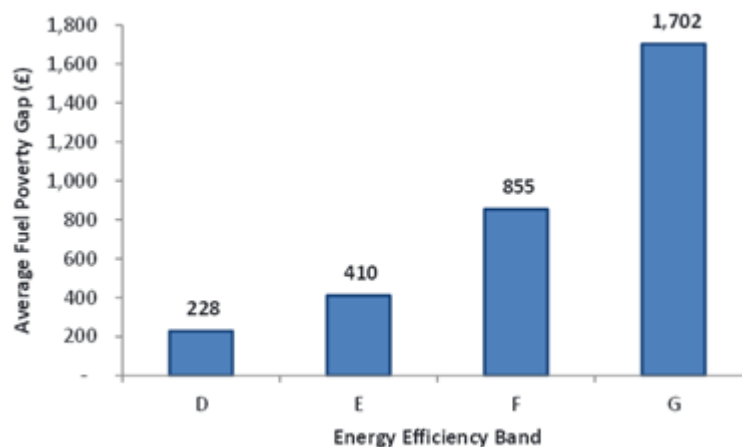
2.4 An innovation is that the measurement of fuel poverty will now include an assessment not only of the extent of the problem, but also the depth of the problem i.e. how badly affected each household actually is. This is achieved by looking at how much more a fuel poor household needs to spend to keep 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 2015) indicates that approximately 7.3% of local households are fuel poor, which is below the 8% average for the County as a whole. Watford Borough has the largest proportion of fuel poor at 10.2% whilst Stevenage, St Albans and East Herts have the least.

3.2 The figure of 7.3% for East Herts is based on a relatively wide range of 3% to almost 13%, with the higher proportion within the rural north of the District and within those communities that are off gas and in homes of solid wall construction. 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

None

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