

## FUEL POVERTY

### BRIEFING PAPER

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NOTE: This briefing paper was put together by the Housing Policy Team's graduate intern. Having recently completed an MSc in energy policy and sustainability, he was asked to review the District Council's fuel poverty strategy and related work programmes and to give his thoughts and suggestions for service improvements.

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FUEL POVERTY IS IDENTIFIED AS A KEY PRIORITY IN A NUMBER OF OVERARCHING POLICIES;

- A) Housing Strategy
- B) Community Plan
- C) Climate Local Kent
- D) Climate Local Sevenoaks
- E) Home Energy Conservation Act 1995

### BACKGROUND

Fuel poverty is essentially a cost of living problem – the inability to heat your home adequately. It has been an increasing problem in recent years due to the sharp rise in consumer energy bills coupled with flat incomes and the fundamental inefficiency of the UK's housing stock. According to the latest government definition, there are 2.3 million fuel poor households in England alone. Fuel poverty can severely affect people's health – as those affected often under-heat their homes. Sevenoaks District Council (SDC) is ambitious to do more, as part of a broader effort to improve energy efficiency, reduce energy costs and generate growth and jobs by supporting the green economy. With the policy and funding landscape for tackling fuel poverty having changed significantly since 2010, SDC has never had a more critical role to play in ensuring that resources are targeted effectively to reach those most in need.

### FUEL POVERTY IN SEVENOAKS

According to the 2013 Sub-regional fuel poverty data, under the Government's new definition of fuel poverty - low income high costs indicator (LIHC), there are an estimated number of 3705 fuel poor households out of a total of 48390 households - proportion of households fuel poor (%) – 7.7.

Prior to the governments new fuel poverty definition (LIHC), fuel poverty in Sevenoaks under the 10% definition came to 5,397 fuel poor households totalling 11.9% of the housing stock. Although the reduction in the proportion of fuel poor households is welcomed we are aware the reduction could well be due to the change in definition.

Sevenoaks is a predominantly expensive/affluent district with a higher than average level of detached 'energy intensive' and executive-style housing coupled with the most common occupation being managerial and professional positions. The new LIHC definition removes 'able to pay' households who in the past have been willing to spend more than 10% of their income to heat larger dwellings but who may not have felt the adverse effects of fuel poverty due to a larger basic income.

### FUEL POVERTY POLICY LANDSCAPE

The government has recently published the Fuel Poverty Strategy for England as required under the Warm Homes and Energy Conservation Act 2000 following extensive consultation held from July to October 2014.

The new fuel poverty target for England sets an ambition that as many fuel poor homes as 'reasonably practicable' achieve a band C energy efficiency standard by 2030 and became law in December 2014.

Today's strategy is our roadmap for meeting that target. It confirms the following interim objectives in the new fuel poverty strategy:

- As many fuel poor homes in England as is reasonably practicable to Band E by 2020
- As many fuel poor homes in England as is reasonably practicable to Band D by 2025

Although SDC welcomes the ambitious target, analysis by the Committee on Climate Change suggests that hitting the target would cost 18bn, or £1.2bn per annum to 2030. Currently annual spending on energy efficiency improvements in fuel poor homes in England amounts to less than half that – the c. £490m portion of the Energy Company Obligation scheme directed at the fuel poor. There is an obvious disconnect between the government's ambition to reduce fuel poverty and the current package of policies and funding commitments – a 'funding gap' of around £700m per annum. This gap will widen in light of a £70 million reduction in DECC's budget for the 2015/16 financial year as part of Chancellor George Osborne's plans to reduce the debt by £3 billion in total across different departments.

Although the major grant programs for energy efficiency have come to an end in 2012/13, a total of £80m has been made available through a number of small-scale bid-based schemes over the past two years:

DECC's £25m Fuel Poverty Fund, £20m Green Deal Communities Fund, £10m Green Deal Pioneer Places Fund, and £5m 'Cheaper Energy Together' scheme, plus the Department for Health's £20m Warm Homes, Healthy People fund.

### WHAT HAS SDC DONE TO COMBAT FUEL POVERTY?

With SDC spending tightly constrained and major Government grant schemes for energy efficiency at an end, SDC is exploring the most efficient and effective ways to tackle fuel poverty and has been competing in numerous small-scale bid-based schemes. However effective solutions need to be tailored to local circumstances. Local schemes designed with local partners and tailored to local circumstances have delivered real results on the ground.

#### 1. JOINT/PARTNERSHIP WORKING:

##### Kent and Medway Sustainable Energy Partnership

SDC is working in partnership with Dartford Borough Council, Kent County Council and the Kent and Medway Sustainable Energy Partnership to collaborate address energy efficiency across a wider area.

The collaboration has resulted in the successful bid of 4.2m grant funding from DECC Green Deal Communities Fund.

The scheme will be rolled out on a targeted street-by-street basis and is designed to support residents in those target streets install heavily subsidized improvements such as solid wall insulation and new heating systems. The aim is that all residents and businesses in these streets will benefit from warmer, more energy efficient buildings and have more control over their energy bills, thereby reducing the risk of households falling into fuel poverty. The Warmer Streets Engagement Team will be very active in the target streets over the coming months and will be looking to get to know communities so that they can provide the support that people need.

The scheme aims to reach 900 domestic properties across all areas. Sevenoaks district will focus on the areas of South Darenth and Horton Kirby with 35 parties already interested.

#### 2. MAXIMISING RESOURCES

##### Hard to Treat s.106 Grants

As would be expected, the provision of new affordable housing is that much more challenging in the Sevenoaks District. This is due to a number of factors; the main limitation is; strict planning restraints, i.e. 93% Green Belt and 60% AONB. As a result, SDC has made available a proportion of its s.106 funding from developers to help make households more affordable by making them more energy efficient thereby lowering energy bills and reducing the risk of fuel poverty.

Off-grid or hard-to-treat housing may be eligible for grants. Grants are offered to Landlords to improve the energy efficiency of their properties provided they take on a tenant from the housing register list. The grant thereby allows poor energy inefficient housing to be transformed into affordable energy efficiency dwellings offered to vulnerable individuals on the housing register. This dual pronged approach helps to reduce the risk of fuel poverty and also provide affordable housing.

Landlords are targeted through landlord forums, identified through tenant complaints, Housing Officer knowledge, Empty Homes Officer knowledge or EHO HHSRS inspections. Landlord engagement is sought and further advice on the benefits of energy efficiency measures and available funding is provided at all times.

### 3. EFFECTIVE TARGETING

Fuel poverty is a cross cutting and pervasive issue. Effective targeting of fuel poor households relies on sharing knowledge between departments and agencies using cross departmental working/matrix approaches. The value of closer working between Government departments is supported under the Government's new framework for action on fuel poverty.

SDC has sought to encourage knowledge sharing practices between relevant departments. Attendees of the LSP Climate Change Group share the latest fuel poverty advice/issues with relevant Service Managers. Information is then filtered down to front line staff to deliver any advice or signpost vulnerable households to available ECO grants under the Affordable Warmth Program or further referral to the Warm Homes helpline. SDC Officers have knowledge and information about their communities which allows them to tailor schemes to take account of factors such as tenure, housing type, housing density, income, deprivation and demography. Tacit knowledge sharing between SDC Housing Officers, Environmental Health Officers, Community Support Workers, Health Professionals, Moat Housing Association and the Family Mosaic Housing Improvement Agency gives the different departments/associations the necessary tools and advice to help **identify** and **assist** vulnerable households who require help and support increasing the energy efficiency of their homes.

### 4. RESIDENT ENGAGEMENT

#### ENERGY SWITCHING

SDC has introduced an innovative and proactive Switch and Save Scheme which aims to save older residents money on their energy bills and ultimately mitigate against fuel poverty. SDC Switch and Save Scheme provides an independent impartial energy tariff comparison website listing **all energy suppliers**. In conjunction with the independent website, Switch and Save Surgeries have been held in local village halls and in community spaces helping vulnerable individuals to access the Switch and Save Scheme through a hand-holding

process. Proactive out reach is a pivotal element of the scheme. Through targeted outreach efforts hard-to-reach older people are assisted in the switching process overcoming computer literacy barriers and any perceived fear of the switching process. SDC aims to help older people save money on their energy bills and subsequently alleviate the risk of fuel poverty which is exasperated by historic 'standard' energy tariffs.

Interim progress reports are made to track the progress of the scheme. The stand alone website provides access to a control panel to measure progress and activity. The outcome has been a combined savings of over £17,000 with one particular older resident saving around £800 in the first year alone. Further surgeries are planned in the District through 2015 and beyond. 2015 alone has seen an average saving of £307.61 per customer and an average of 25% of those getting results online go on to switch providers. Furthermore, the cost of Sevenoaks Switch and Save Scheme is reasonable and practicable. The budget allocated to the scheme is repaid over time through the small commission charged for switching.

The targeted and proactive nature of the Switching Surgeries are innovative add-ons to the standard switch and save comparison website and to date has increased the number of switches saving vulnerable/elderly individuals vast sums of money. The surgeries act as a vital platform to signpost vulnerable individuals to available energy efficiency funding and also disseminate energy saving advice such as SDC energy advice packs and weather warning pamphlets/leaflets. The surgeries also offer Officers the chance to further develop and inform their knowledge of the housing stock and occupants of specific areas by conversing with the vulnerable individuals.

## LIMITATIONS

### PARTNERSHIP WORKING

SDC has a strong record in fostering effective partnerships on the ground. However there is a risk that Whitehall silos will lead to the treatment of fuel poverty through the individual lenses of energy, housing, health and income support and the imposition of a 'one size fits all' solution. The cross cutting nature of fuel poverty and the barriers/issues of identifying fuel poor households requires a matrix approach from start to finish to provide an adequate solution.

**CONSIDERATION 1;** The new cross-Whitehall working group that is being formed should champion the role of local leadership and flexibility to design local solutions to fuel poverty. Devolution of funding and approaches to reducing fuel poverty is sought.

### MAXIMISING RESOURCES

Channelling funding for energy efficiency schemes through small, short term, competitive funding pots is an inefficient use of council resources and capacity. It works against long-

term, joined-up investment strategies and consumes time and effort in bidding application and monitoring processes. Further, not all LA officers have been sufficiently trained to submit bids and need further clarity as to the bidding process. As a result bids are directed to a minority of officers who have been trained and have the capacity to submit bids successfully, thereby putting further strain on a minority of officers/managers at a time of cuts and resource limitations.

**CONSIDERATION 2:** Pool grant funding in a single pot to maximise its value and ensure that councils can focus their resources on tackling energy efficiency rather than bureaucratic bidding processes.

#### EFFECTIVE TARGETING

Although SDC is working to paint a holistic picture of fuel poor households in Sevenoaks, limited access to data presents a significant barrier. Data sharing between health and housing should be further encouraged;

For example Blackpool Council works with NHS Blackpool and dovetails with their flu mailing lists to inform people about energy efficiency grants/options available to them.

The problem remains that SDC is struggling to cost-effectively identify householders that will qualify for the Affordable Warmth element of the ECO, particularly as social housing tenants are not eligible. Householders receiving measures financed by the Affordable Warmth element have to be receiving certain state benefits such as state pension credit, child tax credit, income-based job seeker's allowance, income-related employment and support allowance, income support and working tax credit.

With limited access to data, barriers to data sharing under the Data Protection Act and strict household eligibility criteria, SDC predominantly relies on Officer referrals rather than a complete database of fuel poor households eligible for the Affordable Warmth element

**CONSIDERATION 3:** The National Housing Federation and DECC should share good practice on identifying households living or at risk of falling into fuel poverty.

#### RESIDENT ENGAGEMENT

SDC has extensive experience assisting local residents to understand which benefits, grants and energy tariffs are available to them. Signposting and advice are at the forefront of the SDC Switch and Save surgeries and are encompassed in SDC energy packs disseminated across the district.

However further effort needs to be made to develop a visible understanding of energy use. Behaviour and practice are fundamental aspects of ensuring energy efficiency measures result in cost saving and a reduction of energy use. Many residents fall prey to the 'Rebound Effect' and instead of saving energy and money, revert back to paying the same amount for their energy due to a lack of understanding with regards to heating controls.

Studies have revealed that many residents struggle with new heating system controls that have been installed in their properties and have resorted to opening windows to reduce indoor temperature.<sup>1</sup> SDC is a trusted and well held Local Authority which is in a great position when it comes to encouraging residents to make the behaviour changes that will help them realise the full benefits of energy efficiency improvements to their homes. This advantageous position will be vital in anticipation of the Smart Meter roll out scheme set to be put in place by Government in the very near future.

**CONSIDERATION 4;** SDC should look to provide more surgeries in line with the Switch and Save Surgeries to address the need for further 'hand holding' and face-to-face guidance to help residents understand new heating system controls to prevent 'rebound' energy use and ensure reduced energy bills and financial savings.

## CONCLUSION

The current climate of ongoing constraints on public spending and lack of statutory duty requiring LA's to spend funds on energy efficiency measures will inevitable result in council led energy efficiency schemes becoming unsustainable in the medium term. With energy prices rising and more households at risk of falling into fuel poverty combined with a shrinking Social Housing Stock (most energy efficient housing tenure group) and an inflated Private Rented Housing Stock (known to be the most energy inefficient tenure group) fuel poverty will continue to be a rising ongoing problem. Energy efficiency programs will continue to be an important means by which SDC can assist vulnerable residents and those on low incomes to save on their bills and avoid ill health. However as discussed, limited public funding means that it is more important than ever that funding from tax payers - in this case, through levies on their energy bills – is used as effectively and efficiently as possible. Locally-led fuel poverty will be pivotal in shaping future energy efficiency policies to ensure greater support for vulnerable households.

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<sup>1</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)