

Report To:	OVERVIEW AND SCRUTINY COMMITTEE	Date:	12 JANUARY 2017
Heading:	AN INTRODUCTION TO FUEL POVERTY AND AFFORDABLE WARMTH		
Portfolio Holder:			
Ward/s:	ALL WARDS		
Key Decision:	NO		
Subject To Call-In:	NO		

Purpose Of Report

Fuel Poverty and affordable warmth was added to the 2016/17 Scrutiny workplan to explore and understand the impact of fuel poverty and affordable warmth on households, existing policies and strategies to alleviate fuel poverty in both the short and long term and the opportunities for Ashfield District Council to work in partnership to provide assistance and support to residents.

This report provides an overview of the current information available, statistics and partnership opportunities already in place addressing the issue.

Recommendation(s)

Members are requested to;

- **Discuss the information contained within this report;**
- **Consider the next steps in reviewing this topic.**

Reasons For Recommendation(s)

Topics added to the workplan for consideration should have expected outcomes to add value to the services delivered by the Council and it's partners and/or improve the quality of lives of Ashfield residents. Members are required to consider the information provided and discuss any further details necessary to review this topic appropriately.

Alternative Options Considered (With Reasons Why Not Adopted)

As detailed in the report

Detailed Information

The Topic of fuel poverty and affordable warmth was added to the workplan following consultation on issues currently affecting Ashfield residents. The Health and Wellbeing Agenda is seen as being a priority for Ashfield District Council with Cabinet appointing its own portfolio holder to lead on this area. The Service Director for Corporate Services has also been appointed as the lead officer to support this agenda.

Health and Wellbeing encompasses many different agendas – it is about our physical, mental, social and environmental well being. So by working holistically on all of these aspects a person's life can be improved. If a person has a home that is warm, safe and affordable, has access to relevant and appropriate health care, has a social network that meets their needs and is able to access services and facilities within their neighbourhood that enables them to remain active and to participate independently for longer – then this reduces the burden on acute services that have to deal with the fall out of actions not having been delivered holistically.

In 2014, the number of households in fuel poverty in England was estimated at 2.38 million, representing approximately 10.6 per cent of all English households. This is an increase from 2.35 million households in 2013 (a change of around 1.4 per cent).

The *average* fuel poverty gap (the amount needed to meet the fuel poverty threshold), fell by 2.1 per cent between 2013 (£379) and 2014 (£371). The *aggregate* fuel poverty gap across *all* fuel poor households also reduced over this period, from £890 million to £882 million (0.9 per cent).

The relative nature of the fuel poverty indicator makes it difficult to isolate accurately absolute reason for change. However, in summary:

- Some households close to the fuel poverty threshold have seen a lower than average increase in disposable income and, therefore, have been pushed into fuel poverty;
- Fuel prices have increased more than energy efficiency gains, leaving households with higher energy costs in 2014 compared to 2013. However, fuel poor households have seen *smaller* increases in energy costs than the overall population, which has reduced the fuel poverty gap.

What is Fuel Poverty?

There are two definitions:

Low Income High Cost Definition

Following the independent review of fuel poverty by Professor Hills, in July 2013 the Government adopted a new definition for Fuel Poverty - This new Low Income High Cost (LIHC) definition finds a household to be fuel poor if:

- their income is below the poverty line (taking into account energy costs); and
- their energy costs are higher than is typical for their household type.

The 'fuel poverty gap' is the difference between a household's modelled energy costs and what their energy costs would need to be (reduce to) for them to no longer be fuel poor. The bigger the gap the more severe the issue. This LIHC definition is the Governments official measurement of fuel poverty, previously fuel poverty was measured using the following definition:

10% Definition

A household is said to be in fuel poverty if it spends more than 10% of its income on fuel to maintain an adequate level of warmth (usually defined as 21°C for the main living area and 18°C for other occupied rooms). This broad definition of fuel costs also includes modelled spending on water heating, lights, appliances and cooking. The new LIHC definition finds fewer households to be in fuel poverty than under the 10% definition.

Fuel poverty is caused by a combination of factors including:

- low household income
- homes with poor energy efficiency
- under occupancy
- fuel prices.

Fuel poverty can have a range of effects including:

Worsening health – cold homes can increase the risks of strokes and heart attacks. Cold conditions are also thought to lower resistance to respiratory infections and exacerbate asthma and Chronic Obstructive and Pulmonary Disorder (COPD).

Excess winter deaths – during the months of December to March the number of deaths recorded (winter deaths) nationally well exceeds the average death rate for the remainder of the year. A significant number of these are thought to be linked to cold conditions particularly amongst the elderly.

Increased accidents – mobility and dexterity reduce when people are cold which can increase the risk of falls and injury as well as potentially affecting arthritis.

Social exclusion – people can be reluctant to invite friends to their homes when they are cold, which can result in an increased sense of social isolation.

Many of the effects of fuel poverty set out above are potentially preventable and, in addition to the benefits to the individuals themselves, could result in significant savings in health care costs.

Dwelling characteristics: A combination of features affects the levels of fuel poverty:

- Buildings constructed with *solid* walls have a higher prevalence of fuel poverty compared to those with *cavity* walls;
- Both older and larger buildings see higher levels of fuel poverty compared to new builds and smaller dwellings;
- Households with *no* boiler or a *non-condensing* boiler have higher levels of fuel poverty compared to those with *condensing* boilers;
- The level and depth of fuel poverty is also greater for households *not* connected to the gas grid.

Location: Regional differences affect the level and depth of fuel poverty and are related to the age of the housing stock, climatic conditions and relative income levels across the country.

- The North East, Yorkshire and the Humber, West Midlands and the South West of England have the highest proportion of households in fuel poverty compared to the East and South East;
- Rural areas have a much higher proportion of households that are not connected to the gas grid, and therefore, a higher level and depth of fuel poverty.

Household characteristics: Fuel poverty varies across household characteristics due to differences in income, different energy requirements, or a combination of both.

- Households living in *private rented* houses have the highest prevalence of fuel poverty whereas *owner occupied* households have the lowest;
- *Single parent* households have the highest levels of fuel poverty and households consisting of only those *aged 75 and over* have the lowest prevalence;
- *Unemployed* households have higher levels of fuel poverty;
- Households paying for fuel by *pre-payment* meters have the highest levels of fuel poverty for both gas and electricity; however, they have the lowest fuel poverty gap.

The Governments Position on Fuel Poverty

In December 2014, the Government introduced a new statutory fuel poverty target for England. The target is to ensure that as many fuel poor homes as reasonably practicable achieve a minimum energy efficiency rating of a Band *C1*, by 2030. To support the implementation of this target, the Government published 'Cutting the cost of keeping warm: a fuel poverty strategy for England', in March 2015. The strategy also set out interim milestones to lift as many fuel poor homes in England as is reasonably practicable to Band *E* by 2020; and Band *D* by 2025, alongside a strategic approach to developing policy to make progress towards these targets.

A household is considered to be fuel poor if it has higher than typical energy costs and would be left with a disposable income below the poverty line if it spent the required money to meet those costs. It captures the fact that fuel poverty is distinct from general poverty: not all poor households are *fuel* poor, and some households would not normally be considered *poor* but could be pushed into fuel poverty if they have high energy costs. Fuel poverty is therefore an overlapping problem of households having a low income *and* facing high energy costs.

Fuel poverty levels are projected to decrease in 2015 and then increase slightly in 2016. The average fuel poverty gap is projected to decrease in 2015 and remain at this level in 2016.

Fuel Poverty in Ashfield

As previously mentioned in this report the measure used to determine fuel poverty that has been adopted states that a household is living in fuel poverty if;

- It has an income below the poverty line (including if meeting the required energy bill would push the household below the poverty line) and
- Has higher than typical energy costs

This low income / high fuel cost indicator enables the Council to measure the extent as well as the depth of the problem by calculating both the number of fuel poor households and gauging to what extent they are affected. This gap between actual income and income required is utilised to gain a better understanding around fuel poverty and enables government to focus efforts on the nature and causes of the worst levels of fuel poverty.

The table below shows that 15% of households in the district are living with fuel poverty, which is above average compared to 13% regionally and 11% nationally

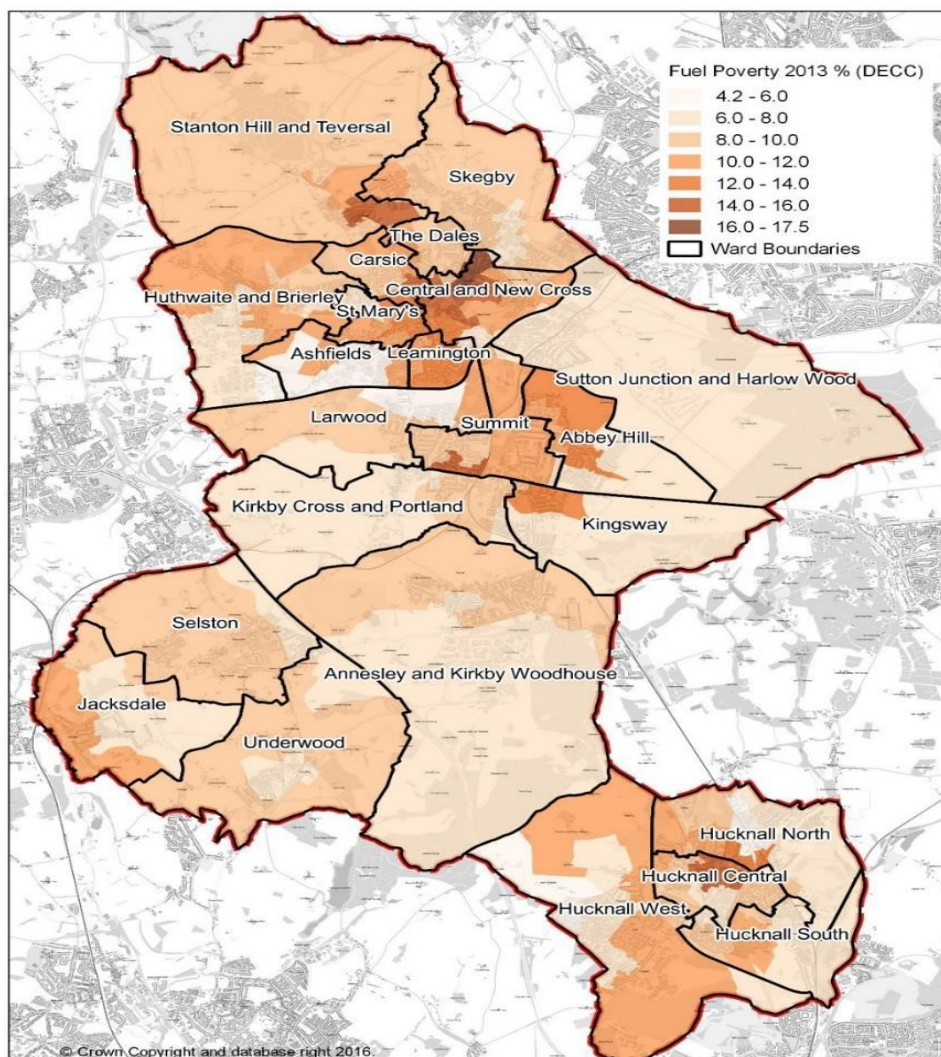
Indicator	All stock				Private sector stock				
	Ashfield (no.)	Ashfield (%)	2012 EHS Regional (%)	2012 EHS England (%)	Ashfield (no.)	Ashfield (%)	2012 EHS Regional (%)	2012 EHS England (%)	
No. of dwellings	55,876	-	-	-	46,216	-	-	-	
HHSRS category 1 hazards	All hazards	8,838	16%	17%	15%	7,579	16%	19%	17%
	Excess cold	1,798	3%	6%	6%	1,202	3%	7%	7%
	Fall hazards	6,436	12%	11%	9%	5,914	13%	12%	10%
Disrepair	3,405	6%	6%	5%	3,157	7%	7%	6%	
Fuel poverty (10%)	10,695	19%	18%	15%	8,689	19%	18%	15%	
Fuel poverty (Low Income High)	8,632	15%	13%	11%	7,152	15%	13%	11%	
Low income households	13,260	24%	20%	33%	5,914	13%	12%	24%	

Ashfield current position

- 29% of households have one member of their family who has a long term health condition or disability;
- the Ashfield district has higher than average levels of fuel poverty due to both low earnings / income and large numbers of older housing stock without a cavity (built early 1900s);
- the district has fewer excess winter deaths at 10.6% compared to 17.4% nationally;
- of the 4577 private rented sector homes, 30% are living in fuel poverty.

Fuel poverty in Ashfield

The district map below indicates high concentrations of fuel poverty in the darker shaded areas



Wider benefits of tackling fuel poverty

The following points summarise the wider benefits of tackling fuel poverty in the district;

- Reduced household energy bills and potentially more disposable income to spend locally;
- Reduced number of hospital admissions and reduced hospital stays;
- Increased life expectancy particularly in less prosperous neighbourhoods ;
- Improved respiratory health and mental health of occupants;
- Improvements to general health and fewer visits to the GP;
- Households that are warmer with reduced levels of damp and mould;
- Improvement works generate employment in the local area;
- Reduced reliance on state intervention.

Next Steps

In adding the topic of fuel poverty and affordable warmth to the Scrutiny Workplan, Members will now need to ascertain how Scrutiny can add value to the topic. To consider the topic fully Members will need to;

- Gain an understanding of what action is currently being taken;
- Consider the different services involved in delivering improvements in this area;
- Consider the partnership work currently being undertaken with external providers;
- Review the work being undertaken by the Health and Well Being board on this topic;
- Discuss what further action can be taken such as education, advice, support and partnership working;
- Agree appropriate interview list with service areas / partners.

Implications

Corporate Plan:

Reducing fuel poverty and improving affordable warmth forms part of our corporate priorities and key activities in relation to health and well-being, housing and place and communities.

Legal:

There are no legal implications contained in this report.

Finance:

There are no financial implications contained in this report. Any financial considerations as a result of consideration of this topic will be fully consulted with Finance before any recommendations are approved.

Budget Area	Implication
General Fund – Revenue Budget	None
General Fund – Capital Programme	None

Housing Revenue Account – Revenue Budget	None
Housing Revenue Account – Capital Programme	None

Human Resources / Equality and Diversity:

There are no Human Resources / Equality and Diversity implications contained in this report. Any such considerations will be fully consulted upon before any recommendations are approved.

Other Implications:

No further implications have been identified at this stage of the review. Any identified will be supported with advice from relevant sections.

Reason(s) for Urgency (if applicable):

None

Background Papers

Cutting the cost of keeping warm: a fuel poverty strategy for England
Ashfield District Council Corporate Plan 2016-2019
Housing Strategy for Ashfield 2016-2020

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