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| Report To: | CABINET | Date: | 20 FEBRUARY 2017 |
| Heading: | SCRUTINY REVIEW OF FUEL POVERTY AND AFFORDABLE WARMTH | | |
| Portfolio Holder: | CLLR JIM ASPINALL - HEALTH AND WELL-BEING | | |
| Ward/s: | ALL | | |
| 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, review existing policies and strategies to alleviate fuel poverty in both the short and long term and consider the opportunities for Ashfield District Council to work in partnership to provide assistance and support to residents in the future.

This report provides Cabinet with the findings of the Overview and Scrutiny Committee in its desktop review of the topic, which was undertaken in January 2017. As part of the Committees considerations, Members discussed the issue with the Portfolio Holder for Health and Well-being and the Council's Business Contingency and Sustainability Manager, who were both in attendance at the January meeting. The Panel made 7 recommendations for Cabinet's consideration.

Recommendation(s)

The Overview and Scrutiny Committee resolved that the following recommendations be submitted to Cabinet for consideration:-

- **members of the Council's Sustainability Team be thanked for their successful efforts to reduce Fuel Poverty and promote Affordable Warmth in the District**
- **Fuel Poverty continues to be recognised as a priority within the Health and Well-being agenda as a major determinate of health and duly considered as part of ongoing Health and Well-being priorities;**
- **the Council formally writes to Ministers recommending that it once again should be a mandatory requirement on energy suppliers to provide smart meters for all of their customers and not just "offer them";**
- **Corporate Communications be asked to prepare an appropriate media release explaining the Committee's concerns;**
- **improved information be provided on the Councils web site and social media explaining what people can do to become more energy efficient;**

- the Committee receives an update following the discussions between Cabinet and Robin Hood Energy;
- the Committee revisits the issue in six months' time.

Reasons For Recommendation(s)

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

Alternative Options Considered (With Reasons Why Not Adopted)

As detailed in the report

Detailed Information

A review of fuel poverty and affordable warmth was first placed on the Scrutiny Workplan in July 2016 following concerns regarding the far reaching effects that this can have on all aspects of life including health, employment and education. Members were interested in considering whether existing policies and strategies had helped to alleviate it and whether there were opportunities for the Council to work in partnership to tackle the problem.

Aim of the Review

The aim of the desktop review was 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;
- Consider what further action could be taken such as education, advice, support and partnership working;

Terms of Reference

The terms of reference for the desktop review were as follows:-

- to examine the impact of fuel poverty and the detrimental effects it has on health and well-being;
- consider national and local actions / initiatives put in place to improve affordable warmth;
- consider any additional actions that could be undertaken to continue improvements in fuel poverty and affordable warmth.

Methods of Investigation

The following methods of investigation were used for the review:

- Desktop Research;
- Evidence from relevant Council officers and Portfolio Holder.

Findings

In addressing the topic of fuel Poverty, Members of the Committee invited both the Portfolio Holder for Health and Well-being and the Council's Business Contingency and Sustainability Manager to their first meeting to introduce the issue.

The Committee were informed that Ashfield has higher than average levels of Fuel Poverty in some wards in the District and that it is especially prevalent in older private rented housing, which often lack insulation or efficient heating systems. Many of those who live in the least energy efficient properties also have low incomes and often have to buy energy at high costs. This was seen as a specific problem for those who have to use prepaid meter cards, which can prove to be very expensive for them.

Members were also informed of the links between fuel poverty, affordable warmth and health and well-being. 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 well-being encompasses many different agendas – it is about physical, mental, social and environmental well-being. 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.

Fuel Poverty

The Annual Fuel Poverty Statistic Report, published in 2016, highlighted that 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.

Definitions

There are two definitions of Fuel Poverty, the low income high cost definition and the 10% definition:

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 Government's 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.

Effects of Fuel Poverty

Fuel poverty can damage people's quality of life and health, as well as impose wider costs on the community. The likelihood of ill health is increased by cold homes, with illnesses such as influenza, heart disease, and strokes all exacerbated by the cold. Cold homes can also promote the growth of fungi and numbers of house dust mites. The latter have been linked to conditions such as asthma. Ill health can lead to enforced absences from work, and certain types of illness, such as respiratory disease, may restrict choices of potential employment for those without work.

The need to spend a large portion of income on fuel means that fuel poor households may have to make difficult decisions about other household essentials. This can lead to poor diets and/or withdrawal from the community. The impact of fuel poverty on different demographics and social groups is wide and varied.

Older People

Householders aged 60 years or more make up a large proportion of the fuel poor. Resistance to respiratory disease falls when temperatures fall below 16°C. Temperatures below 12°C result in raised blood pressure caused by the narrowing of blood vessels, which also lead to an increase in thickness of the blood as fluid is lost from the circulation. This, with raised fibrinogen levels due to respiratory infections in winter, is associated with increased deaths from coronary thrombosis in cold weather. About half of excess winter deaths are circulatory in cause, due to the above factors.

In addition, cold causes other discomfort for older people, for example worsening arthritic pains or contributing to a general feeling of illness. Research indicates that domestic accidents, including fatalities, are more common in cold homes in winter. Periods of prolonged immobility can result, making it even more difficult for older people to keep warm. People may need to go into residential care because of their injuries, or because they can no longer live in their cold home.

Fuel poverty can also exacerbate the social isolation felt by many older households; they cannot afford to go out; or are fearful of going out knowing they will come in, already feeling cold, to a cold home; or are reluctant to invite friends into a cold house. These factors can diminish the social well-being and quality of life of older households.

Children

Families with children account for 15-20% of fuel poor households. Children are particularly vulnerable to respiratory conditions such as asthma, which have been linked to cold and damp homes. Cold homes also increase the time taken to recover from other illnesses so that children may be off school more, affecting their education and development. Homework can also suffer if the family is squeezed into a small part of their home, and there is nowhere for the children to study in quiet. Fuel poverty therefore impairs the opportunities available for children.

People with a disability or Long Term Illness

Fuel poverty may compound the ill health and suffering of those who are disabled or have a long-term illness. It is likely to exacerbate existing problems and lengthen recovery time. Cold homes may make it more difficult for carers to look after acutely or chronically sick people, more of whom will have to go into hospital needlessly – or go permanently into a nursing home.

The cost of cold-related ill health can be counted in more than the misery caused to the individuals affected. Increased illness also adds to the pressures on health and social care services.

Factors Effecting Fuel Poverty

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.

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.

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.

According to the Annual Fuel Poverty Statistics Report published in June 2016, 9.3% of households in Ashfield are in fuel poverty (Table A).

Table A

% of households in fuel poverty (%) (from 2012 to 2014) for Ashfield & All local authority districts in East Midlands

| Period | Fuel poverty | | | |
|--------|--------------|--|---|--|
| | % | | | |
| | Ashfield | Minimum for All local authority districts in East Midlands | Mean for All local authority districts in East Midlands | Maximum for All local authority districts in East Midlands |
| 2012 | 12.5 | 9.6 | 11.9 | 15.6 |
| 2013 | 9.5 | 7.7 | 9.4 | 11.9 |
| 2014 | 9.3 | 7.2 | 9.7 | 12.2 |

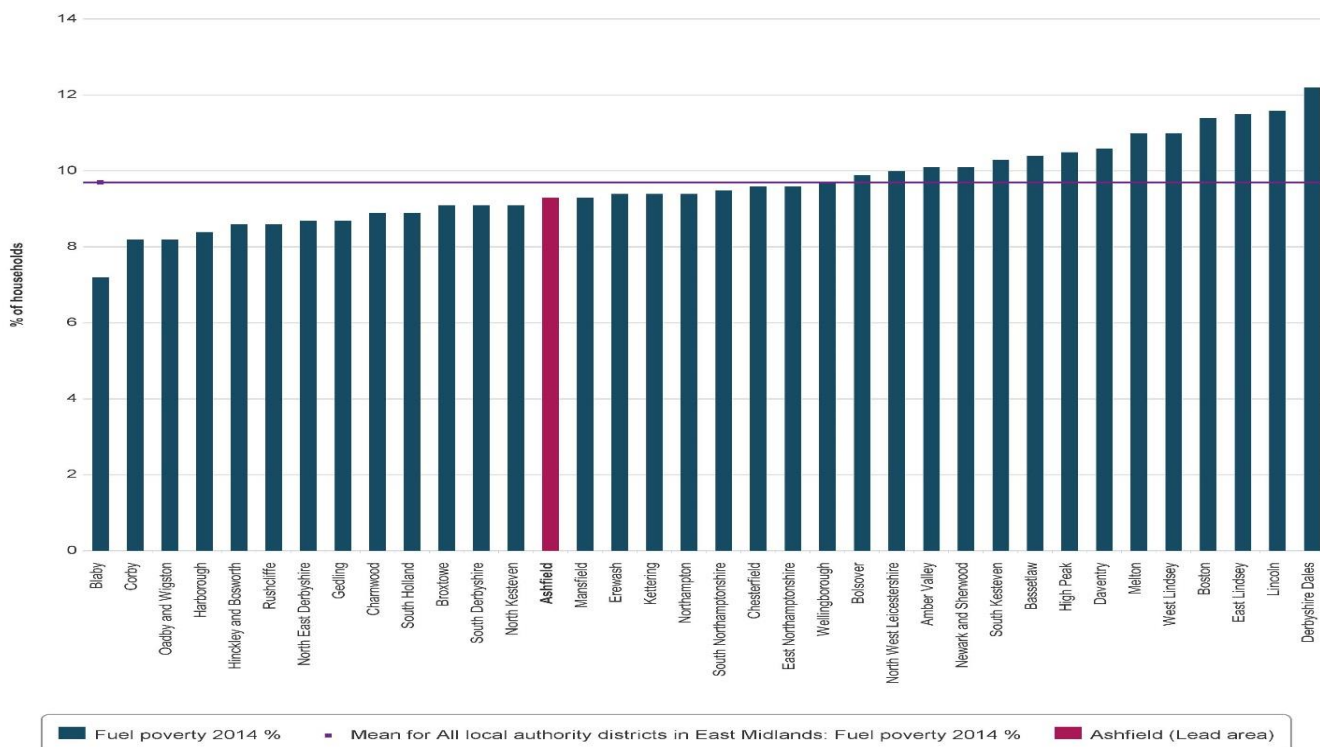
Source:
Department of Energy and Climate Change

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Table B shows the % of households in fuel poverty in comparison to other local authority districts in the east midlands

Table B

% of households in fuel poverty (%) (2014) for Ashfield & All local authority districts in East Midlands



Source:
Department of Energy and Climate Change

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In discussing the action taken in Ashfield, Members were informed that the Council had taken many steps to reduce Fuel Poverty in the District. This consisted of measures to bring down the amount of energy used, through better insulation, installing more fuel efficient boilers etc. It also consisted of support to help people switch to cheaper gas and electricity tariffs.

However, although a lot had been done to help address Fuel Poverty, a substantial number of improvements were still required to bring all homes in the District up to the appropriate levels of energy efficiency and to ensure that everyone had access to Affordable Warmth.

The Committee were also informed that the Council's own housing stock had been maintained to the 'Decent Homes' standard, which meant that nearly all of the properties were properly insulated and energy efficient.

Private housing in Ashfield

In the private sector there are many owner occupied homes that are in a state of disrepair at the last Private sector stock condition survey in 2006, 31% of the homes in the private sector did not meet the decent homes standard.

The Council's Private Sector Enforcement Team has seen a significant increase in requests for assistance from private tenants who are living in homes with chronic disrepair issues. Over the last 4 years case numbers have risen year on year especially in the winter months with many of the problems linked to excess cold, damp and mould due to fuel poverty, and chronic disrepair.

Selective Licensing

Selective Licensing was introduced by the Housing Act 2004; it allows local housing authorities to designate areas experiencing low housing demand and/or significant and persistent anti-social behaviour. A designation can be in force for a maximum of 5 years.

Within a designation area all privately rented properties require a licence to operate. The owner of the rented property will need to make an application to the Council for a licence. The licence is valid for a maximum of 5 years and will contain a series of conditions that the license holder must meet. Breaches of licence conditions are a criminal offence, as is the failure to apply for a licence which could lead to a prosecution and an unlimited fine.

Within the designated areas of Stanton Hill and Sutton Central all privately rented properties now require a license to operate from the 1st February 2017. The owner of the rented property will need to make an application to the Council for a license for each property.

Energy Suppliers and Smart Meters

As part of the discussions with officers and the Portfolio Holder, the Committee felt that one of the easiest ways of making sure people have access to Affordable Warmth is by helping them to switch energy suppliers, so that they pay the lowest possible tariffs. Members were told that the Council has put a lot of effort into helping residents to do this, and especially elderly people who may be worried about changing from suppliers who they may have been with for years. But given that there was only one part time officer available to carry out this work, capacity was restricted.

Members agreed that it would be helpful if more could be done to highlight the support which is available from a variety of sources to improve energy efficiency and about how to change their energy suppliers in order to get the lowest tariffs. This was seen as a practical way of tackling Fuel Poverty and promoting Affordable Warmth, which would require few if any extra resources to implement.

Members also expressed their concern about how the energy supply market operates and especially how difficult it can be for ordinary people to find out what tariffs they are currently paying, so they can compare these to other suppliers and change to them if they are able to offer a lower price.

The Committee was told about the national introduction of 'Smart Meters', which measure exactly how much energy people use and how much they are paying for each unit of energy. Members were disappointed to hear that the Government had changed its policy on them. Instead of requiring that every home should have a Smart Meter installed by 2020, it only now requires that energy companies offer householders one.

Members felt that this would greatly reduce the take-up, including the take-up by people in Fuel Poverty, who might benefit greatly by having a Smart Meter. The Committee felt that Ministers should be urged to once again make the installation of Smart Meters for all customers a mandatory requirement on energy supply companies.

As part of these discussions, the Committee discussed the work that had been carried out by Nottingham City Council through their 'Robin Hood Energy' scheme to provide low tariffs. The scheme had been successful and as a consequence had helped to bring down the prices of other suppliers locally.

Conclusion

In concluding this review, Members of the Committee agreed that the issue was one of great importance and co-ordinated action, work with partners and greater access to information could greatly improve the lives of those living in fuel poverty.

The Committee acknowledged the resource difficulties but welcomed the work that had already been carried out in addressing fuel poverty. Members also agreed that the Selective Licensing Scheme could also be beneficial in improving conditions, including fuel poverty, in the future.

There was a consensus that the Committee revisit this issue again in six months' time and that specific action be taken to help raise awareness of the options for tackling Fuel Poverty by promoting energy awareness and confidence in switching suppliers to access cheaper rates. Furthermore encouraging greater awareness regarding the installation and use of Smart Meters may allow people to understand what they are using and how they are using it.

The recommendations put forward for Cabinet consideration reflect the Committee's acknowledgment of the importance of affordable warmth and working to eradicate fuel poverty through information, education, partnership working and support.

Implications

Corporate Plan:

Reducing fuel poverty and improving affordable warmth forms part of the Council's 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 direct financial implications contained in this report. Ongoing improvement aspirations in education, information and partnership working are recognised to be contained within existing allocated resources.

| 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 implications contained in this report. The report recognises the impact that fuel poverty can have on those with living with disabilities.

Other Implications:

No further implications have been identified

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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