



ISLINGTON

# ENVIRONMENT AND REGENERATION SCRUTINY COMMITTEE

## 14 April 2015

### SECOND DESPATCH

Please find enclosed the following items:

<b>Item 4</b>	Minutes of Previous Meetings	1 - 6
<b>Item 3</b>	Fuel Poverty - Draft Report	7 - 20

Enquiries to : Zoe Crane  
Tel : 020 7527 3044  
Email : [democracy@islington.gov.uk](mailto:democracy@islington.gov.uk)



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**Environment and Regeneration Scrutiny Committee - 16 March 2015**

Minutes of the meeting of the Environment and Regeneration Scrutiny Committee held at Committee Room 4, Town Hall, Upper Street, N1 2UD on 16 March 2015 at 7.30 pm.

**Present:**           **Councillors:**           Court (Chair), Ward (Vice-Chair), Heather, Jeapes, Russell, Turan and Ward

**Councillor James Court in the Chair**

**53           APOLOGIES FOR ABSENCE (Item A1)**

None.

**54           DECLARATIONS OF SUBSTITUTE MEMBERS (Item A2)**

None.

**55           DECLARATIONS OF INTEREST (Item A3)**

None.

**56           MINUTES OF PREVIOUS MEETING (Item A4)**

**RESOLVED:**

That the signing of the minutes be deferred to the next meeting.

**57           PUBLIC QUESTIONS (Item A5)**

Questions from members of the public were addressed during the relevant items. A member of the public who had questions about cycling provision was advised by the Chair that she could ask her questions to the Executive member when she attended the meeting on 12 May 2015. The Chair also stated that the Committee welcomed suggestions from members of the public for scrutiny topics for 2015/16.

**58           CHAIR'S REPORT (Item A6)**

None.

**59           FUEL POVERTY WITNESS EVIDENCE (Item B1)**

Gareth Baynham-Hughes, Deputy Director, Fuel Poverty, at Department of Energy and Climate Change (DECC) and Steve Crabb, Head of Vulnerable Customers at British Gas gave evidence.

In the presentation and the discussion which followed, the following points were made:

- The Warm Homes and Energy Conservation Act 2000 required reasonably practicable steps to be taken to eradicate fuel poverty by 2016. Although fuel poverty initially reduced, in 2010 it was back to a similar level as in 2000. Professor John Hills conducted a review of fuel poverty and the 10% definition of fuel poverty (where households were required to spend 10% or more of their total household income to maintain an adequate level of warmth) was found to be unhelpful. A new indicator measured by households having low incomes and high energy costs was devised.

- Following the review, the government changed the target to eradicate fuel poverty by 2016. It set minimum energy efficiency standards and dates for these standards to be met.
- There were now fewer pensioners in fuel poverty and more working age people in fuel poverty than previously.
- As energy inefficiency contributed to fuel poverty, energy bills fell in line with improvements.
- Cutting the Cost of Keeping Warm – A Fuel Poverty Strategy For England put in place the following set of principles: 1) To support the fuel poor with cost effective policies; 2) To prioritise the most severely fuel poor; 3) To reflect vulnerability in policy decisions. It set out a number of challenges, broad policies to reduce fuel poverty and a series of commitments and outcomes. There would be regular reviews on the fuel poverty strategy and the Fuel Poverty Advisory Group would scrutinise progress. Annual statistics would be published.
- Vulnerable Customers was a new team at British Gas. It worked to improve the company's involvement with vulnerable customers.
- Staff had to be alert to customers in vulnerable situations.
- British Gas required by mandate to help reduce fuel poverty e.g. warm home discounts, however it had discretion about how to dispense funds. This year British Gas reached its mandated spend two weeks before the end of the specified time. Although it was not required to make payments past the agreed amount, it continued to do so.
- British Gas undertook energy efficiency measures such as insulating cavity walls and loft space and applicants did not have to be British Gas customers. It also had a specialist debt team which referred people to Step Change Debt Charity, this year British Gas gave £75m to the British Gas Energy Trust and it conducted benefit health checks – on average those helped were entitled to £500 in unclaimed benefits. It worked with partners including GPs and councils which would engage e.g. Islington Council. Approximately 50% of councils would not engage and share data.
- British Gas conducted free gas safety checks, offered a text phone service, large print bills and flagged customers with disabilities and long term conditions. Customer services agents had significant training and this included a four hour training programme on vulnerability which encouraged them to do active listening, to ask follow up questions and refer customers in vulnerable situations to a specialist team.
- A member raised concern was raised that the costs of the Warm Homes Discount were passed back to customers and a large number of higher rate tax payers receiving Winter Fuel Payments.
- If the government shared data, this would be helpful in talking fuel poverty. DECC was encouraging the government to do this.
- Existing government policies and funding would end in 2016/17. The next government would set out policies and funding after the General Election.
- The Secretary of State had provided £3m for a Boilers on Prescription pilot scheme which aimed to reduce the health impacts of fuel poverty.
- There was good collaboration between the Department of Health and the Department of Work and Pensions and DECC.
- The government had laid regulations in parliament to introduce minimum energy efficiency standards in the private rented sector. These were likely to become law in the near future.
- Energy Companies Obligation (ECO) had been designed before the Fuel Poverty Strategy. A few years ago it delivered a £30m fuel poverty scheme. Lessons learnt would be used in future schemes.
- British Gas aimed to help people live in their homes comfortably and secure energy for the future. It innovated through technology.

- Local authorities could work with energy suppliers and care commissioners.
- People who switched energy suppliers were not necessarily the most vulnerable people.
- Sometimes care leavers were left without support and were put on pre-payment meters. In Islington, Hyde Housing provided lessons on how to live independently.
- In response to a question from a member of the public, Gareth Baynham-Hughes explained that in 2012, there were 2.28m households in England who were defined as fuel poor under the low income, high energy cost definition and the fuel poverty gap was £443. This definition did not include people who could not afford to heat their homes and the figures were modelled i.e. reflected the amount they should spend rather than the actual amount they did spend.
- The Fuel Poverty Strategy just applied to England. Scotland and Wales had not adopted it.

**RESOLVED:**

That the evidence be noted.

**60**

**COMMUNAL HEATING (Item B2)**

Garrett McEntee, Technical Services Manager, Capital Improvement Team, Bryony Willett, Head of Housing Partnerships and Communities and Andrew Ford, Energy Advice Manager, presented the report and answered questions.

In the discussion the following points were made:

- In 2014, a pilot was undertaken to assess the impact of providing additional heating during cooler periods in the summer months. The service was now looking at the communal heating policy including heating during the summer and whether certain estates with poor energy efficiency should receive additional heating hours and not pay extra for this service. Residents would be consulted on this.
- Since 2010, improvements had been made which meant some communal heating boilers could now turn on and off in response to outside temperatures.
- The plant room water sensors would be repositioned where necessary to give the optimum reading of water temperature. This work would be undertaken under the existing contract responsible for maintenance and repair. This contract cost £1.5m per year.
- When system and plant upgrades took place, existing controllers could be changed to 3G routers where appropriate. This would improve the communication with plant rooms to provide a more responsive service.. Funding was in place to progress this work to some of the blocks with a history of poor performance.
- Work would take place to improve the Trend Building Management System and increase training for in-house staff if further funding was obtained.
- The council had a different approach to calculate charges to tenants and leaseholders for communal heating. Tenant services were charged on a pooled basis so all tenants in the same property size paid the same regardless of which estate they lived on. Legally the council could not pool leaseholder charges so they were calculated by taking the yearly fuel costs of the boiler house which serviced each leasehold property and dividing this by the number of properties that received heating from that boiler. In practice this meant there was almost always a difference between tenant and leaseholder charges for heating.
- Tenant charges were based on gas usage in the previous year plus an estimate of the change in the cost of gas. Leaseholder charges were based on the actual cost of gas from two years ago plus an estimate of the increase in the cost of gas for the coming year. In the financial year 2014/15 these timing differences meant that on average tenants were paying more than leaseholders. These differences were expected to even out in the following years when leaseholders charges were

adjusted to reflect the actual increase in the cost of gas whilst tenant charges would not increase because they paid more in the 2014/15 financial year.

- This year to date, tenants had paid more than the actual cost by approximately £100 and if this was still the case at the end of the financial year, they would be given a rebate. If the amount was smaller, it would be rolled forward instead.
- The council had a policy to put all service charges together on one account as this was the simplest way to charge tenants. Support was provided to those struggling to pay housing costs.
- Refunds to those who had no heating for three or more consecutive days were put on the resident's rent account.
- Islington's properties were generally smaller than the average property and residents used 25% less heating than the national average. If individual boilers were installed, it would cost approximately £800 to run a boiler, servicing would cost approximately £70 and call out charges/ repairs would be extra. The national average time heating was on per day was 9.5 hours, 5.5 months per year. Communal heating was usually on for 18 hours per day, 8 months a year. If tenants had communal heating on for 9.5 hours, 5.5 months a year, they would pay less for their communal heating than they would if they had an individual boiler, however, due to communal heating being on for 18 hours per day, 8 months per year, they paid a few percent more. Residents had been consulted on the timings for communal heating and had chosen for heating to be on for 18 hours per day.
- Council properties generally had the highest energy efficiency, followed by social housing, owner occupied housing and then private rented housing.
- Concern was raised that tenants had no incentive to use energy in an efficient way under a communal heating system and tenants paid more to heat buildings which were energy inefficient. Officers advised that many residents had controls to turn their heating off or down and that although this would not reduce in a reduction in their bill, if all tenants did this, it would.
- The council was committed to improving energy efficiency within available resources and there was a need to prioritise energy efficiency measures.
- The Department of Energy and Climate Change had looked at the costs associated with individual heat meters. Energy costs could reduce by 15-20% with a change in behaviour. The meters cost approximately £300, however this did not include the modifications to pipework which could be significant. Access to properties was required for installation, servicing and maintenance.
- Concern was raised that some corridors were heated. Officers advised that this was in buildings where the heating system had not yet been upgraded and heat was being lost from uninsulated pipework.
- A member of the public raised concern that the 2010 borough wide consultation results were not broken down by estates. Officers advised that that the next consultation could be broken down by estate.
- A member of the public raised concern about Kings Square Estate having heating for 24 hours a day instead of the standard 18 hours. This would be investigated by officers.
- A member of the public suggested that communal heat could use provided from biomass or renewable energy. An officer responded that the Bunhill Heat and Power Scheme - Phase 2 would capture heat from the Transport for London system. There were some biomass boilers but these were more expensive than gas. One or two boilers were being replaced each year.
- A member of the public queried the legal basis for the way tenants and leaseholders were charged. The officer advised that legally leaseholders had to be charged on a block by block basis. The council had made a policy decision to charge tenants differently and there was no legislation governing tenant charges.

- A member of the public raised concern about their energy usage not decreasing following insulation works and the installation of controls. Officers would look into this.

**RESOLVED:**

- 1) That the report be noted.
- 2) That officers provide a summary of the policy regarding heating rebates.
- 3) That officers provide a case study of energy costs in a home with a good energy performance certificate and in a home with a poor energy performance certificate.
- 4) That officers provide a summary of the benefits and drawbacks to having individual heat meters and also the associated costs.
- 5) That officers provide details on whether the council had over or undercharged tenants and leaseholders for the last five years.
- 6) That officers report back on possible short term and long term improvements to communal heating that could be made and whether the charging policy could be changed.
- 7) That officers look into the resident's concern about energy usage not decreasing after energy efficiency measures being installed and also the concern about heating on the Kings Square Estate being on 24 hours per day.

**61 WORK PROGRAMME (Item B3)**

**RESOLVED:**

That the work programme be noted.

The meeting ended at 10.25 pm

**CHAIR**

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ISLINGTON

## **Draft Fuel Poverty Scrutiny Review**

# **REPORT OF THE ENVIRONMENT AND REGENERATION SCRUTINY COMMITTEE**

London Borough of Islington  
April 2015

# EXECUTIVE SUMMARY

## Fuel Poverty Scrutiny Review

### Aim

To explore and understand the impact of fuel poverty on households, existing policies and strategies to alleviate fuel poverty in both the short and long term and the opportunities for Islington to provide assistance and support to the residents.

### Evidence

The review ran from October 2014 until May 2015 and evidence was received from a variety of sources:

1. Presentations from Witnesses  
William Baker, Head of Fuel Poverty Policy, Citizens Advice  
Peter Smith, National Energy Action (NEA)  
Gareth Baynham-Hughes – Deputy Director, Fuel Poverty, Department of Energy and Climate Change  
Steve Crabb – Head of Vulnerable Customers, British Gas
2. Presentations from Council Officers  
John Kolm-Murray, Seasonal Health and Affordable Warmth Co-ordinator
3. Written Evidence  
Daniel Alchin, Policy and External Relations Manager, Energy UK

### Main Findings

Between 2010 and the first quarter of 2014/15, energy efficiency improvements were made in over 19,600 Islington homes. Energy efficiency measures could reduce bills by up to £400 per year. As energy inefficiency contributed to fuel poverty, energy bills fell in line with improvements.

The Seasonal Health Intervention Network (SHINE) had assisted around 8,600 vulnerable residents since December 2010. It targeted those most at risk of cold homes and their associated health problems and worked with professionals across the housing, health, social care and voluntary sector to identify and assist. In addition to addressing high energy bills it also addressed other factors such as the risk of people falling, social isolation and fire risks. SHINE worked with Islington's Citizens Advice Bureau Fit Money project to refer indebted residents for financial capability training.

The health impacts of fuel poverty had been well established. Older people, those suffering from long-term health conditions and low income families with young children were at greatest risk. Cold housing was believed to be the greatest single contributing factor to excess winter deaths and hospital admissions.

Between 2007 and 2012, there were on average 50 excess winter deaths in Islington, with little statistical difference from the England average. Analysis of data from emergency winter hospital admissions from 2008/09 to the Whittington Hospital suggested that there were around 6.6 admissions for each death.

The latest available data showed that electricity debt rose by 66% in real terms between 2003 and 2011 and gas debt rose by 83%. Rising fuel bills meant the proportion of the population in fuel debt increased. People's incomes had grown little in the last 4-5 years and the poor had become poorer. Whilst disconnections for debt were now rare, particularly during the winter, this appeared to be largely due to a growing number of fuel poor households being on prepayment rather than standard

meters. These people were at greater risk of self-disconnection and fuel poverty linked health problems.

The 2015 Fuel Poverty Strategy was the first fuel poverty strategy in England since the original in 2001. It removed the target set in 2001 to eradicate fuel poverty by 2016 following a two year evidence based review by Professor John Hills. The current strategy recognised that this target was not going to be met and it was decided that the target and timeframe should be changed. Minimum energy efficiency standards were set which required that no fuel poor households be living in a home below an energy efficiency SAP Band C by 2030, 'where reasonably practicable'. It also proposed a system of mandated referrals from health professionals which permitted them to prescribe energy efficiency improvements in the same way that other health interventions such as medication or operations were prescribed and that this should be consistent across the country.

The Fuel Poverty Strategy put in place the following set of principles: 1) To support the fuel poor with cost effective policies; 2) To prioritise the most severely fuel poor; 3) To reflect vulnerability in policy decisions. It set out a number of challenges, broad policies to reduce fuel poverty and a series of commitments and outcomes. There would be regular reviews on the fuel poverty strategy and the Fuel Poverty Advisory Group would scrutinise progress. Annual statistics would be published.

Citizens Advice supported the principle of setting a target for minimum energy efficiency and a date for this to be achieved as well as the interim targets which had been set. However, Citizens Advice was concerned that as the target was just for fuel poor households, this would help those in fuel poverty but not prevent people from getting into fuel poverty.

In 2016, tenants would have a right to ask their landlord for energy efficiency measures to be installed in their home. By 2018, landlords would not be able to rent out properties with F and G energy efficiency ratings unless they met the exception criteria. Although this would remove the worst homes from the market, most poor households were in SAP Bands C to E.

Britain's nine largest energy suppliers delivered energy efficiency measures to householders via the Energy Company Obligation and the Warm Home Discount (WHD). ECO created a legal obligation on large energy suppliers to improve the energy efficiency of households by the end of 2017. At the end of December 2014, provisional figures showed that obligated suppliers had installed 1,296,441 measures under ECO since the scheme began in January 2013, at a cost of over £1.4bn per annum (as of September 2014). Energy companies had discretion over how to dispense funds. Obligations placed on suppliers resulted in costs which had an impact on consumer bills, including the bills of fuel poor and vulnerable customers. DECC had estimated that suppliers, and, therefore, energy bill payers, were spending over £1.7bn per annum on the ECO and WHD.

Energy UK ran the Home Heat Helpline (HHH) which was a free, not for profit phone line set up to help energy customers who were struggling to pay their fuel bills and keep warm. In the year 2013 14 the helpline offered support and advice to over 70,000 callers. Advisors were trained to give quick, clear information on the grants, benefits and payment schemes that customers might be entitled to as well as basic steps that could be taken to save money on heating bills by making their home more energy efficient.

Britain's six largest energy suppliers had also signed up to Energy UK's Safety Net for Vulnerable Customers. Under the Safety Net, the energy companies pledged to never knowingly disconnect a vulnerable customer at any time of year, where for reasons of age, health, disability or severe financial insecurity, that customer was unable to safeguard their personal welfare or the personal welfare of other members of the household.

There was no one single resolution to energy debt. Like any debt, it arose circumstantially and was the result of a combination of factors. Where a customer was in debt to their energy supplier, it was also likely that this would not be the only debt they were dealing with. To tackle the impacts of debt and assist individuals a holistic approach to personal finance was essential. Increasingly suppliers worked with third parties including the Money Advice Trust and Step Change to provide customers with appropriate support and train their own staff.

## **Conclusions**

The Fuel Poverty Scrutiny Review concluded that although much work was already being done to address fuel poverty in the borough, further work should be done to co-ordinate work by various groups and offer a more holistic approach to solving the problem of fuel poverty.

## **Recommendations**

- 1. That the council considers setting energy efficiency standards for its housing and those it pays housing benefit to, plus encourages housing associations to work towards the same target.**
- 2. That the council undertakes work to encourage landlords to install energy efficiency measures in their properties. This could involve using environmental health powers to address problems of private landlords not meeting standards, particularly those coming into force in 2018.**
- 3. That the Health and Wellbeing Board be requested to adopt relevant recommendations from the NICE guideline on excess winter deaths, in particular: a) support and maintain the provision of the Seasonal Health Interventions Network (SHINE) and b) ensure greater participation from the health and social care sectors in identifying and addressing cold homes.**
- 4. That the council undertakes steps to ensure that vulnerable people claim their full entitlement of benefits, including the Warm Home Discount.**
- 5. That the council lobbies the government and the Mayor for London for more investment for fuel poverty schemes, particularly in harder to treat housing**
- 6. That the council continues to proactively engage with partners and shares best practice with other authorities.**
- 7. That the council and partners provide and promote services to alleviate energy debt.**

## **MEMBERSHIP OF THE ENVIRONMENT AND REGENERATION SCRUTINY COMMITTEE**

### **COUNCILLORS - 2014/15**

#### **Councillors:**

Councillor Court (Chair)  
Councillor Diarmaid Ward (Vice-Chair)  
Councillor Doolan  
Councillor Gantly (until February 2015)  
Councillor Heather  
Councillor Jeapes  
Councillor Russell  
Councillor Turan  
Councillor Nick Ward

#### **Substitutes:**

Councillor Kay  
Councillor Michael O'Sullivan  
Councillor Alice Perry  
Councillor Rupert Perry  
Councillor Shaikh  
Councillor Smith  
Councillor Wayne

*Acknowledgements: The Committee would like to thank all the witnesses who gave evidence to the review.*

#### *Officer Support:*

*Zoe Crane – Democratic Services*

*John Kolm-Murray, Seasonal Health and Affordable Warmth Co-ordinator*

## 1. Introduction

- 1.1 There were several definitions of fuel poverty. In the past, fuel poverty was defined as the situation whereby a household was required to spend 10% or more of their total household income to maintain an adequate level of warmth. This was known as the 10% definition. In 2004, the Mayor of London defined fuel poverty as the need to spend more than 10% of total household income after housing costs (rent or mortgage and council tax) and this was the definition used by the council. The government had redefined fuel poverty as the situation whereby a household had below 60% of the median income, after housing costs, combined with a fuel bill higher than the median. This was the definition used in the 2015 Fuel Poverty Strategy and was the Low Income High Costs definition.
- 1.2 Approximately 2.28m households in England in fuel poverty. 255,000 households in London were fuel poor, with approximately 6,600 of these being in Islington. The fuel poverty gap calculated the depth of fuel poverty for each household and in 2012 this figure was £443. More investment was required to address fuel poverty and the Mayor for London recognised this.
- 1.3 According to the 10% definition, fuel poverty in Islington stood at 8.9% in 2012 and according to the Low Income High Costs definition, it stood at 7.4%. This definition did not include people who could not afford to heat their homes and the figures were modelled i.e. reflected the amount they should spend rather than the actual amount they did spend. Without extensive data on incomes it was difficult to estimate levels of fuel poverty according to the 10% After Housing Costs definition. An analysis by the GLA completed in 2012, which took housing costs into account, suggested that six Islington wards were in the worst quintile for fuel poverty in London.
- 1.4 Fuel poverty caused reduced quality of life, poor physical and mental health, debts and/or the forgoing of other essential needs such as food and increased costs to the NHS and social services. Fuel poverty arose as a result of the relationship between energy cost, household income, energy efficiency, heating and power requirements, and household occupancy levels. Less fuel poverty resulted in benefits such as better mental health, attainment and improved air quality as less energy had to be generated. There were now fewer pensioners in fuel poverty and more working age people in fuel poverty than previously.
- 1.5 Islington suffered from a high degree of general deprivation and significant health inequalities. It also had a large and growing private rented sector, the tenure in which fuel poverty was most prevalent. Private rented homes typically were energy inefficient. The council had environmental health powers to address problems of private landlords not meeting standards. Newham Council had done this with problematic Houses in Multiple Occupation (HMOs).
- 1.6 Most Islington homes were defined as hard to treat, meaning that insulation measures were expensive to deliver in homes that were expensive to heat.

## 2. Findings

### Work in Islington

- 2.1 Between 2010 and the first quarter of 2014/15, energy efficiency improvements were made in over 19,600 Islington homes. Energy efficiency measures could reduce bills by up to £400 per year. As energy inefficiency contributed to fuel poverty, energy bills fell in line with improvements.
- 2.2 The measures included 3,380 boiler replacements or installations and around 10,500 loft, cavity wall and solid wall insulations. The main barrier to installing solid wall insulations was cost with the average cost per property being £8,000. Also, if there were damp issues in a property, solid wall insulation could make them worse, internal insulations reduced the size of a property and installing them caused disruption to the residents. Solid wall insulation had been undertaken on the Holly Park Estate last year and was funded by Energy Company Obligation (ECO) funding and it had also been undertaken in Neptune House. The insulation could save up to £200 on fuel bills for each household. Section 106 agreements had provided funding in the past and would be used in the future. Where there was a mixture of tenures on estates, this could make upgrade work more difficult.
- 2.3 In 2012, the Bunhill Energy Centre started to provide cheaper, greener heat to over 700 homes in the south of the borough. In 2013/14, the council secured over 1,000 payments of £135 to vulnerable residents through the country's first Warm Home Discount referral programme. In 2014/15, the council expected to make energy efficiency improvements to over 2,200 homes. These would include free boiler replacements for low income and vulnerable private tenants and owner-occupiers; external solid wall insulation for more than 300 high rise flats; over 560 boiler upgrades, 800 Energy Doctor in the Home visits to provide in-home advice and install smaller energy efficiency measures; at least 500 more Warm Home Discounts of £140 would be secured and at least 200 Crisis Fuel Payments would be made through the Resident Support Scheme. Environmental Health Officers had taken action on a significant number of excess cold hazards.
- 2.4 The Seasonal Health Intervention Network (SHINE) had assisted almost 8,600 vulnerable residents since December 2010. It targeted those most at risk of cold homes and their associated health problems and worked with professionals across the housing, health, social care and voluntary sector to identify and assist. In addition to addressing high energy bills it also addressed other factors such as the risk of people falling, social isolation and fire risks. SHINE worked with Islington's Citizens Advice Bureau Fit Money project to refer indebted residents for financial capability training.
- 2.5 Islington established an emergency reconnection fund in 2013 through SHINE and had asked the regulator, Ofgem, on a number of occasions to investigate the incidence of self-disconnection and address the problem.
- 2.6 The councils' affordable warmth advisors and members of the Islington Advice Alliance all assisted customers to access debt relief and repayment plans. In 2013/14, advisors secured over £18,000 of debt relief from suppliers' trust funds and it was anticipated that this amount would be exceeded in 2014/15. There were strict criteria for debt relief from supplier's funds and poor budgeting by householders was unlikely to result in debt relief. The council had in place a crisis payment scheme.
- 2.7 Islington was proactive in dealing with fuel poverty. Sharing best practice would help other local authorities reduce fuel poverty.

### Health Impacts

- 2.8 The health impacts of fuel poverty had been well established. Older people, those suffering from long-term health conditions and low income families with young children were at greatest risk. Cold housing was believed to be the greatest single contributing factor to excess winter deaths and hospital admissions.
- 2.9 Between 2007 and 2012, there were on average 50 excess winter deaths in Islington, with little statistical difference from the England average. Analysis of data from emergency winter hospital admissions from 2008/09 to the Whittington Hospital suggested that there were around 6.6 admissions for each death.
- 2.10 Fuel poverty could exacerbate dampness in homes and this could have health impacts such as respiratory illness. This was increasingly being recognised by health professionals who had started to refer patients for help where appropriate. The Department of Energy and Climate Change had stated that there were health benefits associated to improving homes.
- 2.11 The National Institute for Health and Care Excellence (NICE) recently published guidance on the health risks associated with cold homes. NICE's guidance recommended that local authorities' health and wellbeing boards should ensure that there was a single point of contact at the health and housing referrals service that provided tailored solutions for people living in cold homes. Health and Wellbeing Boards could also identify fuel poverty as a priority and set up a referral system. This holistic approach, could in the future, utilise existing health care budgets to fund preventative work (including the installation of energy efficiency measures).

### National Programmes

- 2.12 Since the demise of the taxpayer-funded Warm Front programme in 2013 all national affordable warmth interventions had been funded through supplier obligations. There was no longer Treasury funding for fuel poverty programmes. The Secretary of State had provided £3m for the Boilers on Prescription pilot scheme which aimed to reduce the health impacts of fuel poverty.
- 2.13 A 2012 analysis by Islington and Westminster councils showed that London only received around a third of the supplier obligation funding that its population warranted.
- 2.14 The Energy Bill Revolution campaign, supported by Islington Council, called for carbon tax revenue to be used to fund energy efficiency improvements for fuel poor homes.
- 2.15 Winter Fuel Payment was a universal benefit to all households with members over the age of 62, which equated to £200 per annum for those aged 62-79 and £300 for those aged 80 or over. Cold Weather Payments were £25 payments to all those on certain means-tested benefits for each seven-day period where the temperature dropped below 0°C. The Warm Home Discount was currently a £140 yearly payment. Pensioners on Pension Credit received the payment automatically (core group) whilst certain others (broader group) had to apply. Suppliers could define eligibility for their broader group and some medium-sized suppliers did not have a broader group. Payment was made directly to suppliers but the number of broader group recipients were limited.
- 2.16 The National Institute for Health and Care Excellence (NICE) was currently drafting guidance on reducing excess winter deaths and illness through addressing cold homes. The draft guidance suggested that NICE would recommend that Health and Wellbeing Boards commission services similar to Islington SHINE and that a number of stakeholders took action to link affordable warmth and health.



- 2.17 The latest available data showed that electricity debt rose by 66% in real terms between 2003 and 2011 and gas debt rose by 83%. Rising fuel bills meant the proportion of the population in fuel debt increased. People's incomes had grown little in the last 4-5 years and the poor had become poorer. Whilst disconnections for debt were now rare, particularly during the winter, this appeared to be largely due to a growing number of fuel poor households being on prepayment rather than standard meters. These people were at greater risk of self-disconnection and fuel poverty linked health problems.
- 2.18 Existing government policies and funding would end in 2016/17 and future policy and funding decisions would be made by the next government.

#### The Fuel Poverty Strategy

- 2.19 The 2015 Fuel Poverty Strategy was the first fuel poverty strategy in England since the original in 2001. It removed the target set in 2001 to eradicate fuel poverty by 2016 following a two year evidence based review by Professor John Hills. The current strategy recognised that this target was not going to be met and it was decided that the target and timeframe should be changed. Minimum energy efficiency standards were set which required that no fuel poor households be living in a home below an energy efficiency SAP Band C by 2030, 'where reasonably practicable'. It also proposed a system of mandated referrals from health professionals which permitted them to prescribe energy efficiency improvements in the same way that other health interventions such as medication or operations were prescribed and that this should be consistent across the country.
- 2.20 The Fuel Poverty Strategy put in place the following set of principles: 1) To support the fuel poor with cost effective policies; 2) To prioritise the most severely fuel poor; 3) To reflect vulnerability in policy decisions. It set out a number of challenges, broad policies to reduce fuel poverty and a series of commitments and outcomes. There would be regular reviews on the fuel poverty strategy and the Fuel Poverty Advisory Group would scrutinise progress. Annual statistics would be published.
- 2.21 Citizens Advice supported the principle of setting a target for minimum energy efficiency and a date for this to be achieved as well as the interim targets which had been set. However, Citizens Advice was concerned that as the target was just for fuel poor households, this would help those in fuel poverty but not prevent people from getting into fuel poverty.
- 2.22 In 2016, tenants would have a right to ask their landlord for energy efficiency measures to be installed in their home. By 2018, landlords would not be able to rent out properties with F and G energy efficiency ratings unless they met the exception criteria. Although this would remove the worst homes from the market, most poor households were in SAP Bands C to E.
- 2.23 Landlords were expected to provide their tenants with an energy efficiency rating for the property. This would advise them what could be done to improve the energy efficiency of the property. The landlord, and not the tenant, was responsible for any work. The average cost of improvements was £1,500. Some landlords did not realise that there was a tax allowance for energy efficiency work. National Energy Action produced guidance for landlords and was doing outreach work.
- 2.24 William Baker, Head of Fuel Poverty Policy, Citizens Advice raised concern that current programmes were not capable of meeting the targets. Suppliers were currently responsible for the delivery and the system was not set up to meet the multiple needs of those in fuel poverty. There were national programmes in Scotland and Wales but there was no longer one in England. Decentralising power to local authorities and registered social landlords could start addressing how the target could be met.

### Fuel Supply to Residents

- 2.25 Pre-payment meters were more expensive than direct debit payments but many people were satisfied with them and used them to help them budget. In addition, those in fuel poverty did not always have a bank account or trust banks or energy suppliers. Smart metering could be useful and would collect levels of usage; however, it could also remotely switch people to prepayments. .
- 2.26 Energy UK was the trade association for the energy industry. It represented over 80 members made up of generators and gas and electricity suppliers as well as other businesses operating in the energy industry. Together its members generate more than 90 per cent of the UK's total electricity output, supplying more than 26 million homes and investing in 2012 more than £11 billion in the British economy. Energy UK worked with the Council's Seasonal Health & Affordable Warmth (SHAW) team in 2013 to establish a referral mechanism between the Council's SHINE referral scheme and five of GB's largest energy suppliers (British Gas, EON, NPower, Scottish Power and SSE). Via the referral mechanism, the SHINE referral scheme could refer clients to their energy supplier if they believed they might be eligible for the WHD or the PSR. The referral resulted in a call back from the supplier to directly discuss with the customer the support which might be available.
- 2.27 Britain's nine largest energy suppliers delivered energy efficiency measures to householders via the Energy Company Obligation and the Warm Home Discount (WHD). ECO created a legal obligation on large energy suppliers to improve the energy efficiency of households by the end of 2017. At the end of December 2014, provisional figures showed that obligated suppliers had installed 1,296,441 measures under ECO since the scheme began in January 2013, at a cost of over £1.4bn per annum (as of September 2014). Energy companies had discretion over how to dispense funds. Obligations placed on suppliers resulted in costs which had an impact on consumer bills, including the bills of fuel poor and vulnerable customers. DECC had estimated that suppliers, and, therefore, energy bill payers, were spending over £1.7bn per annum on the ECO and WHD.
- 2.28 Between 2011 and 2015, under the WHD Britain's nine largest energy suppliers would be spending over £1.1 billion on direct and indirect support for fuel poor customers, primarily through energy bill rebates. During the winter 2013/14 suppliers provided over 1.8 million customers with a rebate of £135 to help with energy costs, this was over 250,000 rebates beyond their minimum requirement. The rebate was worth £140 for winter 2014/15.
- 2.29 Suppliers provided non-financial support to vulnerable customers under the Industry Initiatives component of the WHD. This included the provision of energy efficiency advice, support for customers in debt (via trust funds) and referrals of eligible customers for other information and help. The latest Ofgem figures showed that another half a million customers received other types of support under the scheme in 2013/14. In total, customers received support worth £291m through WHD in 2013/14, £24m more than the minimum obligation. DECC had announced that WHD would be extended for a further scheme year (April 2015 – March 2016). The additional scheme year would mean suppliers spending £320 million over winter 2015/16 to support around 2 million households in or at risk of fuel poverty.
- 2.30 Ofgem's 2013 Retail Market Review (RMR) reforms were introduced to make it simpler and clearer for customers to find the cheapest deal available and save money by switching supplier, by for example introducing:
- A cap on the number of tariffs a supplier could offer (four for each customer).
  - A Tariff Comparison Rate

- A Tariff Information Label
  - A requirement for suppliers to tell customers about their cheapest tariff on each bill (if they were not already on it) and how much they could save.
- 2.31 In response to some people's reluctance to switch energy providers, industry has responded by completing the switching process in 17 days and making the process easier. It also worked with the regulator, Ofgem, to improve the Debt Assignment Protocol to make it simpler and less time-consuming for prepayment meter customers with a debt to switch supplier.
- 2.32 Domestic electricity and gas suppliers also had licence obligations to maintain a Priority Service Register (PSR) of customers who were of pensionable age, disabled or had a long-term medical condition. The following services were available to customers on their supplier's PSR:
- Supply Interruption Advance Warning. A customer's supply address details were passed on to the appropriate gas transporter and network operator. In the event of a power outage or supply interruption, they would provide advance warnings and offer alternatives, where necessary, to reduce or avoid disruption.
  - Representatives of energy companies visiting a customer's home would be able to identify themselves with a pre-arranged password.
  - Pre-payment meters would be repositioned if the customer found it difficult to use.
  - Bills could be redirected to third parties.
  - Quarterly meter readings would be taken where technology allowed.
- 2.33 All gas suppliers offered free annual gas safety checks to customers who owned their own homes, were in receipt of means tested benefits, had asked for and not had a free gas safety check carried out at the premises in the last 12 months and were of pensionable age, disabled or chronically sick, or lived with others, at least one of whom was under five years old. Suppliers actively encouraged eligible customers to take up their PSR options.
- 2.34 Industry continued to work towards improving awareness of the PSR by working with advisers, health workers and social service providers, to encourage eligible customers to register themselves on the PSR.
- 2.35 The Debt Assignment Protocol (DAP) was an industry process through which a prepayment meter customer could switch supplier even if they had a debt, by transferring the debt to their new supplier. The maximum level of debt a consumer was allowed to carry over to the new supplier under the DAP was £500.
- 2.36 Energy suppliers valued trusted referrals as they were keen to help those most in need. Energy efficiency measures and other forms of support could help lower energy bills for customers and keep them warm in winter. However, energy suppliers operated under quite stringent legislative and administrative rules when it came to obligations, how these were delivered and to whom. Therefore the design of any referral service should take into account the limitations of the supplier obligations and other support schemes available.
- 2.37 Energy UK ran the Home Heat Helpline (HHH) which was a free, not for profit phone line set up to help energy customers who were struggling to pay their fuel bills and keep warm. In the year 2013-14 the helpline offered support and advice to over 70,000 callers. Advisors were trained to give quick, clear information on the grants, benefits and payment schemes that customers might be entitled to as well as basic steps that could be taken to save money on heating bills by making their home more energy efficient.

- 2.38 Britain's six largest energy suppliers had also signed up to Energy UK's Safety Net for Vulnerable Customers. Under the Safety Net, the energy companies pledged to never knowingly disconnect a vulnerable customer at any time of year, where for reasons of age, health, disability or severe financial insecurity, that customer was unable to safeguard their personal welfare or the personal welfare of other members of the household.
- 2.39 There was no one single resolution to energy debt. Like any debt, it arose circumstantially and was the result of a combination of factors. Where a customer was in debt to their energy supplier, it was also likely that this would not be the only debt they were dealing with. To tackle the impacts of debt and assist individuals a holistic approach to personal finance was essential. Increasingly suppliers worked with third parties including the Money Advice Trust and Step Change to provide customers with appropriate support and train their own staff.
- 2.40 British Gas had a Vulnerable Customers team which worked to identify and help vulnerable customers. The company undertook energy efficiency measures such as insulating cavity walls and loft space and applicants did not have to be British Gas customers. It also had a specialist debt team which referred people to Step Change Debt Charity, this year British Gas gave £75m to the British Gas Energy Trust and it conducted benefit health checks – on average those helped were entitled to £500 in unclaimed benefits. It worked with partners including GPs and councils which would engage e.g. Islington Council. Approximately 50% of councils did not engage and share data.
- 2.41 British Gas conducted free gas safety checks, offered a text phone service, large print bills and flagged customers with disabilities and long term conditions. Customer services agents had significant training and this included a four hour training programme on vulnerability which encouraged them to do active listening, to ask follow up questions and refer customers in vulnerable situations to a specialist team.

### **3. Conclusion**

- 3.1 The Fuel Poverty Scrutiny Review concluded that although much work was already being done to address fuel poverty in the borough, further work should be done to co-ordinate work by various groups and offer a more holistic approach to solving the problem of fuel poverty.

## APPENDIX – SCRUTINY INITIATION DOCUMENT

<b>SCRUTINY REVIEW INITIATION DOCUMENT (SID)</b>
Review: <b>Fuel Poverty</b>
Scrutiny Review Committee: <b>Environment and Regeneration</b>
Director leading the Review: <b>Kevin O’Leary</b>
Lead Officer: <b>John Kolm-Murray</b>
Overall aim:  <b>To explore and understand the impact of fuel poverty on households, existing policies and strategies to alleviate this in both the short and long term and the opportunities for Islington to provide assistance and support to our residents.</b>
Objectives of the review:  <b>To understand the extent of fuel poverty in Islington and the impact of cold, damp homes on health and wellbeing.</b>  <b>To understand the benefits available to Islington residents when addressing fuel poverty and how we deliver them.</b>  <b>Exploring how support can be provided to residents by:</b> <ul style="list-style-type: none"><li>• <b>The council</b></li><li>• <b>Central government</b></li><li>• <b>Energy suppliers</b></li></ul> <b>To understand the extent and impact of fuel debt.</b>
Scope of the Review  Types of evidence will be assessed by the review:  1. Documentary submissions: <ul style="list-style-type: none"><li>• <b>Overview and cost benefit summary of current initiatives</b></li><li>• <b>Draft NICE guidance on reducing excess winter deaths through addressing cold homes</b></li><li>• <b>DECC Fuel Poverty Strategy 2014</b></li></ul> 2. It is proposed that witness evidence be taken from: <ul style="list-style-type: none"><li>i. November/December - Local projects and strategy, health impacts <b>LBI Seasonal Health &amp; Affordable Warmth Team (John Kolm-Murray), UCL Institute of Health Equity (Dr Jessica Allen)/London School of Hygiene and Tropical Medicine (Prof Paul Wilkinson) and Islington CCG</b></li><li>ii. December/February - National programmes and strategy, fuel debt <b>National Energy Action (Maria Wardrobe/Peter Smith), Citizens Advice Service</b></li></ul>

**(William Baker) and DECC Fuel Poverty Team (Gareth Baynham-Hughes)**

iii. February/March – Suppliers, other landlords

**Energy UK (Lawrence Slade/Sofia Gkiousou), EDF/British Gas**

**Peabody (Tessa Barraclough), Southern Housing (William Routh), Generation Rent  
(Alex Hilton)**