

**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.

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- 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.

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- 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**