



ISLINGTON

# **Fuel Poverty Scrutiny Review**

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

London Borough of Islington  
May 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)  
Matilda Allen, Research Fellow, UCL Institute of Health Equity  
Fiona Daly, Head of Sustainability, Barts Health NHS  
Gareth Baynham-Hughes – Deputy Director, Fuel Poverty, Department of Energy and Climate Change  
Steve Crabb – Head of Vulnerable Customers, British Gas  
Councillor Murray – Executive Member for Housing
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. There was the potential for energy efficiency measures to 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 reduction 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.**
- 8. That officers ascertain whether council void contracts included a requirement to undertake draught insulation in void properties and if they did not, that this be added into future contracts.**

## **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 were 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.
- 1.7 Making homes more energy efficient reduced energy costs for residents and this in turn reduced fuel poverty.

## 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. There was the potential for energy efficiency measures to 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).
- 2.12 Reducing health inequalities was a matter of fairness and social justice. Action on health inequalities required action across all of the social determinants of health and was required to promote sustainability and the fair distribution of health. Reducing health inequalities was vital for the economy and there was a cost associated with inaction.
- 2.13 The Marmot Review, which was undertaken by Professor Sir Michael Marmot, had the following objectives: 1) To give every child the best start in life; 2) To enable all children, young people and adults to maximise their capabilities and have control over their lives; 3) To create fair employment and good work for all; 4) To ensure a healthy standard of living for all; 5) To create and develop healthy and sustainable places and communities; 6) To strengthen the role and impact of ill-health provision.
- 2.14 The physical impacts of cold, damp and fuel poverty included respiratory problems, circulatory problems and mortality. Visits to GPs for respiratory tract infections increased by up to 19% for every 1 degree drop in temperatures below 5°C. Children living in cold homes were more than twice as likely to suffer respiratory problems than those in warm homes. Children under five years old were at particular risk of developing respiratory conditions from living in cold and damp conditions. One in nine children in Islington suffered from asthma. Deaths from cardiovascular disease in England were 22.9% higher in winter months. Social isolation increased seasonal mortality. Excess winter deaths were almost three times higher in the coldest quarter than in the warmest. The mental health impacts of cold, damp and fuel poverty included anxiety, depression and other mental ill-health. Energy efficiency improvements had been shown to decrease stress, mental illness and improve happiness. Those with bedroom temperatures of 21°C were less likely to experience depression and anxiety than those whose bedrooms were 15°C.
- 2.15 28% of young people who lacked affordable warmth had four or more negative mental health symptoms, compared to 4% of young people who had always lived in warm homes. Young



people were at a vulnerable age and hormones and studying created stress which could be exacerbated by a lack of affordable warmth.

- 2.16 Cold, damp and fuel poverty affected babies' weight gain and development, absence from work, children's educational attainment, emotional wellbeing and resilience and family dietary opportunities and choices which all had health impacts. 4% of households were damp. This varied from 10% in the private rented sector to 2% in owner occupied households. 8% of those in relative poverty had damp homes and 15% of those who lived in private rented homes were also in poverty. 40% of private renters reported experiencing poor insulation or excess cold in the last 12 months. There was increased risk amongst the elderly, children, unemployed and those with long term illnesses or disabilities.
- 2.17 Cold, damp homes contributed to health inequalities. Improving the condition of homes or using other strategies e.g. installing energy efficiency measures to reduce the prevalence of cold and damp homes could improve health and reduce inequalities, as well as having other positive impacts. Homes within the private rented sector could be hard to improve. National regulation of private landlords could help.
- 2.18 Cold homes caused 27,000 excess winter deaths in the UK each year. The usual metric for measuring excess winter deaths, taken as the number or rate of additional deaths in the winter months (December to March) compared to the rest of the year. Comparative figures for the two boroughs were: 2011/12: Tower Hamlets – 20 excess winter deaths, or 5.0%; Islington – 50 excess winter deaths or 14.3% and in 2012/13: Tower Hamlets – 70 excess winter deaths, or 20.9%; Islington – 70 excess winter deaths, or 20.9%.
- 2.19 The cost to the NHS of excess winter deaths was £850m per annum. This figure did not include secondary illnesses such as pneumonia, mental health problems and respiratory disease. For every £1 spent heating homes saved the NHS 42p. The cost to the NHS of a fall and hip replacement was approximately £20,000.
- 2.20 Live Warm, Live Well was a partnership project set up by Barts Health NHS Trust, British Gas and delivery partner Global Action Plan. Its aim was to reduce fuel poverty and health and social inequalities in 250 homes in Tower Hamlets. As part of the project health professionals within the six hospitals in Tower Hamlets were engaged as were GPs within the health community and national support groups within the wider community. In the trial, information was provided to 15,000 patients. 14,000 leaflets had been distributed, 200 posters had been displayed, visual display screens had been used and 10,200 appointment letters had been sent. 43 health professionals and 2 local GPs had been trained. There had been 90 referrals directly through the scheme. There had been a 43% increase in referrals following training. The trial had cost £20,000 and there was currently no funding to expand the scheme.
- 2.21 Cleaner Air for East London was an air quality programme which aimed to reduce community based emissions. 577 packs had been sent to 44 clinicians, patients had been given postcards containing tips, 1,200 patients had been engaged and an engagement video had been created. The project enhanced the value of contracts with £1.32m going back into community projects and fuel poverty was a key project.
- 2.22 There were examples of good work around the UK and a coordinated approach worked best. There was a district heating project in Camden and the local authority and NHS worked together on this. Blackburn and Darwin Council's public health team had undertaken work to address fuel poverty. Councils could encourage public health teams to take steps to address fuel poverty.
- 2.23 In Islington, there were 50 excess winter deaths each year on average between 2007 and 2012. There were approximately seven excess winter emergency hospital admissions per

death. There were high rates of respiratory illness, over 20% fuel poverty (GLA definition). Islington was the 14<sup>th</sup> most deprived local authority area in England and had mostly older housing stock which was hard to insulate.

- 2.24 In Islington, seasonal health and affordable warmth work was undertaken locally. There was a strong emphasis on year-round work and prevention as well as reaction. The council worked with local teams and organisations to raise cold weather issues and winter outreach work was undertaken with third sector partners. Fuel poverty rarely occurred as an isolated problem. Excess seasonal mortality and morbidity had a number of causes and therefore required a multi-disciplinary approach. Cold weather alerts were disseminated through existing channels and partners.
- 2.25 The Seasonal Health Interventions Network (SHINE) was launched in 2010. It brought together a wide range of interventions and was set up following the harsh winter of 2008/09. The Health Inequalities National Support Team visited in 2009 and produced guidance on reducing seasonal excess deaths and a new Seasonal Health and Affordable Warmth Strategy was published in December 2010.
- 2.26 To date, there had been 8,370 referrals to SHINE. In 2014/15 there had been 2,220 so far. Referrals were received from acute and community teams at the Whittington and UCL hospitals. Public health and NHS Reablement funds supported development. There were escalated referrals for respiratory illness sufferers. The health service was involved in the Prevention and Early Intervention Programme. GP mailing pilots were undertaken in 2014.
- 2.27 The Evidence Hub was a partnership between the local NHS and Islington Council that brought together information held across different organisations into one accessible place. It provided access to evidence, intelligence and data on the current and anticipated needs of the Islington population. Health and social care professionals were often receptive to discussing the wider determinants of health, not just fuel poverty.
- 2.28 There had been almost 38,000 seasonal health interventions to date and there were 132 partner teams across 86 organisations. Approximately £1.3million was being saved on energy bills annually. SHINE had been successful in targeting the right groups. Almost all the clients referred were older, disabled, long-term ill or were low income families with children. The model had been adopted by Hackney, Lewisham, Wandsworth and Norwich. The Locality Multi-Disciplinary Team assessed those in the borough with the most complex needs.
- 2.29 A SHINE-type model could be rolled out across London but would face cross-boundary challenges. SHINE had won awards from National Energy Action, the European Commission, iESE and the Energy Institute. It had also received recognition by the OECD, Energy Action Scotland, HNS/PHE Sustainable Development Unit and the Cabinet Office.
- 2.30 2,400 households had signed up to the Warm Home Discount Campaign since November 2013. This was a government scheme which offered those who met certain criteria and applied for the scheme, £140 off their electricity bill.
- 2.31 Emergency prepayment meter top ups were introduced in 2013. These were a low cost, effective intervention. Those requiring them could be assessed to see how they could be helped in other ways when they were provided with the top ups. Signposting people to services was not effective when dealing with vulnerable people as they were unlikely to contact the service. Therefore this was avoided and people were instead walked through the process.
- 2.32 Forthcoming National Institute for Health and Care Excellence (NICE) guidelines would strengthen the case of fuel poverty interventions and Islington was influential in the development of these. Including Fuel Poverty in the Joint Health and Wellbeing Strategy

would aid with Fuel Poverty work as would greater integration into care pathways and integrated responses with housing.

#### National Programmes

- 2.33 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.
- 2.34 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.
- 2.35 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.
- 2.36 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.
- 2.37 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.
- 2.38 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.
- 2.39 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

- 2.40 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.

- 2.41 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.
- 2.42 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.
- 2.43 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.
- 2.44 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.
- 2.45 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

- 2.46 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.
- 2.47 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 generated 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.

- 2.48 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.
- 2.49 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.
- 2.50 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 £320million over winter 2015/16 to support around 2 million households in or at risk of fuel poverty.
- 2.51 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.
- 2.52 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.
- 2.53 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.
- 2.54 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.
- 2.55 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.
- 2.56 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.
- 2.57 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.
- 2.58 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.
- 2.59 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.
- 2.60 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.
- 2.61 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.

2.62 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)**