

Environment and Regeneration Scrutiny Committee - 2 October 2014

Minutes of the meeting of the Environment and Regeneration Scrutiny Committee held at Committee Room 1, Town Hall, Upper Street, N1 2UD on 2 October 2014 at 7.30 pm.

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

Councillor James Court in the Chair

8 APOLOGIES FOR ABSENCE (Item A1)

None.

9 DECLARATIONS OF SUBSTITUTE MEMBERS (Item A2)

None.

10 DECLARATIONS OF INTEREST (Item A3)

None.

11 MINUTES OF PREVIOUS MEETING (Item A4)

RESOLVED:

That the minutes of the Environment and Regeneration Scrutiny Committee meeting held on 14 July 2014 be confirmed as an accurate record of proceedings and the Chair be authorised to sign them.

12 CHAIR'S REPORT (Item A5)

None.

13 COMMUNITY ENERGY SCRUTINY REVIEW - SCRUTINY INITIATION DOCUMENT (SID) AND WITNESS EVIDENCE (Item B1)

Lucy Padfield, Energy Services Manager, presented an introductory briefing paper on Community Energy which included the following points:

- Community Energy had emerged relatively recently as a catch-all for a broad range of energy projects and schemes which benefited and involved the community. A community could be an individual school, housing estate or ward, or group of people with a similar interest.
- In the Department of Energy and Climate Change's (DECC) Community Energy Strategy, community energy was defined as "community projects or initiatives focused on the four strands of reducing energy use, managing energy better, generating energy or purchasing energy. This included communities of place and communities of interest. These projects or initiatives shared an emphasis on community ownership, leadership or control where the community benefited. It referred to all activities encompassed by the above definition and also considered shared ownership or joint ventures where benefits were shared by the community. This included activities based on formal community ownership models such as co-operatives, social enterprises, community charities, development trusts and community interest companies, as well as projects without these formal structures."
- Community energy projects often focused on social outcomes such as community cohesion, reducing fuel poverty and re-investment of profits, as well as an interest in sustainability. Schemes to date tended to depend on volunteers and relied heavily

on gaining broad support within a local community for their activities. Many groups were set up as co-operatives, community interest companies and charities or trusts. Community energy was largely focused on renewable electricity generation, especially solar photovoltaics (PVs) and onshore wind.

- Community energy schemes normally sought to use their profits to fund programmes to address local social needs through energy efficiency funds or similar. They also often sought to support local jobs and training in the green economy.
- The council had previously carried out specific Community Engagement programmes and learning from these had flagged up a number of possible relevant groups including the Better Archway Forum and the Islington Environment Forum. The council's Energy Service Team was not aware of any approaches from any community groups in Islington for support for community energy schemes to date.
- In Islington, the national Solar Schools initiative was being tested following an approach for help by an Islington primary school interested in participating in a crowd-funded scheme to install solar PV panels on the school roof.
- Roles local authorities could play included providing funding and/or assets e.g. roofs for installations.
- A number of potential delivery options were outlined as follows:

Council options –

1) Council investment – all council-owned roofs

If the council installed PV panels on all council owned housing and corporate buildings it would cost in the region of £38m for a 12 year return on investment. The council would save through bill savings and would receive income from the government's Feed-in Tariff (FIT). It could be argued that council-led schemes were not community energy schemes. If all the homes in the council's stock were able to be directly supplied by the panels then each household would save around £40 per year on their electricity bills, assuming all the power generated could be used instantaneously and that all homes could be physically connected. Generally schemes on social housing were connected in to the landlord supply.

2) "Rent a Roof" PV schemes

The council did not necessarily have to invest funds as there were several offers for "free" rent a roof PV schemes where the installer received the Feed-In Tariff and installed the panels at no charge to the council. The council would then benefit from reduced price electricity. This could be incorporated into Housing's re-roofing programme.

3) Community Energy options –

Community Energy was a fast changing environment with regular developments. Current activity included:

- 1) Social Inclusion focussed schemes. Repowering (Brixton and Hackney) was an example of a PV Local Share Offer in relation to Social Housing – Social Housing scheme whereby PV was installed on housing stock for £40,000 and residents were engaged. Residents could not benefit from the generated electricity directly. The capital cost for the PV was raised through a share offer. Much of the funding was raised beyond the local area and across the UK. A PV Local Share Offer in relation to Housing/Schools was Gen community (backed by British Gas).
- 2) Schemes to help address fuel poverty. Cornwall, Kirklees and Camden had revolving loan funds for energy efficiency measures which were re-invested in further energy efficiency measures. This required a large initial investment, however the benefit to addressing fuel poverty was likely to be the greatest.
- 3) Schemes to support community groups. Bristol and Plymouth had seed funds to start community schemes. These required a large initial investment. Bath and North East Somerset Council had a Cooperation Agreement with

Bath and North East Somerset Council to help deliver their carbon reduction targets. Bulk buy schemes could be used by communities working together to get a discount on energy efficiency measures by buying in bulk. These would only benefit those who were able to invest in energy efficiency measures.

- 4) Other options. OVOs were Virtual Energy Companies. A local authority could use OVO's energy supply licence to offer a unique tariff for local renewable generation. There was a risk that the tariff would not be the cheapest on the market. Nottingham intended to buy an existing Energy Services Company (ESCO) which already had a licence to retail to the domestic market and sell the electricity generated by their waste incinerator. Nottingham County Council had committed £1million to the procurement and expected to spend many more millions to progress the project. Cambridge planned to deliver a programme of energy saving building retrofits in Council buildings (including schools) through support and loans. Bristol intended for its ESCo to be self-funding after initial set up costs and intended to provide a revenue stream for the city focusing on solar, district heating and retrofit. There was a large investment and time requirement. Lancashire County Council was trialling investing their pension fund in large scale community energy.

- Islington's Energy Services Team monitored work taking place across the UK.
- The Committee could consider the outcomes it wanted to achieve e.g. social inclusion, energy saving, community engagement or employment opportunities, in order to decide on the most appropriate approach.
- Islington did have plans for a wide scale project on roofs but the Feed-In Tariff changed and made the project unachievable. There were now 20 small schemes on low rise blocks. Council schemes were not classed as community energy and therefore the energy could go into the landlord's supply which could result in a decrease in service charges.
- In the repowering model, most investors were not local and investors had to be paid back. The alternative to crowd funding was council funding. Oxford City Council, Nottingham, Plymouth, Bath and Bristol all had community energy projects.
- Merton Council was considering a PV scheme on the roofs of schools whereby the council would install the PV panels and take the tariff and would have a contract with the schools so the schools benefited too.
- Islington's Energy Services Team monitored work taking place across the UK.

Fiona Booth, Head of Community Energy, Department of Energy and Climate Change (DECC) gave a presentation on the DECC's Community Energy and why local authorities should get involved. In the presentation and discussion the following points were made:

- The Community Energy Strategy was launched on 27 January 2014. It was the UK's first ever Community Energy Strategy. It aimed to enable anyone who wanted to get involved with generation, managing, purchasing or reducing energy to do so.
- Key announcements for this year included a £10m Urban Community Energy Fund, a One Stop Shop and a Community Energy Saving Competition for community group schemes. There was no limit to the number community groups in a borough which could receive funding. It was anticipated that the One Stop Shop would simplify and improve the information available to community groups.
- Local authorities played an important part in the delivery of community energy. Local authorities had skills, knowledge, trust and could broker partnerships. They could help to support their local communities to identify opportunities to save and generate energy.
- Community energy comprised projects or initiatives focused on the four strands of reducing, managing, generating or purchasing energy. This included communities of

place and communities of interest. There was an emphasis on community ownership, leadership or control where the community benefitted.

- Lambeth Council had funded a community energy officer for a two year programme to increase energy resilience and security. Although the council provided the funding for the officer, the scheme was not a council run scheme. It collaborated with a not for profit organisation called Repowering London. There were three community-owned solar projects on social housing estates in Brixton and this was the first inner city scheme of its kind. £180,000 had been raised from the local community and there was a £50,000 community fund. 10 apprenticeships had been set up for young people from estates.
- There were many different models for community energy.
- It was not possible for schemes e.g. solar projects to directly provide energy for the residents of the buildings due to the significant costs of obtaining a licence. Instead the energy fed into the national grid and money would be given through the Feed-In Tariff. This was not the case with non-domestic buildings which were dealt with under different regulations.

RESOLVED:

- 1) That the SID be agreed subject to the following additions:
 - The first objective of the review be amended to read, "To understand the benefits and risks available to Islington of the different community energy models".
 - Nottingham, Plymouth and Bath be added to the list of potential visits.
- 2) That the evidence be noted.

14

FUEL POVERTY SCRUTINY REVIEW - SCRUTINY INITIATION DOCUMENT (SID) AND WITNESS EVIDENCE (Item B2)

John Kolm-Murray, Seasonal Health and Affordable Warmth Co-ordinator, presented an introductory briefing paper on Community Energy which included the following points:

- 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 would be the definition used in the 2014 Fuel Poverty Strategy. The bill threshold was set at the median which meant a strong bias against smaller homes. This definition was the Low Income High Costs definition.
- According to the 10% definition, fuel poverty in Islington stood at 8.9% in 2012.
- According to the Low Income High Costs definition, fuel poverty in Islington stood at 7.4% in 2012.
- 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, with Finsbury Park in the worst 4%.
- Between 2010 and the first quarter of 2014/15, energy efficiency improvements were made in over 19,600 Islington homes. This 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. It had been undertaken on the

Holly Park Estate last year and was funded by Energy Company Obligation (ECO) funding. It could save up to £200 on fuel bill savings for each household. It had also been undertaken in Neptune House.

- In 2012, the Bunhill Energy Centre started providing 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.
- Seasonal Health Intervention Network (SHINE) had assisted almost 6,900 vulnerable residents since December 2010.
- Environmental Health Officers had taken action on a significant number of excess cold hazards.
- 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 and 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.
- 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 was an average of 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.
- SHINE 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 falls risk, social isolation and fire risks.
- 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.
- 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.
- 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.
- 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 numbers of broader group recipients were limited.
- During summer 2014, the government had been consulting on a new fuel poverty strategy and accompanying regulations. These would remove the target set in 2001 to eradicate fuel poverty by 2016 and instead set minimum energy efficiency standards, requiring 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.

- In 2014, the government consulted on setting minimum standards for energy efficiency in the private rented sector, banning landlords from letting out properties below SAP Band E efficiency standards rating from 2020. Although this would remove the worst homes from the market, most poor households were in SAP Bands E to C.
- 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.
- Rising fuel bills meant the proportion of the population in fuel debt increased.
- The latest available data showed that electricity debt rose by 66% in real terms between 2003 and 2011 and gas debt rose by 83%. 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.
- Utilita was a company which provided emergency and friendly credit and would not disconnect people between 10pm and 7am.
- 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.
- The use of pre-payment meters was discussed. Whilst they were more expensive than direct debit payments, 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.
- 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 was unlikely to result in debt relief.
- The SHINE hub was working with Islington's Citizens Advice Bureau Fit Money project to refer indebted residents for financial capability training.

RESOLVED:

- 1) That the SID be agreed subject to the following amendment:
 - The overall aim of the review be amended to read, "To explore and understand the impact of fuel poverty on households, existing policies and strategies to alleviate both in the short and long term and the opportunities for Islington to provide assistance and support to our residents".
- 2) That the evidence be noted.
- 3) That a training session be set up for all councillors to provide more information about fuel poverty.
- 4) That a further evidence session considers the retail side of fuel poverty and Energy UK and an energy supplier be invited to attend to give evidence.

15 **WORK PROGRAMME (Item B3)**

RESOLVED:

- 1) That the work programme be noted.
- 2) That visits be scheduled as soon as possible to give members sufficient notice and be arranged outside of working hours where possible.

The meeting ended at 9.30 pm

CHAIR