



## **Environment and Sustainable Communities**

### **Overview and Scrutiny Committee**

**22 July 2022**

#### **Fuel Poverty Progress Update**

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#### **Report of Geoff Paul Interim Corporate Director of Regeneration Economy and Growth**

##### **Electoral Division(s) affected:**

Countywide

##### **Purpose**

- 1 The purpose of this report is to provide members of the Environment & Sustainable Communities Overview and Scrutiny Committee (ESC OSC) with a summarised overview of the National Fuel Poverty Strategy and countywide fuel poverty programmes.

##### **Executive Summary**

- 2 The best long-term solution to tackle fuel poverty is through energy efficiency measures such as home insulation, efficient heating systems, accessing competitive energy tariffs and advice on how to save energy.
- 3 Housing Solutions coordinates the delivery of our corporate Fuel Poverty Strategy overseen by the County Durham Energy and Fuel Poverty Partnership. This is a multi-agency partnership that uses countywide networks to help promote awareness and uptake of the fuel poverty grants and assistance as detailed in this report.
- 4 Latest Government figures show that fuel poverty in County Durham has reduced from 15.5% in 2019 to 14.7% in 2020. This is due to the promotion, awareness and delivery programmes detailed in this report which resulted in County Durham having the 5<sup>th</sup> highest uptake

nationally of fuel poverty grants. However this is forecast to increase due to the increase in the energy price cap.

## **Recommendations:**

- 5 Environment and Sustainable Communities Overview and Scrutiny Committee are requested to:
  - a) Receive and comment on the report and presentation
  - b) For a further update on Fuel Poverty to be included within next year's ESCOSC work programme

## **Background**

- 6 The Environment and Sustainable Communities Overview and Scrutiny Committee includes as part of its work programme on an annual basis an update in relation to fuel poverty in the county. Members of both the Economy and Enterprise (E&E) and the Adults, Wellbeing and Health (AWH) OSCs have been invited to previous meetings where this issue has been discussed as fuel poverty cuts across the remit of all three Overview and Scrutiny Committees.
- 7 This report provides members of the ESC, E&E and AWH OSCs with a fuel poverty progress update.

## **National Fuel Poverty Strategy**

- 8 On 11 February 2021 the Government released their updated Fuel Poverty Strategy for England titled "Sustainable Warmth: Protecting Vulnerable Households in England".
- 9 The strategy aims to ensure all domestic households achieve a minimum Energy Performance Certificate (EPC) Band C by 2030 (interim milestones of Band E by 2020 and Band D by 2025).
- 10 Over the last year, 29 energy companies have exited the market or been put in special administration in the wake of soaring global gas prices. Customers affected are being transferred to other energy companies.
- 11 In April 2022 the Office of Gas and Energy Markets (Ofgem) increased the energy price cap for approximately 22 million customers. Those on default tariffs paying by direct debit will see an increase of £693 from £1,277 to £1,971 per year and prepayment customers will see an increase of £708 from £1,309 to £2,017.

- 12 The national fuel poverty charity estimates the number of households in fuel poverty will have increased to 6.5 million, an increase of 50% due to the increase in the energy price cap.

## **Additional Funding for Fuel Poverty Programmes**

- 13 The Energy Company Obligation (ECO) requires Energy Supply Companies to supply grants to install energy efficiency measures i.e. central heating boilers and insulation measures in the homes of fuel poor households. ECO phase 3 (ECO3) provides £640 million per annum and transitions into ECO4 from April 2022.
- 14 ECO phase 4 (ECO4) is forecast to commence in July 2022 when ECO3 ends. This will increase national funding for fuel poverty grants from the Energy Supply Companies to £1 billion per annum from 2022-2026.

## **Cold Homes and ill-Health and Vulnerability**

- 15 The vulnerability principle in the national fuel poverty strategy has been updated in line with the most recent guidance from the National Institute for Health and Care Excellence (NICE).
- 16 This means that more low-income households with a cold related illness i.e. Asthma will qualify an ECO4 fuel poverty grant to make their home warmer.

## **Sustainability Principle**

- 17 A new national sustainability principle ensures the national fuel poverty programmes align with wider government targets to achieve net zero carbon emissions by 2050.
- 18 This will ensure fuel poverty policies retrofit homes in a way that also contributes to safety, decarbonisation, and air quality goals, as well as the lowest running costs.

## **Private Rented Properties**

- 19 The Strategy shows that 33.6% of fuel poor households live in private rented accommodation, with 23% having an Energy Performance Rating (EPC) of E, F or G.
- 20 The Government's Minimum Energy Efficiency Standard (MEES) for private rented accommodation requires these dwellings to achieve a minimum EPC Rating of Band E.

## **Support Available**

- 21 Housing Solutions deliver the Councils Fuel Poverty Action Plan which uses the Councils Warm Homes Campaign promotional literature and targeted door to door promotions to promote the assistance for fuel poor households countywide.
- 22 In the latest figures (April 2022) released by the Department of Business and Energy Efficiency (BEIS), Durham County Council has the 5<sup>th</sup> highest uptake of ECO3 fuel poverty grants nationally.
- 23 Between April 2021 and March 2022, a total of 1,364 fuel poor households have been assisted and received an ECO3 grant for energy efficiency measures equating to over £2.3m of external funding drawn down into the county.
- 24 Overall, between 2018 and May 2022 a total of £8.59m of external funding has been drawn down into County Durham from the national ECO3 programme to assist over 4,628 fuel poor households with warmer homes and lower energy bills.
- 25 Housing Solutions Regeneration Service have made three successful bids since September 2020 to the Governments Green Homes Local Authority Delivery (LAD) Fund. Over £12M has been secured to deliver insulation and renewable heating measures in 600 fuel poor homes across County Durham.
- 26 Between April 2021 and March 2022 our Managing Money Better (MMB) Service has assisted 694 low-income households to save over £66,000 off their energy bills.
- 27 Examples of the support from MMB are shown in the case studies in Appendix 2.
- 28 Our Warm and Healthy Homes (WHH) project works with GP surgeries to contact patients who have a cold related illness. On 29 June 2022 the project received the national “Energy Champions of the Year” award for providing help ranging from boiler servicing, repairs, replacements, home insulation measures and support with reducing energy bills.
- 29 Public Health and Housing Solutions fund WHH and over the 12 months up to April 2022 11,327 patients have accessed the service to receive help and support with their energy bills.
- 30 The Household Support fund provides fuel vouchers, food vouchers and free boiler servicing.

- 31 The Warm Homes Discount scheme provides eligible households with a £140 payment off their energy bills.
- 32 The Winter fuel Payment provides a payment of between £100 to £300 for eligible households aged over 67 years.
- 33 The Government Council Tax Rebate scheme provides a £150 rebate for households living in a property with a Council Tax Band between A and D.
- 34 In October 2022 the Government Energy Bill Discount scheme will provide a £400 rebate off household energy bills
- 35 Low-income households in receipt of a means tested benefit will receive a one off “cost of living payment” from the Government of £650 between July and Autumn 2022.

## **Promotion of Support Available**

- 36 The Warm Homes Campaign uses a variety of mechanisms to promote the support available to households countywide. This includes the distribution of hard copy literature by DCC and partner organisations to households that don't use digital media as shown below:
  - Targeted door to door promotions in high IMD settlements
  - Promotions in Durham County News
  - Social media promotions
  - Home visits from the Managing Money Better Service
  - Advice leaflets distributed countywide at DCC drop in venues, AAP's, GP Surgeries and partner organisations
  - DCC web pages
  - Advice in County Durham Network
  - Mail outs to patients via GP Surgeries and County Durham Clinical Commissioning Group
  - Fuel Poverty Partnership works with a wide range of external partners and DCC services to promote assistance via networks e.g. CAB, AgeUK, East Durham Trust, Public Health, Welfare Rights etc

## **National Fuel Poverty Indicator**

- 37 In February 2020 the Government released their updated Fuel Poverty Strategy for England. The strategy aims to ensure all domestic households achieve a minimum Energy Performance Certificate (EPC) Band C by 2030 (interim milestones of Band E by 2020 and Band D by 2025).
- 38 The strategy introduced a new Low-Income Low Energy Efficiency (LILEE) fuel poverty indicator and announced funding of £1 billion per annum from 2022-26 under the Energy Company Obligation.
- 39 LILEE classifies a household as being in fuel poverty if they have an income below the poverty line and their home has an Energy Efficiency Rating below Band C.

## **Causes of Fuel Poverty**

- 40 Causes of fuel poverty include low incomes, increasing energy prices, poorly insulated homes and inefficient heating systems. Fuel poverty tends to predominantly affect low-income households, with the least energy efficient properties who pay the most for their energy.

## **Levels of Fuel Poverty**

- 41 The Covid lockdown and the recent increase in the energy price cap is resulting in households having increased energy bills and having to make the daily decision to “heat or to eat”. The latest Government figures show fuel poverty levels are 14.8% in the Northeast Region and 14.7% in County Durham as shown in table 1 below.

Table 1

<b>Local Authority</b>	<b>Households in Fuel Poverty</b>
Middlesbrough	16.8
Newcastle	16.8
Durham	14.7
Sunderland	14.6
Hartlepool	14.6
South Tyneside	14.5
Gateshead	14.2
Redcar and Cleveland	14.3

Northumberland	13.6
Darlington	13.4
Stockton	12.9
North Tyneside	12.4

- 42 Countywide levels of fuel poverty are increasing due to the increase in the energy price cap in April 2022. The price cap is predicted to increase again in October 2022 and the national fuel poverty charity forecast national fuel poverty levels could increase to over 8 million households. Therefore, this increase will require more targeted assistance for households with their energy bills and access to fuel poverty grants.
- 43 Approximately half (48%) of fuel poor households are other households without children, 16% of households living in fuel poverty are families with children, and 36% are older households.
- 44 Appendix 3 shows the distribution of fuel poverty across County Durham based on the most recent national fuel poverty statics from BEIS in 2020.

## **Impacts of Fuel Poverty**

- 45 Fuel poverty and living in a cold and damp home, is a contributory factor in health issues such as respiratory diseases, heart diseases, circulatory diseases, and mental health problems. It also contributes towards increased winter deaths, repeat visits to GPs and admissions to hospitals.
- 46 Prolonged periods when households struggle to pay their bills can lead to increasing and unsustainable levels of debt for households, resulting in a vicious cycle that can be difficult to escape from. It can also lead to unsafe energy rationing, where households try to use as little energy as possible, and even voluntary self-disconnection by those with prepayment meters in a bid to spend less.
- 47 Cold homes can cause or worsen a range of serious health conditions such as heart attacks, strokes, bronchitis, and asthma. Each year, around 10,000 people die due to living in a cold home. Fuel poverty can also have a significant impact on mental health and is a risk factor for suicide.

## **Specification for New Council House Building Programme**

- 48 The new Part L of the Building Regulations was introduced 15<sup>th</sup> June 2022. In summary it will help UK deliver net zero, new homes will produce around 30% less CO2 and is an important step for industry ahead of Future Homes and Buildings Standard in 2025.
- 49 The Building Regulations Part F (Ventilation) and Part O (Overheating) linked to above were also updated on 15<sup>th</sup> June 2022.
- 50 In addition, the Future Homes and Buildings Standard due to be introduced in 2025 will be a set of standards to complement the Building Regulations ensuring new homes built from 2025 will produce 75-80% less carbon emissions than homes delivered under previous Regulations. Under current Part L, the current figure of 30% is already established, so an additional 45-50% will need to be achieved. It is proposed that the new homes will be fitted with Air Source Heat Pumps ahead of the Government deadline of 2025 when no new build homes will be permitted to use gas heating.
- 51 Assessments of energy efficiency will be undertaken by an energy assessor using the current energy assessment software, SAP version 10, which has been updated to reflect current Part L.

## **Implications of Planning Regulations of Future Programmes**

- 52 On 15<sup>th</sup> June 2022 new interim uplift Building Regulations (Part L - conservation of fuel and power) came into force, requiring new homes to produce 31% less carbon emissions. Transitional arrangements are in place meaning if a building notice, initial notice, or full plans for building work are submitted to a local authority before 15 June 2022, then, provided the building work commences by 15 June 2023, work on that individual building is permitted to continue under the previous standards.
- 53 The Future Homes Standard will come into effect in 2025, requiring all new homes in England to be fitted with low-carbon heating systems and high levels of energy efficiency. New homes will produce 75%-80% less carbon emissions than houses delivered under 'pre-uplift' regulations. It is anticipated that full technical specification for the Future Homes Standard will be consulted on in 2023, with the necessary legislation introduced ahead of implementation in 2025.

## **External Wall Insulation Schemes**

- 54 Details of the forthcoming Energy Company Obligations Programme phase 4 are expected in July from Ofgem. This is expected to include

grant funding for external wall insulation programmes funded by the energy supply companies.

## **Challenges**

- 55 The increase in the energy price cap means energy tariffs are now significantly higher for all households, this will further worsen when the price cap increases again in October.
- 56 In addition, due to current state of the energy supply market, there are less opportunities for households to switch to a cheaper energy tariff due to the number of energy companies that have gone into liquidation.
- 57 This means an increasing number of households are falling into fuel debts and are struggling to pay their energy bills and this situation will worsen when the winter heating season commences.

## **Next Steps**

- 58 Further extend the joint working with Area Action Partnerships and partner organisations countywide to promote the MMB service and encourage residents to contact MMB for assistance with their energy bills and fuel debt write off.
- 59 Continue with countywide promotions via Warm Homes Campaign to maximise the numbers of low-income households who are aware of the help and support available from the Warm Homes Campaign.
- 60 Continue to maximise the uptake of ECO fuel poverty grant programmes countywide to provide home energy efficiency measures to reduce domestic energy consumption and climate change emissions and provide warmer homes.
- 61 Lobby the Minister of State for Energy and Clean Growth (Greg Hands MP) to provide more central government funding to LA's for energy efficiency grants for low income households aligned to future housing retrofit standards.

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## **Appendix 1: Implications**

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### **Legal Implications**

Not applicable

### **Finance**

Not applicable

### **Consultation**

Not applicable

### **Equality and Diversity / Public Sector Equality Duty**

Not applicable

### **Human Rights**

Not applicable

### **Climate Change**

Domestic energy efficiency measures can reduce energy usage with resultant reductions in greenhouse gas emissions.

### **Crime and Disorder**

Not applicable

### **Staffing**

Not applicable

### **Accommodation**

Not applicable

### **Risk**

Not applicable

### **Procurement**

Not applicable

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## **Appendix 2**

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### **Case Study 1**

Mrs A is a disabled Pensioner, living in a 2 bed roomed bungalow in Mid Durham. She was referred to MMB by AgeUk after receiving a bill from an Energy Supply Company that was unknown to her for £10,384.97. This confused Mrs A as she thought her gas and electric were being supplied on a dual fuel tariff with a different Energy Supplier.

It became apparent that Mrs A's gas supply had been switched to another supplier without her permission or knowledge in April 2014. For five years she had not been contacted by her new supplier and continued to pay her direct debit payments to the wrong Energy Supplier.

MMB raised a complaint with the supplier and gave them the current up to date reading so the account could be billed correctly and requested that the Billing Code be applied which would reduce the bill.

Two weeks later the supplier sent a new bill and demand for payment of £16,607.89, even though MMB had worked out the actual usage over the 5 years to be around £3,000, without considering a billing code adjustment.

Further e-mails followed before the account was correctly billed, the billing code was then applied, compensation was added which reduced her bill to £654.81 for the full 5 years usage. The energy company wrote off the fuel debt of £15,935.

### **Case Study 2**

Mrs S from Ferry Hill is a disabled pensioner whose son uses a CPA machine every night for Sleep Apnoea. This machine must be kept running during the night-time period.

Mrs S found herself in £1,000 of fuel debt due to her electricity usage and therefore the Energy Company increased her payments from £77 to £250 per month. The Energy Company stated the payments were based on the electricity usage readings from the Smart Meter installed in the property.

Mrs S could not make these payments and was contacted by a debt recovery agency, consequentially she contacted Managing Money Better (MMB) for support.

A home visit revealed that a Smart Meter had not been installed in the property and Mr S was being billed using meter readings from a different and unconnected property. MMB raised a complaint to the Energy Company resulting in the fuel debt being written off and compensation payment received by Mrs S.

## Appendix 3 – Countywide Levels of Fuel Poverty

