

# **Environment and Sustainable Communities Overview and Scrutiny Committee**

**16 November 2018**



## **Fuel Poverty**

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### **Joint report of Lorraine O'Donnell, Director of Transformation and Partnerships and Ian Thompson, Corporate Director of Regeneration and Local Services**

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#### **Purpose of the Report**

1. To provide members of the Environment and Sustainable Communities Overview and Scrutiny Committee with detail of the projects and schemes available in the county to tackle fuel poverty prior to a presentation by Cliff Duff, Housing Regeneration Project Manager, Regeneration and Local Services.
2. Members have received several reports in relation to the progress together with detail of various projects in the county to tackle fuel poverty. The last progress report was provided to the committee at the meeting on the 11 December 2017 to which members of the Economy and Enterprise OSC and the Adults Wellbeing and Health OSC were invited due to the 'cross cutting' nature of fuel poverty.
3. It was agreed by members at this meeting that the committee would receive a further progress report as part of the work programme for 2018/19.
4. Arrangements have been made for Cliff Duff, Housing Regeneration Project Manager, Regeneration and Local Services to attend the meeting on the 16 November and provide a presentation that can be found at appendix two.

#### **Background**

5. Fuel poverty is measured using the Low Income High Cost definition and arises from a household's inability to afford the energy required to power and heat their home to a satisfactory standard necessary for good health. This standard is defined as domestic temperatures of 21°C in the primary living area (living room) and 18°C in the secondary living areas (other occupied rooms).
6. The Fuel Poverty Strategy for England 2015-2030 was released in March 2015. Those who live in property rated below band "E" level Energy Performance Certificate rating need to spend on average £1,000 a year more on energy to heat their home compared to a typical home. Through the Energy Act 2013, the government established a new duty to adopt a fuel poverty target. The new fuel poverty target for England sets out an

ambition that as many fuel poor homes as reasonably practicable achieve a Band “C” energy efficiency standard by 2030 and this became law in December 2014.

7. 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.

## **Regional and Local Overview**

8. The most recent fuel poverty statistics were released by the Government in 2016 as follows:
  - Nationally 11.1% of households are fuel poor
  - North East average fuel poverty is 13.8%
  - County Durham average is 14% (approximately 31,900)

Table 1 provides an overview of fuel poverty levels in North East Local Authority areas.

**Table 1: North East Local Authorities and Rankings 2016**

<b>Local Authority</b>	<b>Proportion of households fuel poor (%)</b>	<b>Ranking</b>
Middlesbrough	17.0	1
Sunderland	15.3	2
Hartlepool	14.7	3
Newcastle upon Tyne	14.4	4
Redcar and Cleveland	14.3	5
<b>County Durham</b>	<b>14.0</b>	<b>6</b>
Darlington	13.7	7
Stockton-on-Tees	13.4	8
South Tyneside	13.2	9
Gateshead	12.8	10
Northumberland	12.8	10
North Tyneside	11.2	12

**Source:** Department of Business Energy and Industrial Strategy (BEIS)

## **Delivery and Monitoring**

9. Co-ordination, promotion and delivery of fuel poverty and energy efficiency programmes to low income residents is a key corporate priority. To this end the County Durham Affordable Warmth Action Plan was agreed by Cabinet in 2015 and has seven key aims to maximise the assistance provided to fuel poor households in County Durham.
10. The action plan is co-ordinated by the County Durham Energy and Fuel Poverty partnership. This partnership brings together a wide range of external organisations (AgeUK, Citizens Advice, East Durham Trust, Fire Service etc.) to maximise awareness, credibility and uptake of the fuel poverty intervention programmes and assistance.

## **Warm Homes Campaign**

11. The Warm Homes Campaign is co-ordinated by the Housing Solutions Service. It aim to raise awareness of all energy efficiency and fuel poverty programs to residents living in County Durham and provides help and support with fuel poverty. The network has over 900 local community venues, community groups and partners who help to raise awareness and uptake of grants to assist with reducing energy bills and maximizing income.
12. In September 2018 the Warm Homes Campaign won the North East Regional energy efficiency award and was also runner up at the national energy efficiency awards for the work in the areas of domestic energy efficiency and tackling fuel poverty.

## **Energy Company Obligation (ECO)**

13. Under the Energy Company Obligation (ECO) all energy supply companies are required to provide grant assistance to low income and fuel poor owner occupier and private rented tenants to install domestic energy efficiency measures. The aim of ECO is to reduce energy bills and levels of fuel poverty by installing new energy efficient boilers, central heating, cavity wall insulation and loft insulation.

### **ECO Phase 1**

14. ECO phase 1 (ECO1) ended in May 2017 and a total of 2,822 households in County Durham received grants for new energy efficiency gas boilers and insulation measures. The eligibility criteria for ECO1 assistance was limited to households in receipt of qualifying benefits i.e. income support.

### **ECO Phase 2**

15. ECO phase 2 (ECO2) ran from May 2017 to the end of October 2018. Under ECO2 the eligibility criteria was extended to allow more households to be assisted. Therefore in addition to benefit recipients, other households not in receipt of benefit entitlements also qualified for ECO2 assistance including the following categories:
  - Households with a total income less than £26,000
  - Households with a cold related illness that could be made worse by living in a cold damp home
16. ECO2 provides low income households with grants to install new oil or gas heating boilers, central heating systems and cavity wall and loft insulation measures. These grants are promoted countywide by a variety of mechanisms including targeted mail outs, door to door promotions, County News, DCC's Warm Homes Campaign, partner organisations etc.
17. To date 484 households countywide have received an ECO2 grant for energy efficient gas or oil fired heating boilers along with cavity wall and loft insulation measures. This equates to £1.66m of external funding

drawn down into County Durham from the national ECO2 programme.

### **Joint Working with Clinical Commissioning Group**

18. The qualifying criteria for ECO2 includes households with a cold related illness as defined in the guidance from the National Institute for Clinical Excellence (NICE).
19. Joint working has commenced with the Durham and Dales, Easington and Sedgefield Clinical Commissioning Group (DDES CCG) to promote ECO2 boiler grants to patients with Chronic Obstructive Pulmonary Disease (COPD) or Asthma. Training and awareness session take place for front line health practitioners to allow them to understand how ECO2 can assist their patients.
20. Targeted mail outs are taking place with the Durham Dales GP surgeries. Phase 1 involves GP surgeries in off gas grid areas, where the surgery writes to their patients to make them aware of the assistance available from the Housing Solutions Warm Homes Campaign.
21. To date 254 patients have returned the Warm Homes enquiry form to Housing Solutions, patients are then contacted to provide assistance. Phase 2 of the mail out will involve a further 26 GP surgeries running from September to March 2019 to assist households over the winter period.

### **ECO Phase 3**

22. ECO phase 3 commenced in November 2018 and will run for 5 years until 2022 with £640m annual funding from the energy supply companies. The exact details of ECO3 have not yet been released by the Government and is expected in November 2018.
23. It is forecast that the eligibility criteria will be further extended to include households in receipt of Child Benefits and Personal Independence Payments.
24. Planning is currently taking place to further continue countywide promotions of ECO3 grants over the winter 2018/19 period to maximise awareness, ensure credibility and assist eligible households to apply for assistance

### **Managing Money Better Service**

25. There are currently many competitive gas and electricity tariffs available on the open market which can be very confusing. Research has shown that this can result in households not accessing the cheapest energy tariffs leaving vulnerable residents paying high energy bills, suffering fuel debt and cold homes.
26. The Managing Money Better (MMB) service is funded by Durham County Council Poverty Action Steering Group. MMB provides free and impartial advice to County Durham residents in order to access competitive energy

tariffs, help switch energy provider, fuel debt write off and energy saving advice.

27. Housing Solutions co-ordinate the MMB service as part of the Warm Homes Campaign in order to raise awareness and generate referrals.
28. During the period May 2017 to September 2018 MMB received 1,013 referrals and carried out 919 home visits. This resulted in a combined saving on household energy bills, fuel debt write off and Warm Homes Discount grants of over £105,000.
29. The MMB service is currently seeing an increasing demand for assistance but is only funded up to 31<sup>st</sup> March 2019. Discussions are due to take place with the Poverty Action Steering Group with the objective of extending the MMB service beyond 2019 to continue to provide help and support to households in County Durham. If no funding is forthcoming the service will cease on 31<sup>st</sup> March 2019.

### **Energy Services Company**

30. An Energy Services Company (ESCo) is a business that provides a broad range of energy services. This can include the supply of electricity and gas to customers and requires an energy supply license to do this, issued by the Office of Gas and Electricity Markets (Ofgem).
31. In April 2018 the North East Purchasing Organisation (NEPO) commenced a project to assess the impact that a regional Local Authority owned Energy Services Company (ESCo) could have in reducing levels of fuel poverty in the north east region
32. The ESCo project will explore the possibility of developing an energy services company that would help to reduce fuel poverty levels in the North East region by providing a low cost energy tariff. NEPO recommendations are due by March 2019.

### **Recommendations**

33. It is recommended that the Environment and Sustainable Communities Overview and Scrutiny Committee note the content of the report and comment upon the information provided within the presentation.
34. That the Environment and Sustainable Communities Overview and Scrutiny Committee include in its work programme for 2019/20 a further progress report.

### **Background Papers**

Report to Environment and Sustainable Communities on 11 December 2017 – Fuel Poverty Update

Report to the Environment and Sustainable Communities OSC on 18 November, 2016 - Fuel Poverty Update.

Report to Cabinet on 21 October 2015 - Welfare reform and poverty issues

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## **Appendix 1: Implications**

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**Finance** – Not Applicable

**Staffing** – Not Applicable

**Risk** –Not Applicable

**Equality and Diversity / Public Sector Equality Duty** – Not Applicable

**Accommodation** – Not Applicable

**Crime and Disorder** – Not Applicable

**Human Rights** – Not Applicable

**Consultation** – Not Applicable

**Procurement** – Not Applicable

**Disability Issues** – Not Applicable

**Legal Implications** – Not Applicable