

Scrutiny Inquiry Report

Fuel Poverty

Scrutiny Board (Safer and Stronger
Communities)

April 2012



Glossary of abbreviations

- ALMO** - Arms Length Management Organisation: Council housing in Leeds is managed locally by three ALMOs.
- CAB** - Citizens Advice Bureau.
- CCGs** - Clinical Commissioning Groups: groups of GPs working together (in the form of consortia) to take charge of budgets and directly commission services for their patients. In April 2013, CCGs will formally replace the commissioning functions currently undertaken by NHS Leeds.
- CERT** - Carbon Emissions Reduction Target: requires all domestic energy suppliers with a customer base in excess of 250,000 customers to make savings in the amount of CO₂ emitted by householders by promoting the uptake of low carbon energy solutions to household energy consumers.
- CESP** - Community Energy Saving Programme: this programme targets households across Great Britain, in areas of low income, to improve energy efficiency standards and reduce fuel bills.
- DECC** - The Department of Energy and Climate Change: Government department responsible for driving action on climate change and energy efficiency.
- DWP** - Department for Work and Pensions: Government department responsible for welfare and pension policy.
- ECO** - Energy Company Obligation: linked to the Government's new Green Deal initiative, some energy companies will be legally obliged to provide extra financial support to make sure that hard to treat homes and lowest income and vulnerable households can benefit from energy efficiency measures.
- EPC** - Energy Performance Certificate: contains information on a home's energy use and typical energy costs and provides an energy efficiency rating ranging from band G (low) to band A (high).
- ERA** - Energy Retail Association: the trade association for the main six energy suppliers in Great Britain.
- HECA** - Home Energy Conservation Act 1995.
- NHS** - National Health Service.
- SAP** - Standard Assessment Procedure: the Government's approved mechanism for calculating a home's typical annual energy costs for space and water heating as well as lighting. The SAP rating scale runs from 1 to 100, where lower SAP values represent properties with low energy efficiency and higher running costs, and higher SAP values represent properties with lower running costs and higher energy efficiency.
- WHECA** - Warm Homes and Energy Conservation Act 2000.



Introduction and Scope

Introduction

1. In 2009, the number of fuel poor households in the UK was estimated at around 5.5 million, a rise of around 1 million when compared to 2008, and representing approximately 21% of all UK households.
2. Fuel poverty impacts on individuals, the community and public services in many different ways. This inquiry set out to reveal the real social, health, economic and environmental impacts of fuel poverty.
3. The solution to fuel poverty is to provide households with affordable warmth. However, this may require action on a number of fronts not least by improving the energy efficiency of homes and appliances but also, amongst other things, action to increase incomes, providing access to cheaper fuel and tariff options, money management and debt advice as well as energy advice to effect behavioural change and bring about a reduction in energy consumption.
4. Local Authorities are directly responsible as service providers for the delivery of a range of public services that can impact on fuel poverty. However, we recognise that the Council also has a role as community leader to champion affordable warmth and move action to tackle fuel poverty up the agenda of a wide range of other stakeholders and partners in the public, private and community sectors.
5. Within the current financial climate, there is also greater emphasis on ensuring that existing resources are being targeted effectively to those in greater need of support. More clarity about particular vulnerable groups, existing funding

mechanisms and service delivery is therefore essential.

6. Key national policy drivers within the housing and health agendas were also taken into consideration as part of this inquiry. In particular, the introduction of the 'Green Deal', the Energy Company Obligation, the Warm Home Discount scheme and proposals within the Health and Social Care Bill 2011 to transfer responsibility for public health and health improvement to Local Authorities.
7. In March 2011, the Government also commissioned an independent review by Professor John Hills of the fuel poverty target and definition. The main objective of this review was to focus the Government's resources where they will be most effective in tackling the problems underlying fuel poverty. The timing of this national review enabled the findings to be considered as part of this Scrutiny inquiry and therefore references to such findings are made within this report.

Scope of the Inquiry

8. The purpose of the inquiry was to make an assessment of and, where appropriate, make recommendations on the following areas:
 - The social, health, economic and environmental impacts of fuel poverty.
 - The scale of fuel poverty in Leeds and those most at risk.
 - National and local policy drivers aimed at tackling fuel poverty and achieving affordable warmth.
 - The current commitment of relevant stakeholders within public services,



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the private sector and community organisations in tackling fuel poverty in the short, medium and long-term.

- Identification of existing partnerships, plans and strategies where fuel poverty is not currently explicitly identified as an issue but is implicitly affected by actions taken or not taken.
- Referral networks and existing services aimed at tackling fuel poverty in Leeds.
- The relationship between the industry and energy regulator and how Local Authorities can influence the scale, frequency and targeting of price increases.

9. We welcomed the contribution of a wide range of local services and organisations to our inquiry, which again reinforces the complexity and wider impact of fuel poverty across the city. We also welcomed the contribution of the Yorkshire Energy Services and the Energy Retail Association (ERA). The ERA is the trade association for the main six energy suppliers in Great Britain. However, we learned that the ERA will be merging with other trade associations in the energy field (UK Business Council for Sustainable Energy and the Association of Electricity Producers) to become one body that represents the energy suppliers and producers in the UK. This may include smaller energy suppliers too.
10. The ERA's primary role is to represent its members' views when it comes to the creation of policy and therefore works in conjunction with key stakeholders and the Government to try and design the

most effective programmes to enable consumers to achieve affordable warmth. In moving forward, we hope that we can continue to maintain close working links with the ERA.



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Recognising fuel poverty as a distinct problem

11. A key question often raised is whether fuel poverty is in fact a distinct problem, or simply a manifestation of more general problems of poverty. Whilst exploring this further during our own inquiry, we acknowledged that this was also a key element of the Hills Fuel Poverty Review commissioned by the Government.
12. Fuel poverty became the subject of legislation back in 2000 as part of the Warm Homes and Energy Conservation Act (WHECA), which states 'For the purpose of this Act, a person is to be regarded as living in fuel poverty if he is a member of a household living on a lower income in a home which cannot be kept warm at a reasonable cost'.
13. In order to fulfil its duties under the Act, the Government published its Fuel Poverty Strategy in November 2001. It is within this Strategy that the Government set targets for tackling fuel poverty based upon a widely accepted definition of a fuel poor household, which is 'one which needs to spend more than 10% of its income on all fuel use and to heat its home to an adequate standard of warmth. This is generally defined as 21 degrees centigrade in the living room and 18 degrees centigrade in the other occupied rooms – the temperatures recommended by the World Health Organisation'.
14. The definition adopted at that time had attracted some criticism as it was based upon gross income rather than disposable income (i.e. that left after paying housing costs). Interestingly we note that the Hills Review raises this same issue. Set out within his interim report, published in October 2011, Professor Hills highlighted that the arguments in the evidence presented to the review for looking at incomes after housing costs were persuasive and therefore had been used when exploring how the current definition could be improved upon. Within his final report, Professor Hills maintained this view and made a specific recommendation to Government to take this into account.
15. However, a key feature of the current definition is that it does focus on what people 'need' to spend rather than what they actually spend on heating, recognising that this might reflect very low costs for those who are living at low temperatures or very high costs for those who are wasteful in their use of energy. This is very significant as we recognise that householder behaviour can also be a key determining factor in relation to fuel poverty. The Hills Review also agrees that this element of the current definition should be preserved if it was to be modified or supplemented in any way.
16. Whilst the income of a household is clearly a key determining factor, we acknowledge that fuel poverty differs from general poverty as it is intrinsically linked to other factors too, the most obvious ones being the energy efficiency of the property (and therefore, the energy required to heat and power the home), and the cost of energy. In view of this, households with otherwise similar incomes can be spending differing amounts to achieve affordable warmth due to variances in property types and fuel markets.



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17. In measuring the energy efficiency of a dwelling, we note that the Standard Assessment Procedure (SAP) is the Government's approved mechanism as it calculates a home's typical annual energy costs for space and water heating as well as lighting. The SAP rating scale runs from 1 to 100, where lower SAP values represent properties with low energy efficiency and higher running costs, and higher SAP values represent properties with lower running costs and higher energy efficiency.
18. Energy Performance Certificate (EPC) bands are also based on the SAP ratings and run from G (low) to A (high). We understand that current building regulations require a SAP rating of between 65 and 81 as a base-line (a band D Energy Performance Certificate represents a SAP rating of 55-68).
19. It is recognised that another advantage of the current definition is that it is based on a combination of people's incomes, energy requirements and energy costs and so is sensitive to some degree to all three. However, a key criticism made by Professor Hills is that the current definition does not measure the depth of the fuel poverty problem. Just as the extent to which people's incomes fall short of a poverty line to give a 'poverty gap' indicator of the depth of poverty, so the extent to which their required costs exceed a reasonable level will give an indicator of the depth of fuel poverty, what has been termed the 'fuel poverty gap'.
20. According to Professor Hills, fuel poverty is of major concern from three different, but related, perspectives: poverty and its reduction; health and wellbeing; and climate change and the reduction of carbon emissions. The Hills Review therefore concludes that fuel poverty is indeed a distinct and serious problem in view of the differing causes, impacts and solutions relating to fuel poverty. In light of the evidence presented during our own inquiry, we also share this view.
21. We have already acknowledged that the Hills Review illustrates the difficulty in trying to find a single definition of fuel poverty that will capture all the issues. However, it does conclude that without an appropriate definition, trends and targeting cannot be easily measured.
22. During our inquiry we recognised that the use of a definition alone proves very difficult to calculate on the doorstep, which is why proxy indicators are also used. Professor Hills explains that by looking at which households are affected by a combination of energy inefficiency and low incomes, this better reflects the spirit of WHECA and what many regard as the core issues underlying fuel poverty. In view of this, we find that proxy indicators generally reflect a combination of low income and poor energy efficiency.
23. Within its Annual Report on Fuel Poverty Statistics 2011, the Department of Energy and Climate Change (DECC) attempts to quantify the reasons why households in England during 2009 were in fuel poverty in terms of high fuel bills, low income, poor energy efficiency of the dwelling or any combination of

Who are at risk of being fuel poor?

National context



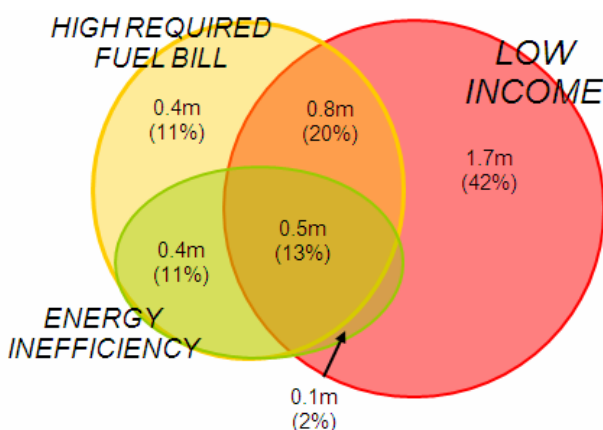
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these. This is illustrated within the Venn diagram below. The thresholds used by DECC were as follows:

- **High required energy bill:** Households with a modelled annual fuel bill greater than the mean of all modelled fuel bills, which was approximately £1,340 in 2009. Around 41% of all households in England in 2009 fell into this category.
- **Low income:** Households with an income level below ten times the average modelled fuel bill (as above), which broadly translates as the two lowest income decile groups. Approximately 23% of all households in England in 2009 fell into this category.
- **Energy inefficient dwelling:** Households that have a SAP rating below 35. Approximately 10% of all households in England in 2009 fell into this category.

24. DECC acknowledges that whilst the above thresholds are subjective, they have been used to provide a way of determining the importance of the key determinants of fuel poverty.

Number and proportion of fuel poor households by category (Source: DECC Annual Report on Fuel Poverty Statistics 2011)



25. In conclusion, DECC reports that over half of all fuel poor households have a high required spend on energy, around three-quarters have a low income and around a quarter have an energy inefficient dwelling. Approximately 13% of fuel poor households fall into all three categories simultaneously, that is they have inefficient dwellings, high energy bills and a low income. Modelled fuel bills and SAP ratings are naturally not independent of one another and therefore the large overlap between these two categories is not unexpected. However, we note that even if a household faces one or more of these problems, it is not necessarily fuel poor, reinforcing the complexity of this issue.

26. In 2009, national statistics showed that around 4.5 million vulnerable households in the UK were fuel poor, an increase from around 3.75 million the previous year. In England, over 70% of households are classified as vulnerable. However, as part of our inquiry, we discussed how a householder is defined as being vulnerable. We learned that the ERA had agreed with its members a common definition of vulnerable to assist companies in identifying vulnerable customers, referred to as the 'Safety Net'. This states that 'a customer is vulnerable if for reasons of age, health, disability or severe financial insecurity, they are unable to safeguard their personal welfare or the personal welfare of other members of their household'.

27. Such companies have promised to never knowingly disconnect a vulnerable customer at any time of year. There are processes in place to ensure that this commitment is met; suppliers take all reasonable steps to ascertain whether a



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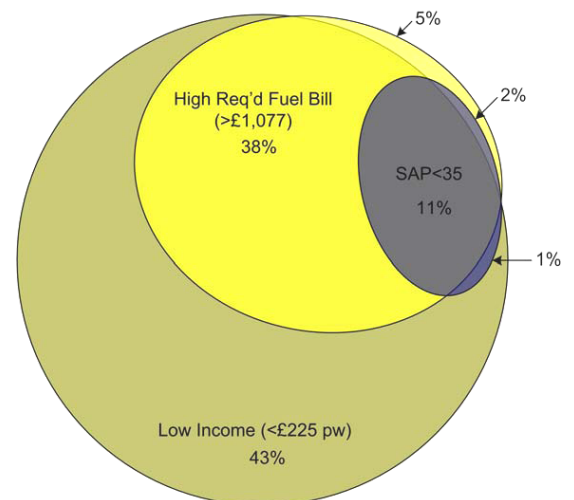
customer is vulnerable to ensure they are meeting this commitment. A new clause under this Safety Net states that anyone disconnected in error will receive compensation on a voluntary basis and will be reconnected as a matter of priority.

Leeds context

28. For several years, the Council has collected data on fuel poverty and energy efficiency under the auspices of the Home Energy Conservation Act (HECA). This included information from partner organisations regarding energy efficiency measures installed, as well as an annual HECA survey of non-public sector tenure residents across the city. This survey included questions on household income, energy efficiency measures installed and perceptual fuel poverty questions. It was highlighted that the findings of the 2009 fuel poverty private sector survey data suggests, that for the private sector, the 2009 baseline for fuel poverty is at or around 22% of all households and 18% of vulnerable households (those which include pensioners, the long term ill, the disabled and households with children).
29. We note that fuel Poverty is not currently logged for social housing but it is estimated to be at or lower than private sector fuel poverty, due to the high level of energy efficiency housing investment taking place by social landlords. We note that between 2003 and 2011, just under £1 billion of investment has been made in the existing ALMO managed stock. Works have been undertaken to ensure that this stock meets the decency standards, which includes an element of thermal comfort as part of this programme. As of December 2010,

the average SAP rating in this stock was 69.9. Currently 97% of the stock has achieved this standard and programmes are in place to bring the remaining stock up to the decency standard.

30. For the 2009 HECA survey, the Council performed an in-depth analysis of these results to try and identify the type of households who were most likely to be fuel poor. The findings are summarised below.
31. In line with the DECC analysis, it has been recognised locally that the most obvious issue affecting fuel poverty is the interplay between household income, household SAP rating and household fuel bills. This is demonstrated within the Venn diagram below.



Fuel Poverty split amongst Key Determinants.
Low Income (<£225 pw) = 93%
High Required Fuel Bill = 56%
(i.e. > Average value of £1,077)
SAP < 35 = 14%



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32. The analysis of the split between these key fuel poverty determinants for Leeds suggests that 93% of fuel poor households are low income (less than £225 per week - £11,700 per year). Similarly, the vast majority of SAP <35 properties had high required fuel bills whilst the vast majority of households with high required fuel bills had low incomes. These findings suggest that trying to concentrate on assisting households in low SAP properties alone will not be enough to tackle fuel poverty and policies which assist low income households in more energy efficient properties are also important to deal comprehensively with fuel poverty.
33. In theory, a householder spending 10% of their income on fuel could be somebody with a reasonable sized income, who chooses to run a large house with a high consumption of energy, who would not suffer from related problems such as ill health, yet the concept of fuel poverty is supposed to identify this household. However, the fact that only 7% of Leeds residents calculated to be in fuel poverty were not low income householders, suggests that fuel poverty, as currently defined, is a reasonably accurate way of identifying householders who are most likely to be in need of assistance.
34. As with the national statistics, we also noted that single person households represent the largest proportion of the total fuel poor at 47.2% and with 27% being over 60 years of age, although the over 60's made up 51% of the fuel poor in total.
35. We also learned that there was a high correlation between the incidence of fuel poverty and the age and physical fabric of the properties, with fuel poverty tending to decrease with construction age. This will undoubtedly be caused in part by the hard to treat nature of older properties, but will also reflect the large number of hard to treat properties in inner city areas as well as the large number of lower income households who tend to reside there.
36. Another interesting outcome revealed is the relatively high level of fuel poverty in bungalow properties, particularly as these tend to have been built since 1930 and so would normally be suitable for lower cost efficiency measures such as cavity wall and loft insulation. This could be due to their popularity with pensioner households who are more likely to be on fixed incomes and susceptible to fuel poverty, which suggests that the income and circumstances of the householder are the main determining factors of fuel poverty. Bungalows also have a much larger 'footprint' and therefore higher heat loss from their roofs and floors.
37. Another more contradictory point to note is the relatively low proportion of fuel poor living in tower blocks and purpose built flats. We appreciate that this could be due to the smaller average size of such properties leading to lower heating costs, or could also reflect the fact that in the private sector such buildings tend to be of a more modern construction and better insulated. We could reasonably expect there to be a higher proportion of both low income and single person households in these properties, so it does suggest that improving the thermal efficiency of dwellings can have a very significant impact on reducing fuel poverty. It may also suggest that higher fuel poverty in some of the other construction types may be influenced by



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under-occupancy, something which might help to explain high fuel poverty in single person households.

38. As well as the effect of the build of house illustrated earlier, obsolete heating systems and expensive types of fuel are also heavily linked to the incidence of fuel poverty, with 46% of fuel poverty households using room heaters. The large proportion of households with room heaters in fuel poverty could reflect the fact that higher income households tend to have more up to date forms of heating/whole house heating. The high level of fuel poverty for properties without gas or off-peak electricity suggests a very strong link between the two since in Leeds such properties will include modern flats with on-peak electric heating and rural properties with oil and LPG heating, many of which would be expected to contain higher income households. It should, however, also be noted that there are still many properties in Leeds occupied by lower income households who will have obsolete heating systems such as underfloor electric, individual gas fires and plug in electric heating.
39. Such figures imply quite strongly that schemes and initiatives aimed at replacing obsolete and costly to run heating systems are worthwhile and effective for that subset of fuel poor households who have them, even though these are a limited proportion of the total fuel poor overall. This is particularly true when considering the strength of the relationship between fuel poverty and the SAP banding of the property since the installation of an efficient heating system tends to be one of the most effective measures at raising the SAP rating of an older property.

Acknowledging fuel poverty as a major public health problem

40. There is now an abundance of literature setting out the potential effects of fuel poverty, reinforcing the argument that this is a distinct and serious problem both nationally and locally. During our inquiry, particular attention was given to the potential impacts of fuel poverty in relation to the health and wellbeing of individuals.
41. The Marmot Review in particular explored the health impacts of cold homes and fuel poverty. Within its report, published May 2011, the Marmot Team makes the case for aligning the environmental and health agendas in view of the evidence presented on the health benefits of reducing fuel poverty and improving the thermal efficiency of the existing housing stock. Briefly, the key findings of this review were:
 - That there is a strong relationship between cold temperatures, cardiovascular and respiratory diseases, which has been associated with fuel poverty and cold housing.
 - Children living in cold homes are more than twice as likely to suffer from a variety of respiratory problems than children living in warm homes.
 - Mental health is negatively affected by fuel poverty and cold housing for any age group.
 - More than 1 in 4 adolescents living in cold housing are at risk of multiple mental health problems.
42. The Hills Review also focused on the health and social effects of living at low



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temperatures. Briefly, the key findings set out within the review interim report, published October 2011, were:

- That the UK has a higher rate of excess winter deaths than other countries with colder climates.
 - There is a link between low temperatures and poor mental health, with individuals more likely to be stressed and subject to common mental disorders.
 - That social isolation amongst adults is associated with cold homes.
 - That people with hard to treat properties may trade off other necessities to keep warm, at the most dramatic facing a choice of 'heat or eat'.
43. The Marmot Review also highlighted that there was a statistically significant excess winter death mortality seen with the age of a property (28.8% in properties built before 1850 compared to 15% in properties built after 1980) and with poor thermal efficiency ratings, where a gradient can be seen with SAP rating. It also reports a strong association between excess winter deaths and lower indoor temperatures, with residents of the 25% coldest homes having around 20% greater risk than those in the warmest.
44. Put into context more locally, we noted that the Sheffield Hallam University report 'Better Housing, Better Health in Leeds' (May 2011) had highlighted that of the 81,000 private sector dwellings classified as non-decent by the Leeds Stock Condition Survey, an estimated 51,400 failed the thermal comfort standard. The Stock Condition Survey thereby recommended an improvement programme costing £74 million to remedy thermal comfort failures. The report also stated that the recommended programme to improve energy efficiency would reduce the hazard of excess cold and thereby reduce the incidence of heart disease, respiratory infections, bronchitis and strokes. It also highlighted that up to 104 excess winter deaths could be prevented annually, with up to 1560 over the estimated 15 years life of the energy efficiency measures.
45. As part of the survey for the 2009 HECA Report, we learned that Leeds' residents were asked whether they felt that their or their families' health was affected by the cold, and of the households surveyed 8% said that they were affected. Although householders who said that their health was affected by the cold were concentrated in the lower SAP bands (over 40% in band G and 30% in band F), it should be noted that over 15% of householders in bands D and C also agreed with this statement.
46. Householders were also asked whether they felt that they could heat their home to a high enough temperature. Again, as expected, a large proportion of those saying that they did have difficulty were in bands G and F (35% and 26% respectively) although there were also a small proportion of band D and C households who also felt that this was the case (9% and 7% respectively).
47. Interestingly, data from NHS Leeds concerning the prevalence of cold related illness during the 2005-2007 period also indicated a strong correlation with those areas of hard to treat housing, which suggests that by aiming heating and insulation measures towards these, this could make a strong



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positive impact on the health and wellbeing of those householders.

48. We also note that within the Chief Medical Officer Report (2009) it states that *'the annual cost to the NHS of treating winter-related disease due to cold private housing is £859 million. This does not include additional spending by social services, or economic losses through missed work. The total costs to the NHS and the country are unknown. A recent study showed that investing £1 in keeping homes warm saved the NHS 42 pence in health costs.'*
49. In view of such strong evidence, it is clear that fuel poverty is a major public health priority in terms of tackling health inequalities and improving the wider determinants of health. We are therefore pleased to note that this has also been recognised by the Government as it moves towards a new integrated and professional public health system as part of the Health and Social Care Bill 2011.

Driving forward the fuel poverty agenda as a key public health priority

50. The Government is creating a new, integrated and professional public health system designed to be more effective and to give clear accountability. This new system will embody localism, with new responsibilities and resources for Local Government within a broad policy framework set by the Government, to improve the health and wellbeing of their populations. The Health and Social Care
- Bill, which is still passing through Parliament, includes the provisions establishing the basic legal framework of this new system.
51. As part of this new system, the NHS will remain critical to protecting and improving the population's health. It will be charged with delivering some public health services and with promoting health through all its clinical activity, striving to use the millions of patient contacts that take place each day as opportunities to promote healthier living – making every contact count.
52. However, outside the clinical arena the key responsibility for improving the health of local populations, including reducing health inequalities, will rest with Local Authorities. As part of this, Local Authorities will set up statutory Health and Wellbeing Boards to drive local commissioning and integration of all health services, based upon local needs. It will be for Local Authorities, in partnership with their Health and Wellbeing Boards, to demonstrate improvements in public health outcomes. Directors of Public Health will be appointed to be the key health advisers for Local Authorities and to exercise these new functions on their behalf. In doing so, they will also be statutory members of Health and Wellbeing Boards.
53. As of April 2013, Local Authorities will commission public health services on their populations' behalf. We understand that £5.2bn will be spent on public health next year and from 2013-14 the public health budget allocated by the Government will be ring-fenced. Whilst there is further work to be undertaken before final allocations to



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Local Authorities are published, we understand that estimated allocations will be provided to enable local public health professionals to begin planning how to use resources to deliver the frontline services that matter the most.

54. We also noted that the new public health outcomes framework was published in January 2012. This sets out the desired outcomes for public health and how these will be measured. These outcomes will be delivered through improvements across a broad range of public health indicators grouped into four domains relating to the three pillars of public health: health protection; health improvement; healthcare public health (and preventing premature mortality); and improving the wider determinants of health.
55. We are very pleased to note that fuel poverty has been recognised as one of the key indicators in terms of improving the wider determinants of health, which focuses on the 'causes of the causes' of health inequalities. Another related indicator within this framework is around reducing excess winter deaths as part of the domain on healthcare public health and preventing premature mortality.
56. At the local level, Clinical Commissioning Groups will be full statutory members of local Health and Wellbeing Boards and subject to local accountability and scrutiny. Clinical Commissioning Groups will work alongside local partners on Health and Wellbeing Boards to agree Joint Health and Wellbeing Strategies based upon the needs of their local populations (identified through the Joint Strategic Needs Assessment process) and to reflect those strategies in their local commissioning plans.
57. Within Leeds, the Health and Wellbeing Board has been established in shadow form but will not take on its full statutory duties until April 2013. We understand that the Health and Wellbeing Board will be supported by 3 local health and wellbeing partnerships which will focus on joining up commissioning and provision at a local level.
58. However, the Health and Wellbeing Board is also recognised as one of the five strategic partnerships established to drive the delivery of the City Priority Plan 2011 to 2015. The Health and Wellbeing Strand of the City Priority Plan will focus on 4 Strategic Priorities over this period and provides a framework of actions across all partners aimed at achieving these priorities.
59. We are pleased to find that this Health and Wellbeing City Priority Plan already makes specific reference to addressing fuel poverty in line with making sure that people who are the poorest improve their health the fastest. Within the Plan there is a priority action relating to 'action on housing, transport and environment to improve health and wellbeing'. Linked to this, there is a specific action for 'improving health and wellbeing for the most vulnerable through improved housing and warmth'. This is to target low income households, people with existing physical and mental health conditions, learning disabilities, children and older people. The proposed milestones linked to this action are:
 - Identify and reduce households experiencing excess cold



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- Reduce fuel poverty and increasing income maximisation
 - Improve housing to reduce infant mortality and for families with complex needs.
60. In addition, we acknowledge that other Strategic Partnerships are also tasked with delivering on other related priorities and targets. This includes the Sustainable Economy and Culture Board to meet targets linked to improving the environment through reduced carbon emissions and also the Housing and Regeneration Board to meet targets linked to improving housing conditions and energy efficiency.
61. Whilst welcoming this broad range of partner involvement, we believe that the main driving force for tackling fuel poverty in Leeds should be linked to the development of the Health and Wellbeing Strategy for Leeds. We understand that this Strategy is still under development and not due to be approved by the Health and Wellbeing Board until October 2012.
62. Linked to this, we acknowledge that 2012/13 will be a crucial year in which further development of the public health outcomes framework will be a key feature of ongoing work by the Council and the Health and Wellbeing Board.
63. As part of this transition period, there is a lot of work to be undertaken in terms of providing real clarity of thinking about what the role of the NHS and other partners will be and how the different service areas across the Council will also work collectively in achieving the desired public health outcomes for the residents of Leeds. In working through potential operational models and the practicalities of this new system, we recommend that fuel poverty be used as a key public health topic area in which to demonstrate how these new arrangements are to work in practice in the future.
64. As mentioned earlier, Directors of Public Health will be appointed to be the key health advisers for Local Authorities and to exercise these new public health functions on their behalf. In anticipation of this, we would expect the Director of Public Health in Leeds to drive forward action now in tackling fuel poverty as a key public health priority for the city.
65. In recognition of the Council's current role as community leader, we also recommend that the Leader of the Council assists the Director of Public Health to champion affordable warmth and move action to tackle fuel poverty up the agenda of a wide range of other stakeholders and partners in the public, private and community sectors.
66. As we move towards the new public health system, we recognise the need to ensure that local trends in fuel poverty are monitored effectively to demonstrate how as a city we are progressing in tackling this problem of fuel poverty, as set out within the public health outcomes framework. As illustrated earlier within our report, current datasets are based on the last HECA survey conducted in 2009. As Local Authorities are no longer required to undertake HECA surveys, we learned that the Council has suspended the annual HECA survey to await details of successor legislation to the Home Energy Conservation Act 1995. Whilst we understand that efforts continue to be made to monitor fuel poverty for the



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benefit of the city, we recognise the need to develop a clear strategy around fuel poverty data collection.

Recommendation 1

That, in working through potential operational models and the practicalities of moving towards the new Public Health system in April 2013, the Executive Board and Health and Wellbeing Board use fuel poverty as a key public health topic area in which to demonstrate how these new arrangements are to work in practice in the future.

Recommendation 2

That as part of the development of the Health and Wellbeing Strategy for Leeds, the Health and Wellbeing Board ensures that fuel poverty is identified as a key priority within this Strategy.

Recommendation 3

That, ahead of becoming the responsible lead for exercising the new public health functions on behalf of the Council, the Director of Public Health in Leeds drives forward action now in tackling fuel poverty as a key public health priority for the city.

Recommendation 4

That the Leader of the Council assists the Director of Public Health in Leeds to champion affordable warmth and move action to tackle fuel poverty up the agenda of a wide range of other stakeholders and partners in the public, private and community sectors.

Recommendation 5

That the Director of Public Health in Leeds works closely with the Director of Environment and Neighbourhoods to develop a clear strategy around fuel poverty data collection before April 2013.

Working collaboratively to achieve affordable warmth

67. During our inquiry, we were pleased to receive examples of good joint working between the Council and its key partners in exploring and delivering programmes aimed at addressing fuel poverty. These included the Hotspots Referral Scheme, various energy efficiency projects led by Care and Repair, Leeds Energy Champions, Joint Energy Grant Promotion and the more recent Wrap Up Leeds scheme. Further details of these schemes are set out in appendix 1.
68. We noted that the driving force behind such good joined up working practices has been the Leeds Affordable Warmth Partnership. This Partnership is made up of representatives from the public, private and voluntary sectors and aims to work towards improving energy efficiency; to reducing fuel poverty and delivering affordable warmth.
69. The Council, in partnership with the other Affordable Warmth Partnership signatories, is working towards a number of objectives set out within the Leeds Affordable Warmth Strategy. At the time of our inquiry, this Strategy, along with its accompanying action plan, were in the



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process of being updated and were therefore considered during our inquiry.

70. Whilst acknowledging the drive and commitment of this Partnership, we noted that the Partnership does not form part of the formal Strategic Partnerships Framework. Although the Partnership has established informal links with the Housing and Regeneration Board and the Health and Wellbeing Board, we urge the Leeds Initiative Board to integrate this Partnership into the formal Health and Wellbeing Board, reporting directly into the Health Improvement Board. In doing so, this will attract and retain future commitment of key partners and enable a more transparent process of monitoring the delivery of the Affordable Warmth Strategy and accompanying action plan.

Recommendation 6

That the Leeds Initiative Board integrates the Leeds Affordable Warmth Partnership into the formal Health and Wellbeing Board, reporting directly into the Health Improvement Board, to assist in attracting and retaining future commitment of key partners and enable a more transparent process of monitoring the delivery of the Leeds Affordable Warmth Strategy and accompanying action plan.

The role of Elected Members in tackling fuel poverty

71. As part of the new public health system, it is made clear that Elected Members in Local Authorities will take on leadership for public health at the local level.

72. We also recognise the valuable role of Elected Members in raising the profile of key public health issues within their own localities but also maximising opportunities to address any public health concerns, such as fuel poverty, when in contact with residents, either within their own homes or during ward surgeries. In view of this, we believe that fuel poverty should be included in the development of the public health role of Elected Members through the Member Development Programme and particularly the Member Induction programme, in preparation for the new system being operational from April 2013.

Recommendation 7

That the Chair of the Member Development Working Group ensures that fuel poverty is included in the development of the public health role of Elected Members through the Member Development Programme and Induction programme in preparation for the new system being operational from April 2013.

73. We have already acknowledged that fuel poverty in particular can impact in different ways on different households and different areas of the city. In view of this, we recommend that Area Committees nominate a Fuel Poverty Champion to drive forward local action in addressing fuel poverty problems associated with their particular areas. In doing so, we believe there is further merit in appointing a Fuel Poverty Champion from each of the 3 locality areas to become a member of the Leeds Affordable Warmth Partnership



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and assist in exploring opportunities for maximising resources and also sharing best practice. We recommend that the Area Committee Fuel Poverty Champions work closely with their respective Locality Health and Wellbeing Managers to agree this appointment.

Recommendation 8

(i) That Area Committees nominate a Fuel Poverty Champion to drive forward local action in addressing fuel poverty problems associated with their particular areas.

(ii) That the Area Committee Fuel Poverty Champions liaise with their respective Locality Health and Wellbeing Managers to agree the appointment of one Fuel Poverty Champion from each of the 3 localities onto the Leeds Affordable Warmth Partnership.

Embracing the valuable resource of the NHS and Social Care Services in identifying vulnerable households

74. We recognise that the NHS is a key partner and has a major role in public health, particularly in terms of maximising opportunities to make every patient contact count through providing health improvement advice. Whilst we acknowledge that good partnership working with the NHS already exists locally, we explored opportunities for developing this further.

75. In acknowledging that there were 350 excess winter deaths in Leeds last year, the key question is whether such deaths could have been avoided if these individuals had been identified as being in or at risk of fuel poverty and appropriate support put in place. The timeliness of appropriate intervention support is a significant factor in helping to reduce the numbers of excess winter deaths.

76. During our inquiry, there was recognition that the work currently undertaken by intermediate care teams, GPs, district nurses and Adult Social Care services appears disjointed, with each service provider working in isolation of each other and therefore being unaware of how they collectively impact upon an individual's care provision. To address this issue, we were very interested to learn about the development of a new tool that is being introduced both nationally and locally called risk stratification.

77. We learned that stratifying patients according to need is a vital component of the Long Term Conditions (LTC) generic model and key to the delivery of good LTC management. By using a risk prediction approach for all patients, it is possible to identify those people who are the most regular users of hospital services (and are at risk of re-admissions), then stratify them according to complexity of need and commission cost effective interventions to meet those needs.

78. We understand that the Clinical Commissioning Groups (CCGs) in Leeds are continuing to work with Capita Health to engage their GP practices in risk stratification. The



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CCGs have selected a risk stratification tool called Adjusted Clinical Groups (ACG) and whilst roll-out to all practices across Leeds was anticipated for March 2012, it was felt that this would realistically now be March 2013.

79. We learned that this process is 3 parts of a model and therefore not to be used in isolation. Part of the model is also around the development of integrated health and social care teams, which are currently being developed in the 12 district nursing neighbourhoods of Leeds. However, there are currently 3 areas of Leeds working at it as demonstrator sites with a view to this then being rolled out across the other sites.
80. Risk stratification is aimed to help practices and the developing integrated health and social care teams to identify patients with current high-levels of need and co-morbidity. It can also predict those whose health needs are likely to increase in the future. This will enable health professionals to target patients that will benefit from more proactive care and preventative interventions.
81. It was felt that this tool could also be used to encourage a more holistic assessment in terms of an individual's living conditions and thereby assist in identifying those at risk of fuel poverty. It was highlighted that this element of assessment had often been missed in the past. In doing so, this will embed a more systematic way of identifying and assisting householders in addressing fuel poverty issues within the health and social care sector.
82. Once the integrated health and social care teams are fully operational, it was

felt that these teams should also be undertaking simple and automatic checklist assessments relating to fuel poverty issues when coming into contact with patients within their own homes. We noted that this approach is already being adopted by the Leeds Community Healthcare Trust as part of its Out of Hospital Care Services. However, we also recognise the need to undertake such assessments at the point of admission into hospital to help determine whether patients are in need of any support to address substandard living conditions prior to being discharged. We are pleased to note that such an approach is now being adopted by the Leeds & York Partnership Foundation Trust in line with its admissions policies.

Recommendation 9
That the Health and Wellbeing Board works with the local Clinical Commissioning Groups to ensure that:

- (i) a consistent and systematic approach to identifying the needs of vulnerable householders at risk of fuel poverty is being adopted as part of the developing risk stratification process.**
- (ii) that as part of this process, a consistent approach is being adopted by the developing integrated health and social care teams in ensuring that, once identified, those at risk of fuel poverty are effectively being referred to appropriate support schemes.**



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The need to simplify the referral pathway networks

83. We are aware that the Hotspots Referral Scheme was set up to allow front line staff and volunteers to refer vulnerable households to energy efficiency grant/fuel bill advice as well as benefits advice and home fire safety checks. This addresses fuel poverty by increasing household energy efficiency, advising on fuel bills and maximising income.
84. The Council also remains committed to supporting a referral service specifically aimed at providing heating and insulation assistance to households suffering from cold related illness. The Warm Homes Service, which is often used as the referral pathway for NHS frontline staff, will be jointly funded by Leeds City Council and Scottish Power for two years from March 2012.
85. Whilst we acknowledge that residents are also often advised to contact the Energy Saving Trust to gain advice about the different localised schemes available to meet their needs, we understand that the Energy Saving Trust may no longer provide such localised advice and will instead become a national advisory service.
86. During our inquiry, we also learned about the national Home Heat Helpline (0800 33 66 99) too. This is a free phone line set up to help energy customers who are struggling to pay their fuel bill and keep warm. This was launched by the ERA in October 2005. The advisors at the Home Heat Helpline have the ability to transfer calls, at no cost to the caller, directly to each energy supplier's specialist vulnerable customer team in order to ensure that each customer receives the best possible level of care. It also works in partnership with housing associations and the Citizens Advice Bureau to provide the most appropriate advice for customers. Since its establishment, the service has received more than 150,000 calls from customers (reported by ERA in February 2012). Almost half (48%) of customers who called the helpline are now saving money on their utility bills, whilst 14% of callers are now accessing benefits that they were not aware they were entitled to.
87. In view of the differing schemes and referral pathways that do exist, it is not surprising that this has led to confusion with the public and also amongst frontline officers and health and social care staff that are trying to direct vulnerable customers to appropriate advisory and support schemes. This was recognised as a key problem particularly amongst GPs. We therefore recognise the need to simplify the referral pathway networks.
88. During our inquiry, we were encouraged to learn about the development of the Multi Agency Referral Scheme (MARS). This is an initiative which is being developed by the South East and North West Health and Wellbeing Locality Partnerships to enable front line officers to refer residents to a wide range of preventative services. This is in recognition of the fact that local residents have found the existing range of referral mechanisms difficult to navigate. Advocates such as Elected Members and GP's have also needed to contact a number of agencies



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individually or limit their assistance to their own area of expertise due to time constraints. There was also an unfulfilled requirement for referring agents to receive feedback on their referrals.

89. Key partners such as the customer contact centre, Adult Social Care, the benefits service, Primary Care Trust, police and fire service were consulted on this scheme. It was decided that a “first contact” type scheme, as established in Nottingham and Newcastle, should be adopted to provide a way for frontline workers to refer residents to as wide a range of services as possible.
90. The scheme involves a referral checklist that can be provided to agencies both in paper form, or electronically through the Council’s SIEBEL system, allowing Council officers and officers from other partner agencies to refer households to ancillary services via a central point, possibly Leeds City Council’s customer contact centre.
91. We understand that the South East and North West Health and Wellbeing Partnerships trialed the scheme last year by each targeting a specific community living within the 10% Middle Super Output Area. The trial involved specific key partners such as GP practices, Library Services, Environmental Services and Children’s Services.
92. We learned that the results of this trial was shared with various stakeholders, including the Health and Social Care Integration Board and Health Improvement Board, which resulted in

differing views around how this scheme could be adopted effectively in practice.

93. In moving forward, we urge the Executive Board and Health and Wellbeing Board to fully support and regularly monitor the development of a simple, systematic referral pathway, which may involve the developing MARS initiative where appropriate. As a Scrutiny Board, we are also keen to continue monitoring progress with this approach.

Recommendation 10

- (i) That the Executive Board and Health and Wellbeing Board fully supports and regularly monitors the development of a simple, systematic referral pathway and effective uptake for fuel poverty support from key health and council services (this maybe by using the Multi Agency Referral Scheme (MARS) if appropriate).**
- (ii) That the Director of Public Health, Director of Adult Social Care and the Clinical Commissioning Group accountable officers provide an update report to Scrutiny on the implementation of this pathway by July 2012.**

Encouraging take up of support and ensuring effectiveness of interventions

94. As a Council we have access to a lot of intelligence to assist in identifying where the most energy inefficiency properties



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are located and also where the most vulnerable households reside in line with the neighbourhood index. In moving towards the new system of public health, it has already been acknowledged that there needs to be more collaboration between directorates in terms of data sharing to target resources more effectively using an intelligence led approach.

95. However, despite having such local intelligence, we acknowledge that individual perceptions may be very different and that many (particularly elderly) people may be reluctant to say that they face particular problems that require support intervention. Responses will also vary depending on precisely what question is asked, for example, a householder is more likely to accept that they would benefit from interventions aimed at achieving more affordable warmth than be categorised as being 'fuel poor'.
96. Within the more vulnerable groups and areas of the city, it is important that these householders are made aware in advance of any schemes on the horizon that will be targeted at them or their community. To encourage greater take up, it is also important to make households aware of their entitlement to support rather than them perceive it as 'charity' and equally to dispel any concerns that householders may have if such schemes appear 'too good to be true'.
97. In doing so, it was clear from our inquiry that we need to elicit the help of organisations that are already experienced in working with such groups or within particular communities and have gained the trust of these

householders to be able to reassure them of the intentions behind any particular schemes. We already acknowledge the valuable role of Care and Repair in administering schemes locally and equally regard the whole of the third sector as a valuable resource to the Council. However, we recognise that further work is needed to raise the profile of fuel poverty across the third sector and make them aware of existing schemes and referral pathways.

98. In acknowledging the good work already undertaken with the Hotspots Referral Scheme in delivering training to twenty one voluntary organisations so far, including Carers Leeds, Leeds Housing Concern and Hamara, we recommend that the Director of Environment and Neighbourhoods works closely with Voluntary Action Leeds to explore opportunities for delivering such training more widely across the third sector and to raise the profile of fuel poverty generally.
99. At the time of our inquiry, we were interested to learn that the Yorkshire and Humber Regional Health Service were in the early stages of developing a web based resource tool (Keeping Warm in Yorkshire and Humber) to assist in addressing fuel poverty issues and winter planning. We therefore recognise the benefit of the Council assisting to promote the use of this resource tool once formally launched.

Recommendation 11
That the Director of Environment and Neighbourhoods works closely with Voluntary Action Leeds to explore opportunities for delivering training on the Hotspots Referral Scheme more widely across the third sector and in raising the profile of fuel poverty generally.



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Recommendation 12

That the Director of Environment and Neighbourhoods monitors the development of the 'Keeping Warm in Yorkshire and Humber' web based resource tool and assists in promoting its use once formally launched.

100. We recognise that a good example of proactive community based communication work is Wrap Up Leeds. This programme, run by Yorkshire Energy Services (YES) in partnership with the Council has developed an extensive communication campaign, which aims to encourage applications for free insulation from specific areas and across the city as a whole. This communications plan was developed jointly between YES, the Fuelsavers Team and corporate communications. We believe there is merit in developing a clear communication framework, based around this model, that can be used in promoting future area based schemes.

Recommendation 13

In promoting future area based schemes aimed at achieving affordable warmth, we recommend that the Director of Environment and Neighbourhoods works closely with the Head of Communications and Marketing to develop an appropriate communication framework to assist in encouraging greater take up of such schemes.

101. We acknowledged during our inquiry that following interventions aimed at improving thermal efficiency, trade-offs

have still taken place between energy use and thermal comfort. We note that such cases often involve elderly householders who find it difficult operating new heating controls or fear higher energy bills because they are unsure how the improved efficiency would impact on consumption. These issues can undermine the potential health benefits of interventions. However, susceptible households can be identified and thermal efficiency interventions can be supplemented by other actions aimed at avoiding subsequent trade-offs.

102. The Marmot Review also reports that a number of households who received improvements through the Warm Front programme reported a preference for retaining colder homes following improvements. Such preference was based partly on a long-term adaptation to low temperatures experienced throughout life and partly on lay beliefs of what constitutes a healthy temperature.
103. We would therefore expect to see such interventions, especially in older people's homes, coupled with training in the use of new heating systems to avoid subsequent trade-offs. In future, we would hope that easy-to-use smart meters will also assist in indicating to a householder how much is being spent on fuel consumption.



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Challenges presented by existing national intervention programmes

104. Nationally, many of the intervention programmes aimed at tackling fuel poverty are either Government funded or funded by energy suppliers meeting a Government-imposed obligation. As such, we found that proxy indicators have been used to establish eligibility criteria, which are generally focused on low income and vulnerability. A proxy indicator for low income is often when a householder is in receipt of means tested benefits and a common proxy indicator for vulnerability is when a householder is over a certain age, has a disability or has children under a certain age living in that household.
105. However, we noted during our inquiry that the support available through such programmes tended to miss out large sectors of society who are affected by fuel poverty, highlighting the difficulty of finding appropriate proxies to identify those most in need. Professor Hills also recognised the need to avoid devising eligibility criteria which result in sharp cliff edges, such as the entitlement to assistance that depends on the receipt of a narrow range of income-tested benefits. To illustrate this further, we have summarised below some of the key barriers that relate to existing programmes of support.

Warm Front Scheme

106. We learned that the Government's support for improvement in energy

efficiency of existing housing stock is mainly through the Warm Front Scheme, which provides grants to eligible households to improve their home insulation or heating systems. However, we learned that the eligibility criteria for such grants is now even tighter. We also noted that the future intention is for this programme to be phased out from 2013-2014, thus completely removing central Government funding to improve energy efficiency and place a greater obligation upon energy suppliers.

107. This particular programme was highlighted as an example of where the sole use of proxy indicators, such as eligible benefits, to assess eligibility had consequently excluded a large proportion of households in need of support. In 2009, the National Audit Office report on Warm Front found that 57% of vulnerable households in fuel poverty did not claim the relevant benefits, whilst 75% of households who would qualify were not necessarily in fuel poverty.
108. We learned that local data indicates that of the vulnerable groups, householders in receipt of benefits and those suffering from a long term illness had the highest proportion of fuel poor, re-enforcing the impression that a sizeable proportion of vulnerable fuel poor who are of working age are missed out by some current provisions such as the Warm Front scheme.
109. It was highlighted that local data had also suggested that 50% - 60% of the households that were eligible for Warm Front (prior to the recent criteria revisions) were not fuel poor.



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Winter Fuel Payments

110. Winter Fuel Payments are a yearly one-off payment made by the Government for all those who are pension age. Whilst we accept that pensioners comprise approximately half of the fuel poor population in Britain, being over 60 by no means equates to being fuel poor or vulnerable.
111. A key criticism of the Winter Fuel Payments is that many other potentially vulnerable groups such as the house-bound disabled, long term sick, low-income families and people living in sub-standard housing could also benefit from such a payment but are not deemed eligible. The Energy Climate Change Committee conducted an inquiry into Fuel Poverty in 2010 and as part of its response to this inquiry, the Energy Retail Association had highlighted that in 2006/07 Winter Fuel Payments were made to around 100,000 households containing pensioners with total annual incomes above £100,000. This reinforced the view of the industry that if such payments were targeted better at those who need it most, this could make a significant impact in tackling fuel poverty.

Warm Home Discount

112. The Warm Home Discount scheme was introduced in 2011 and is a mandatory scheme that requires energy suppliers with more than 250,000 customers (smaller companies can join voluntarily) to provide a fixed amount rebate to vulnerable customers, replacing the voluntary initiatives, such as social tariffs. This

scheme is classified by the National Audit Office as imputed tax and spend, which means that it is funded by a levy on all customers' bills.

113. We were pleased to have the input of the Policy Officer from ERA that led on the development of this scheme with Government to explain the principles of this scheme.
114. We understand that there are two eligibility groups for this scheme: core group and broader group. The core group represents the oldest and poorest pensioners who are eligible for a one off rebate of £120 on their energy bill (this is set to increase to £140 by the end of the scheme). The eligibility criteria for this group relates to those pensioners in receipt of pension credit. However, we understand that the eligibility criteria for this core group will be expanded in the future.
115. In targeting this core group, we learned that the ERA had led on the pilot 'energy rebate scheme'. This was trailblazing in that it involved data matching between a private company and the Department for Work and Pensions (DWP). Through the legal gateway created by the Pensions Act 2008, energy suppliers were able to be provided with a list of customer details from DWP whom were deemed eligible for the Warm Home Discount rebate.
116. Where a match had been found, that customer would automatically receive their rebate on their bill without any effort on their part. Previously, energy companies were left to identify and then contact eligible customers to encourage them to get in contact in



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order to receive financial support. We noted an example where this method only resulted in a response rate of around 3%. In comparison, the data matching approach with DWP resulted initially in matching around 65% of the eligible group. Where an exact match is not found, the onus is put on the DWP to contact eligible customers directly to inform them of their entitlement for a rebate on their energy bill and to therefore contact a helpline managed by DWP to receive this support.

117. Those customers that meet the broader group eligibility criteria can also get a £120 rebate on their energy bills. However, we learned that the eligibility criteria for this broader group differs as it is determined by the individual energy company, with agreement sought from Ofgem. The energy suppliers are given a broader group obligation target to meet, which is determined by Government. The eligibility criteria for the broader group therefore needs to reflect the obligation put on suppliers whilst demonstrating that support is being targeted at the most vulnerable customers. The use of proxy indicators are therefore used again to try and ascertain which customers are in, or at risk of, fuel poverty.
118. During our inquiry, we highlighted to the ERA our disappointment that the eligibility criteria for this new scheme is also tightly defined in terms of income thresholds which uses means tested benefits as the only proxy indicators. In response, we learned that energy suppliers are often steered by what the Government and Ofgem consider to be appropriate proxy indicators in order to

get approval for their scheme. We therefore concluded that if the Government and Ofgem could be persuaded to look at broadening the current eligibility criteria then this would enable suppliers to reflect this in their schemes. We believe that the clear argument to put to Ofgem and the Government is around extending proxy indicators to reflect the energy efficiency of a dwelling. If two householders with the same levels of income are living in different SAP rated properties, the householder with the higher SAP rating would need to pay more for their energy bill.

119. The size of suppliers' broader group schemes will also vary, taking into account the number of social tariff schemes already in place. As social tariffs are phased out, the broader group obligation put on suppliers will increase accordingly.
120. Concerns were raised that where an energy supplier meets its obligation cap, they will refuse any further referrals, resulting in eligible customers missing out on support. In response, the ERA explained that the decision to exceed an obligation cap would be a commercial one, but that this would need to be proportionate given that it is classified as a levy on consumers through additions to their bills. It was also highlighted by the ERA that whilst the referral process ceases at the end of March, it re-opens again the following financial year. Also, as the broader group obligation increases, this should alleviate such problems in the future.
121. We learned that under the Warm Home Discount initiative, energy companies



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will spend £250 million in 2011-12, increasing to £310 million by 2014-15 and amounting to about £1.1 billion over four years to help the most vulnerable customers.

The Carbon Emissions Reduction Target (CERT) and Community Energy Saving Programme (CESP)

122. CERT was first introduced in 2008 and designed in an attempt to reduce carbon emissions as well as alleviate fuel poverty. However, at that stage the ERA recognised that it would be more beneficial for consumers if there were two separate programmes – one for fuel poverty and another to tackle carbon emissions so that such schemes could be properly targeted and managed.
123. The Government increased the obligation on energy companies to help the most vulnerable and created a ‘Super’ Priority Group obligation for the most vulnerable – poorer, older pensioners – as part of the extension to 2012 CERT.
124. The Community Energy Saving Programme (CESP) is designed to complement the CERT and aims to deliver around £350m of energy efficiency packages to the poorest 10% of communities in England and poorest 15% in Scotland and Wales. CESP adopts a whole house, street by street approach with ‘hard’ energy saving measures. We noted that as of September 2011, 1524 properties in Yorkshire and Humber had received help from CESP.
125. However, a criticism of CESP has been that by adopting a postcode assessment process, there is a risk that households on higher incomes and in better quality homes living in low income areas will benefit from this programme rather than those most in need. Additionally, many low-income households living in areas outside the designated areas of deprivation will also be missed by a programme targeting low-income areas rather than low-income households. Finally, the geographical limits may in many cases be dividing communities in two. This was also an issue raised within the Marmot Review on the Health Impacts of Cold Homes and Fuel Poverty. However, in spite of this, we recognise that area based initiatives can offer economies of scale and can sometimes allow the inclusion of properties which might otherwise be too expensive to treat by non area-based schemes, therefore such schemes are still likely to form a part of the city’s response to fuel poverty in the future.
126. Both CERT and CESP schemes are still in operation but will cease in December 2012. Representing its members, the ERA made it clear during our inquiry that energy suppliers still have resources available under CERT and CESP. We noted that CERT and CESP projects are being delivered and obligated parties are promoting and marketing the measures with a view to meeting their obligation. However, due to a variety of constraints – such as tenure types, construction types, non interest from consumers – delivering measures to vulnerable customers remains a challenge. In view of this, energy



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suppliers would welcome approaches from Local Authorities and other locally based partnerships to try and get energy efficiency improvements delivered to such vulnerable households.

127. In the meantime, we learned that the ERA is working with the Government and funding a letter being written to members of the Super Priority Group from the Government encouraging them to contact a national helpline to see if they can access measures under CERT.
128. We understand that both CERT and CESP are to be replaced with the new Green Deal and the Energy Company Obligation (ECO) initiatives. Whilst these are due to come into operation this year, such schemes are still under development and therefore some details remain unclear. The Department of Energy and Climate Change launched a consultation in November 2011 setting out the proposals for the Green Deal and ECO and inviting views on key issues. This consultation closed on 18th January 2011. In light of the proposals set out within this document, we considered the potential opportunities and barriers to these new initiatives.

Opportunities and potential barriers of the new Green Deal and ECO initiatives

129. Central to the Green Deal's policy objective is a desire to deliver energy efficiency measures to homes and businesses through a market

mechanism without subsidy. At its heart is an innovative new financial mechanism which means that customers face no upfront costs and also means that they only make the payments whilst they stay at the property as the charge is added to the electricity bill. The Green Deal 'Golden Rule' specifies that any charge attached must be less than the expected savings from the retrofit. Once the customer has their Green Deal assessment completed, they will be able to take the outcome of the assessment to any authorised Green Deal provider for a quote for the finance and installation of one or more of the recommended measures. It will not be possible to enter into a Green Deal finance arrangement or install any measure under the Green Deal banner without a Green Deal assessment.

130. However, to help the poorest and most vulnerable households, extra financial support will be needed. The Government is therefore putting in place the Energy Company Obligation (ECO). Under the ECO, some energy companies will be legally obliged to provide the extra support needed to make sure that hard to treat homes and lowest income and vulnerable households can benefit from the new arrangements. In doing so, the ECO will be split, comprising of the 'Affordable Warmth Obligation' and 'Carbon Saving Obligation'.
131. We note that the ERA is supportive of the Government's aims for the Green Deal and ECO as energy suppliers agree that there is a need to move away from an energy efficiency market reliant on subsidy to one where measures with a positive return on



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investment are paid for by those who directly benefit from them. However, we also note that the ERA identifies a number of challenges to the new policy framework. In particular, the ERA highlights that there is not yet a single coherent view of how end to end Green Deal customer processes and the systems required to facilitate them will work in practice. In view of this, it emphasises the need to have a fair and smooth transition from CERT and CESP to ECO.

132. We recognise that a key issue under ECO is determining the size of the overall target as greater levels of ambitions under ECO will mean greater costs to energy companies and by extension greater costs to all bill payers. Under present plans, only a quarter of the funds earmarked for the ECO are expected to be spent on the Affordable Warmth Obligation meaning that it will not be adequate to solve the issue of fuel poverty alone and will be potentially regressive.
133. We do have serious concerns around the proposal that the eligibility for the Affordable Warmth measures are to be restricted to households who are in receipt of the benefits similar to the CERT Super Priority Group and who are in private housing tenures.
134. Whilst acknowledging that the social housing sector has higher average SAP ratings than other sectors, this masks many properties with very low ratings which have not been able to access CERT/CESP in the past. As these residents will also be paying towards ECO through energy bills, it is simply not acceptable to knowingly exclude them from support.
135. In relation to the eligibility criteria for ECO, we have already acknowledged that income based assessments are too broad – including many people who are not fuel poor and excluding many people who are. Having established that fuel poverty is a function of housing type/energy efficiency levels and income, we feel that the Affordable Warmth Obligation should take both into account.
136. We understand that under the Affordable Warmth Obligation, the intention is to class as eligible any measure which will improve the thermal performance of a property, measured through a reduction in the expected cost of heating space or water in the property. Suppliers will therefore be expected to deliver primarily heating systems and basic insulation measures under the Affordable Warmth Obligation. Whilst we welcome this, we are concerned that unless utilities are forced to accept applications for any technology for those households genuinely in fuel poverty, then those in hard-to-treat properties, who have missed out on most previous support, may miss out again.
137. Local intelligence shows that the highest instances of fuel poverty occur in pre-1919 properties, particularly in the c20,000 back to back terraces. The private rented sector in back to back terraces has the very highest proportion of fuel poor residents. Even with significant Carbon Saving Obligation subsidies, the cost of bringing these properties up to a decent thermal standard would still leave future residents with Green Deal packages that are outside their reach.



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These properties need to be able to balance Affordable Warmth Obligation and Carbon Saving Obligation in order to address fuel poverty.

138. Also as part of the Affordable Warmth Obligation, we acknowledge that whilst repairing an old boiler will not save carbon or reduce heating costs, we still believe that it is favourable in some situations to replacing a boiler. It would therefore be helpful to develop as part of these proposals, a general formula that takes into account efficiency of boiler/age of boiler/cost of repair to use to determine whether or not it is better to repair or replace a boiler.
139. We were pleased to note that the ERA also argued that eligibility for Affordable Warmth measures should not be restricted to the CERT Super Priority Group (SPG) and should not be limited to those in private housing tenures too. It highlights that current experience in CERT indicates that the SPG market is difficult to access, with the proposed removal of social tenants in ECO only likely to exacerbate the situation further. The ERA therefore considered the initial proposals to be too restrictive and highlighted that to limit eligibility in either of these ways would prevent this support being provided to vulnerable and at-risk-of fuel-poverty customers.
140. In relation to the ECO Carbon Saving Obligation, it is proposed that this be achieved primarily by promoting and installing solid wall insulation. However, we would argue that this obligation should also include hard-to-treat cavities (for those cases where it does not meet the Golden Rule) and roof insulation alongside solid wall insulation. In extending the ECO Carbon Saving Obligation to cover all technologies, this would also help ensure that there is a properly functioning competitive market.
141. Even though Leeds has a large proportion of pre 1919 properties, it is impossible to tell what proportion of these have non-standard cavity walls, as insulation contractors have often recorded these as “solid wall” for the purposes of CERT reporting without inspecting the wall internally. Leeds also has around 70,000 properties with attic rooms, so it is certain that non-standard cavity wall and attic room insulation could provide a cost effective way of improving the energy efficiency of hard to treat properties in Leeds.
142. We noted that the ERA message to Government on the Carbon Saving Obligation was also around the need to make this more equitable in terms of installing all necessary measures. It too has therefore lobbied for other measures aside from solid wall to be allowed, recognising that those people with hard to treat cavities who may not have received support under CERT will be missed again under the Carbon Saving Obligation of ECO.
143. Suppliers require support with targeting measures as they do not have information on customers’ personal financial circumstances. The ERA advocate that the most effective way to target ECO is for the Government to work collaboratively with suppliers to find innovative solutions for identifying and offering support to the most vulnerable or those at risk of fuel poverty. The ERA also advocated



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referrals from a trusted agency such as a Local Authority, social services or the NHS. The Hills Fuel Poverty Review detailed a number of adverse health impacts of fuel poverty and it would be beneficial to consumers if Local Government and other agencies collaborated to refer people at risk for measures. We also agree that in order to fill this gap, it is vital that Local Authorities have the ability to direct funding such as the ECO towards areas of low income and poorer hard to treat housing.

144. We are pleased to note that the views expressed above, along with other related points, have already been formally fed back to the Department of Energy and Climate Change as part of its consultation both by the Council and the Energy Retail Association. At the time of concluding our inquiry, the findings of the consultation process and agreed proposals for the Green Deal and ECO had not been published. Once available, we recommend that the Director of Environment and Neighbourhoods reports to Scrutiny on the final proposals for these schemes and how the Council and its partners intend to promote and deliver these schemes locally.

Recommendation 14

That, once available, the Director of Environment and Neighbourhoods reports to the Executive Board and Scrutiny on the final proposals for the Green Deal and ECO schemes and how the Council and its partners intend to promote and deliver these schemes locally.

Solutions to tackling fuel poverty in Leeds

Targeting investment into improving the energy efficiency of the general housing stock

145. It is recognised nationally that the most sustainable way of tackling fuel poverty and limiting the impact of fuel price increases is to build energy efficient housing and retrofit the existing housing stock to an energy efficiency level that would make it extremely hard for people to fall into fuel poverty, as space heating accounts for the greatest share of energy use in homes.
146. The Marmot Review in particular concludes that improving the energy efficiency of the existing stock is the only long-term sustainable way of ensuring a number of multiple gains: environmental gains, health gains, the mitigation of climate change and social gains through a reduction in health and environmental inequalities. The Marmot Review states that major energy efficiency retrofit programmes that would bring homes to a SAP of 81 (equivalent to Energy Performance Certificate band B) have been estimated to reduce fuel bills of the fuel poor by half, thus removing 83% of fuel poor households from fuel poverty, as well as reducing CO2 emissions related to domestic energy requirements by over 50%. It therefore recommends that the Government should aim to make improving energy efficiency standards a priority.
147. We also acknowledge the long term benefits of bringing up the general



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standard of stock strategically over time and recognise that much of the work undertaken by the Council is focused on delivering the most cost effective measures on a large scale.

148. We have established that local data indicates that the highest levels of fuel poverty are found in the inner city areas of Leeds, which are also the areas with the highest proportion of older hard to treat properties. This suggests that even though hard to treat measures are expensive, they are necessary to alleviate fuel poverty in the worst affected areas. The clear correlation between areas of low income and older properties indicate that targeting such measures by area would be a vital and cost effective way of assisting those who need help.
149. Whilst we would hope that the developing Green Deal and ECO schemes will provide greater opportunities to target investment where needed, in the meantime we noted from the ERA that energy suppliers still have resources available under CERT and CESP. Suppliers would therefore welcome assistance from Local Authorities to identify and target these resources effectively.
150. We understand that in future Local Authorities will gain access to Energy Performance Certificate data to assist in identifying specific properties and areas to target affordable warmth measures. Once this data is available, the Council should proactively work with energy suppliers and others to explore provision of grants from the existing CERT and CESP schemes. In future, such an approach should also be adopted for ECO.

Recommendation 15

That the Council utilises the Energy Performance Certificate data, when made available by Government, to identify specific properties and areas to target with affordable warmth measures and to proactively work with energy suppliers and others to explore provision of grants from the existing CERT and CESP schemes and forthcoming ECO.

Targeting the private rented sector effectively

151. The Marmot Review also acknowledges that as a proportion of the total number of households for a given tenure (i.e. private rented, owner occupier or social housing), households living in private rented accommodation have a higher likelihood of living in fuel poverty. Potential reasons highlighted are around tenants being put off from seeking help to improve the energy efficiency of their homes because they may not see it as worth the effort or investment if they plan to move, or even realise it is an option they could take advantage of subject to the agreement of the landlord. They may also fear eviction if some cost or disruption might fall on the landlord. Financial incentives are also low for the landlord who are put off improving properties by the upfront costs while most financial benefits will be to the tenants through lower energy bills.
152. Locally, we understand that the average SAP rating within the private rented sector is 55. When considering the private sector in terms of the



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decency standard, it was found that 51,400 dwellings would fail the decency standard due to poor thermal comfort. This represents 20.7% of the private stock. It was estimated that it would cost £74m or £1,400 per dwelling for the thermal comfort element of decency to be met in this tenure.

153. However, decency is not enforceable within the private sector. The standard by which a private sector property is measured is based on the Housing Health and Safety Hazard Rating System (HSHRS). The most serious hazards are classed 'category 1' and the Council has a duty to take action to eliminate or significantly reduce such hazards.
154. In acknowledging this, the Marmot Review called for more appropriate legislation to be developed on the side of tenants in private rented accommodation who are put off seeking help to make energy efficiency improvements to their homes. It recommended that the Government develop targets for upgrading the energy efficiency of the existing stock. The review found that this has the potential of raising 150,000 households from fuel poverty if privately rented F and G rented properties were brought up to a band E.
155. Interestingly, following the Marmot Review, we note that the Energy Act 2011 now includes provisions to ensure that from April 2016, tenants will be able to demand energy efficiency improvements from their landlords. Should landlords refuse consent (without a justifiable reason), Local Authorities will be able to compel landlords to undertake the improvements. They will also be able to fine landlords for not doing the improvements when the tenant first asked. It is likely that fines will be up to £5,000.
156. Further, in 2018 the Government intends to bring in minimum energy efficiency standards. Landlords will not be allowed to let out any property with an Energy Performance Certificate (EPC) banding of 'F' or 'G' unless the landlord can prove they have done all they can through the Green Deal and other subsidies to bring the property up to an EPC Band 'E'
157. Locally, we acknowledged that the last Leeds Private Sector House Condition Survey (2007) revealed that the major hazards affecting the private rented sector in Leeds are excess cold, falls (on stairs, falls on the level and between levels) and fire safety. This survey also highlighted that excess cold hazards in this sector account for 61.6% of all category 1 hazards and pose the greatest challenge for the Council to resolve.
158. As a Scrutiny Board, we undertook a separate inquiry this year into Private Rented Sector Housing, which focused on raising quality standards and maximising the use of private rental accommodation in Leeds. In doing so, we acknowledged the longstanding issues faced by the Council in striving to achieve consistency in the quality of housing standards within the private rented sector. The Scrutiny Board therefore concluded that more proactive activity was needed to enable more robust monitoring and regulation of this sector, particularly as the



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demand for private rented sector accommodation is likely to increase even further in the future.

159. A recommendation was made for the Council to adopt a more proactive and targeted integrated management approach in addressing those areas of the city that have greater housing and environmental needs. As part of this approach, we would therefore expect to uncover private rented sector properties with low SAP ratings and poor thermal comfort to enable the Council to work closely with the landlords to address such problems and signpost them to where they can access support for such works if necessary.
160. We acknowledge that the condition of membership to the Leeds Landlord Accreditation Scheme also requires the removal of all Category 1 hazards from all properties owned by members of the scheme. As part of the drive to recruit and retain landlords to the Leeds Landlord Accreditation Scheme, the Scrutiny Board also recommended that the Director of Environment and Neighbourhoods works closely with the Housing Regulation Team, Locality Managers and the Residential Landlords Association to engage more effectively with existing landlord forums and also explore the development of local landlord forums, particularly within identified 'hot spot' areas of the city, to share ideas on how to address their needs. As part of this engagement process, we would expect to find energy efficiency on the agenda as a key priority for landlords to address.
161. We would also expect the Council to use its own website as a way of

communicating with tenants and landlords more widely, but also enabling them to gain easy access to accurate and timely advice, information and assistance. As part of the inquiry into private rented sector housing, we acknowledged that the Council's website is currently under development and therefore recognised that this was an opportune time to revisit the information provided to tenants and landlords via the Council's website to ensure they do have easy access to accurate and timely advice, information and assistance. It is therefore vital that information around existing support schemes specifically aimed at the private rented sector in terms of achieving affordable warmth are incorporated as part of this process.

Commissioning resources for the delivery of emergency repairs and heating system improvement works

162. It was highlighted that whilst works needed for improving the energy efficiency of properties could potentially be funded through Green Deal or ECO when set up, there is no clear plan in place for funding emergency repairs and heating improvement works.
163. We learned that the Council recently received funding from the Department of Health (Warm Homes Healthy People Fund) to improve heating in the homes of vulnerable people. Care and Repair are using this funding to carry out free repairs and improvements to heating systems under this scheme. This will include repairs to gas or electric fires, repairs to boilers, fitting thermostatic valves, servicing systems and providing emergency heaters.



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This is targeted at vulnerable people who live in their own homes or privately rented accommodation and there are no age or income restrictions. However, we learned that such funding needs to be spent before March 2012.

164. Whilst we understand that such a scheme is being inundated with referrals, we noted that there are no further plans from the Department of Health to provide funding for similar schemes beyond this financial year. Such inconsistency in funding streams for these types of schemes can often undermine the confidence of front line staff to promote such schemes for fear of it no longer existing.
165. There is therefore a clear need to develop a more sustainable programme aimed at carrying out such emergency works in vulnerable people's homes in order to avoid the hazard of excess cold.
166. In acknowledging the success of the Liverpool model where the City Council has worked in partnership with the NHS to align funding for preventative care in terms of tackling category 1 hazards such as excess cold, we recommend that the Director of Public Health in Leeds works closely with the Clinical Commissioning Groups to look at the potential of providing longer term funding to maintain the existing Warm Homes Healthy People scheme administered by Care and Repair.

Recommendation 16
That the Director of Public Health in Leeds works closely with the Clinical Commissioning Groups to look at the potential of providing longer term funding to maintain the existing Warm Homes Healthy People scheme administered by Care and Repair.

167. However, separate to this particular scheme, we also recognise the need to develop and lever in financial support for a broader programme of preventative measures aimed at tackling the hazard of excess cold across the city. Such preventative intervention measures will assist in addressing the longstanding problems relating to the numbers of excess winter related admissions into hospital and the associated costs to the NHS and also the wider economy. However, it is vital that the benefits associated with improving the wellbeing of individual householders is also recognised, which is something that can not be measured in monetary terms.
168. The Director of Care and Repair shared with the Scrutiny Board his own experiences of coming across vulnerable householders in Leeds having to cope with very sub-standard living conditions due to the stark reality of not being able to achieve affordable warmth and therefore in desperate need of support. In view of this, we believe there is merit in building up a portfolio of case study evidence that can be used to illustrate to commissioners that where vulnerable householders have been in receipt of such preventative intervention measures, this has had a positive impact in terms of improving their overall health and wellbeing.
169. We therefore recommend that the Director of Public Health in Leeds works closely with the Director of Care and Repair to begin building up this portfolio of case study evidence. In doing so, the Director of Public Health in Leeds should also work with the



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Health and Wellbeing Board and the local Clinical Commissioning Groups to begin developing and exploring opportunities to lever in financial support for a broader programme of preventative measures aimed at tackling the hazard of excess cold across the city.

Recommendation 17
That the Director of Public Health in Leeds works closely with Care and Repair to begin building up a portfolio of case study evidence to illustrate to commissioners that where vulnerable householders have been in receipt of preventative measures aimed at tackling the hazard of excess cold, this has led to a positive impact in terms of improving their overall health and wellbeing.

Recommendation 18
That the Director of Public Health in Leeds works with the Health and Wellbeing Board and Clinical Commissioning Groups to begin developing and exploring opportunities to lever in financial support for a broader programme of preventative measures aimed at tackling the hazard of excess cold across the city.

Income maximisation measures

170. We acknowledge that physical measures such as insulation and heating are more long term, one-off investments as opposed to some

income measures such as benefits, which often need to be paid in perpetuity. However, we do recognise that measures to alleviate low incomes in Leeds will also have a large effect on fuel poverty as so great a proportion of the fuel poor in Leeds survive on low incomes. Clearly if all the assistance was geared towards increasing householder income there would be no guarantee that the householder will spend that extra income on heat, meaning that the potential improvement to health is lost. We appreciate that the design of the new Warm Home Discount does seem to reflect this, directly reducing the fuel bills of qualifying households by £120-£140 per year and so having more effect on measured fuel poverty than would an equivalent increase in state benefits, as seen with the Winter Fuel Payments.

171. During our inquiry, we welcomed the contribution of the Citizens Advice Bureau (CAB). It was brought to our attention that requests made to the CAB for advice around fuel bills had increased by 75% over the last year. As part of the Big Energy Day campaign led by the CAB, customers were offered a benefits check. We learned that 28 people were benefit checked on that particular day and on average this led to people's incomes being raised by £20 per week. In view of the forthcoming benefit reforms set out within the Welfare Reform Bill, it was acknowledged that people in the 10% most deprived areas of the city were most likely to need a benefit check and would normally approach the CAB for this service.



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172. We also acknowledged the good work that the Council's Welfare Rights Team does in increasing the incomes of vulnerable households and would encourage the Council to ensure that this continues to be supported in the future.
173. Another key issue raised was around ensuring that lower income households also received support in finding the most appropriate energy tariff to help reduce the cost of energy. We acknowledge that the most distinctive feature of fuel poverty is its close relationship to the price of fuel and the way in which householders ration their heat, something illustrated by the large number of households in fuel poverty in Leeds that are using a pre-payment meter (55%).
174. We noted that in November 2010, Ofgem launched its Retail Market Review (an investigation into the markets for electricity and gas for households and small businesses in the UK) and published its findings and initial proposals in March 2011. Such proposals included actions aimed at making it much easier for consumers to identify who is offering the cheapest tariff and also make it easier for new suppliers to enter the market and increase the transparency of company accounting practices.
175. We noted that a condition within the supply licence (Standard Licence Condition 27.2A) stipulates that any difference in terms and conditions between payment methods for paying charges for the supply of domestic electricity or gas shall reflect the costs to the supplier of the different payment methods. As part of its Retail Market Review, Ofgem has observed a number of positive outcomes resulting from this standard licence condition. In particular, we learned that suppliers have dramatically decreased the premium charged to prepayment meter (PPM) customers with respect to their standard credit customers. Some suppliers now charge less, per year, to their PPM customers. This has had the effect of bringing down the differential between PPM and standard credit, so that, PPM customers now pay, on average, £20 less than standard credit customers for their gas and electricity.
176. However, we noted that the latest domestic consumer engagement survey by Ofgem also showed that around 60% of energy consumers report never having switched supplier. This percentage has remained broadly stable since 2007, suggesting that there is a set of consumers who remain disengaged from the energy market (and in some cases permanently disengaged).
177. It is important to note that one of the main reasons cited for never switching supplier, continues to be that consumers are happy with their current supplier (77% of consumers who claim they have never switched supplier). This suggests that many of these consumers are happy to remain so. However, Ofgem's consumer research had also shown that some of these consumers also assume that their supplier has already put them on the most appropriate tariff.
178. Ofgem also reports that the Retail Market Review found that there are more consumers who claim they have never switched in lower social grades



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and certain age groups, which has raised concern when combined with the information around potential savings that consumers are missing out on from not switching. This was also echoed by the CAB during our own inquiry and it was highlighted that fuel tariff checks were also offered as part of the Big Energy Day campaign.

179. We understand that the Big Energy Day Campaign will be formally evaluated. In anticipation of the evaluation findings being made available for consideration, and in view of the findings from the Ofgem Retail Market Review, we do recommend that the Council leads on developing a strategy with key partners, including the CAB and Advice Leeds, for undertaking benefit checks on an annual basis accompanied with a service offer for conducting fuel tariff checks.

Recommendation 19
That the Director of Environment and Neighbourhoods leads on developing a strategy with key partners, including the CAB and Advice Leeds, for undertaking benefit checks on an annual basis accompanied with a service offer for conducting fuel tariff checks.

180. Whilst acknowledging the commitment made by Ofgem to take action aimed at making it much easier for consumers to identify who is offering the cheapest tariff, we are concerned that such action has not yet been taken and therefore the Chair of the Safer and Stronger Communities Scrutiny Board will write to Ofgem setting out our concerns.

Exploring the bulk purchase of domestic heating fuel for householders

181. During our inquiry, consideration was given to the move towards bulk purchasing of domestic heating fuel for householders. We noted that in July 2011, the New Local Government Network published the pamphlet 'Going Dutch' which investigated the Netherlands *Met De Stroom Mee* initiative in which residents agreed to let the project negotiate directly with the energy suppliers on their behalf. This allowed Met De Stroom Mee to secure bids from energy companies that were much lower than the average cost of bills that households were paying.
182. In order to negotiate directly in bulk, the initiative sought the registration of 10,000 residents, although there was no legal requirement for them to go ahead with the deal. In the end, a total of 6,630 residents signed up for the tariff, saving on average 300 Euro per annum of their household energy bills (approximately 20%).
183. During our inquiry, we also learned that South Holland District Council in Lincolnshire had embarked upon a similar scheme which it expects will save customers on average £150 per year. In doing so, the Authority is currently collecting the details of interested residents through a web portal.
184. This scheme differs from the Dutch example in that the prospective energy supplier has agreed to beat the best tariff currently charged in South Holland by at least 15%, however, this



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is subject to an as yet undisclosed minimum number of interested residents signing up to the project. As part of the deal, the chosen supplier has agreed to install smart meters in all customers homes to help them to maximise energy savings. So far, the scheme has signed up 770 potential customers.

185. Although there have been a number of successful schemes across Europe, it is unknown how UK energy suppliers will react in the UK's energy market. Early indications are that they may be interested, depending on the number of interested households, however, this will not be known for certain until someone attempts to make a deal with them.
186. Experience in Europe is that 100,000 households is the maximum number of people that can be engaged in such a scheme as suppliers are unable to cope with more than this number of people switching at one time, therefore once this number is reached, the lead authority can run a reverse auction which customers would then be able to choose whether to buy into.
187. We understand that DECC are also leading a working group to explore this further, of which the ERA is a member. During our own inquiry, we learned from the ERA that possible barriers that need to be explored further relates to the non-discrimination licence condition put on suppliers.
188. In September 2009, Ofgem introduced the Undue Discrimination Prohibition Standard Licence Condition 25A. This requires the domestic supplier to ensure that in supplying or offering to supply electricity, the Principal Terms on which it does so do not discriminate without objective justification between one group of Domestic Customers and any other such group (this does not apply to suppliers with fewer than 50,000 domestic customers per fuel). Whilst this provision is due to expire on 31st July 2012, Ofgem are currently consulting on proposals to extend this provision until July 2014 until the full impact of its Retail Market Review proposals is clear.
189. Another potential barrier identified is around ensuring that whoever acts as the third party intermediary between the customer and energy supplier can be trusted. However, this may be less of an issue with Local Authorities leading a project.
190. We learned that Community Energy Direct (CED) is also currently designing a collective energy scheme that Local Authorities and social landlords can use as a blueprint (Collective Power Scheme). We noted that under this model, if the householder decides to take up the offer, they will be bound into it for the period of the contract, much like a fixed price energy deal. This leads to an element of risk for the Council if other prices drop during the period of the contract, or could lead to criticism of the Council if when the contract ends, the price has to be renegotiated at an increased rate. Because of this, CED envisage the scheme as providing added value by giving householders better customer service as well as a conversation with the householder on saving energy and links into the Green Deal for example.



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191. Whilst recognising the potential benefits of this approach, we would advise that the Council undertakes a cost-benefit and risk analysis to be reported back to the Executive Board and Scrutiny for further consideration.

Recommendation 20
That the Director of Environment and Neighbourhoods leads on undertaking a cost-benefit and risk analysis for the Council to bulk purchase domestic heating fuel for householders. The findings of this analysis should be reported back to the Executive Board and Scrutiny for consideration within 3 months of the South Holland documents becoming available.

192. Following the national review of fuel poverty undertaken by Professor Hills, we understand that the Government will be responding to the issues and recommendations arising from this review later in the year. In tracking progress with our own inquiry recommendations, as a Scrutiny Board we will also track the progress of this national review with great interest.



Appendix 1

Examples of local schemes aimed at tackling fuel poverty.

Wrap Up Leeds Scheme

The Executive Board approved the Home Insulation Scheme in October 2011, which led to Yorkshire Energy Services (a community organisation which provides independent energy efficiency advice to households in West Yorkshire), being appointed to deliver this scheme (now known as Wrap Up Leeds). This scheme went live on 3rd January 2012.

The Council is working with Yorkshire Energy Services to provide insulation for up to 15,000 homes. The scheme is available across the city and is available to anyone who owns their own home or privately rents inside the Leeds City Council area. Most homes will qualify for completely free insulation, and some larger homes may be asked to pay a contribution towards the work. Wrap up Leeds is available for 15,000 Leeds residents on a first-come, first-served basis until September 2012.

Wrap Up Leeds offers cavity wall insulation and loft insulation free of charge, subject to a free technical survey provided by the scheme. While many other free offers only apply where no loft insulation currently exists, Wrap Up Leeds can top existing loft insulation free of charge to the recommended 270mm to help save even more on rising fuel bills.

Following a media campaign, including adverts on buses, leaflets, posters and events across the city, the Wrap Up Leeds team will also be knocking on doors in some areas of the city where the available information on fuel poverty and the types of houses suggests free insulation will have the highest impact.

Hotspots Referral Scheme

The Hotspots scheme was set up as a partnership between Yorkshire Energy Services, West Yorkshire Local Authorities and organisations such as the Pensions Service and Fire Service. The scheme allows front line staff and volunteers to refer vulnerable households to energy efficiency grant/fuel bill advice as well as benefits advice and home fire safety checks. This addresses fuel poverty by increasing household energy efficiency, advising on fuel bills and maximising income.

Leeds City Council were involved in setting up the scheme some years ago and decided to re-launch it in the city from November 2010 to give a wide range of staff, both Council and non-Council, as well as volunteers from third sector organisations a quick and easy way to refer people to help.

Training was initially given to internal Council teams such as the Adaptations Agency, the Home Improvement Assistance team, one-stop centres and Adult Social Care teams. Training has also been given to twenty one voluntary organisations so far, including Carers Leeds, Leeds Housing Concern and Hamara and now includes children's centre staff and managers.



Appendix 1

In all, fifty teams/organisations in Leeds have been trained to help them recognise and respond to affordable warmth issues since the scheme re-launch.

271 vulnerable households in Leeds have been referred for energy and grants advice since the scheme was re-launched in November 2010 with 148 of these receiving benefits advice and 76 fire safety checks.

Warm Homes Service (formally Health Through Warmth scheme)

The Council remains committed to supporting a referral service specifically aimed at providing heating and insulation assistance to households suffering from cold related illness. The Council administered and jointly promoted the Health Through Warmth scheme with the NHS from 2005 until the service moved to Care and Repair in March 2010.

However, the main funding stream for Health Through Warmth ceased at the end of 2011. In response, both the Council and NHS Leeds assisted Care and Repair in putting together a bid to provide a replacement Warm Homes Service which would continue to assist people suffering from cold related illness, as well as offering home safety checks and regular follow up checks to ensure that future needs are met. The bid was successful and the service will be jointly funded by Leeds City Council and Scottish Power for two years from March 2012, with the NHS making referrals through frontline staff. Leeds City Council and NHS Leeds jointly funded the scheme during the interim period to ensure that referrers experience a continuity of service.

Care and Repair Energy Efficiency Projects

Between 2007 and 2009, two main energy efficiency projects were undertaken by Care and Repair. The total cost of these 2 projects was £10,700 and together they generated £344,000 of energy efficiency and heating improvements; £78,000 of Home Maintenance Improvements and 34 older people received the Falls Prevention Service, reducing the risks of them falling in their homes (if a person falls and breaks their hip it will cost approximately £25,000 for their treatment and rehabilitation).

More recently, the Council received funding from the Department of Health (Warm Homes Healthy People Fund) to improve heating in the homes of vulnerable people. Care and Repair are using this funding to carry out free repairs and improvements to heating systems under this scheme. This will include repairs to gas or electric fires, repairs to boilers, fitting thermostatic valves, serving systems and providing emergency heaters. This is targeted at vulnerable people who live in their own homes or privately rented accommodation and there are no age or income restrictions. However, funding linked to this scheme needs to be spent before March 2012.

Leeds Energy Champions Scheme

The Leeds Energy Champions Scheme was developed by NHS Leeds as a way of encouraging customer facing staff to refer vulnerable patients to energy measures. Referrals are received from front line staff and actioned by the Warm Homes Service (previously Health



Appendix 1

Through Warmth). Leeds City Council provided training to NHS staff before Care and Repair took over and have since extended the scheme to Adult Social Services. This includes providing assistance with training, and a representative from Fuelsavers/Environment Policy Team attends the quarterly NHS affordable warmth meeting to keep the Energy Champions informed of changes to energy grants etc.

Joint Energy Grant Promotion

Where appropriate, Leeds City Council co-operate with the NHS to promote energy grants to vulnerable households. This has included attending NHS events to disseminate energy efficiency information and co-operating on mailouts to flu jab recipients. The Council has also provided an energy advice surgery at the All Being Well stall in Kirkgate market.



Evidence

Monitoring arrangements

Standard arrangements for monitoring the outcome of the Board's recommendations will apply.

The decision-makers to whom the recommendations are addressed will be asked to submit a formal response to the recommendations, including an action plan and timetable, normally within two months. Following this, the Scrutiny Board will determine any further detailed monitoring, over and above the standard quarterly monitoring of all scrutiny recommendations.

Reports and Publications Submitted

- Domestic Energy Efficiency Report for Leeds Housing Stock 2010. Fuel Savers Energy Audit Coordinator. January 2011.
- Briefing paper from Environment and Neighbourhoods directorate on energy efficiency within the private sector. August 2011.
- Report by Sheffield Hallam University 'Better Housing, Better Health in Leeds. Cost-Benefit Analysis of Improving Living Conditions'. May 2011.
- The Health Impacts of Cold Homes and Fuel Poverty. Marmot Review Team. May 2011.
- The Fuel Poverty Review – A Call for Evidence – Submission paper by Leeds City Council.
- Draft revised Leeds Affordable Warmth Strategy 2007-2016 – November 2011.
- Draft Affordable Warmth Action Plan – November 2011.
- Briefing paper from Environment and Neighbourhoods directorate on the forthcoming Government changes to Fuel Poverty Policy. December 2011.
- An extract (Executive Summary) of 'Fuel Poverty, the problem and its measurement'. Interim Report of the Fuel Poverty Review. John Hills. October 2011.
- Briefing paper from the Environment and Neighbourhoods directorate on the Hotspots Referral Scheme and Financial Inclusion. December 2011.
- Briefing paper from the Director of Care and Repair on Energy Efficiency Projects in 2007-2009.
- Ofgem publication 'The Retail Market Review – Findings and initial proposals. March 2011.
- Briefing paper from Environment and Neighbourhoods directorate on current fuel poverty links between the NHS and Leeds City Council. February 2012.
- Briefing Paper by NHS Airedale, Bradford and Leeds – outline of NHS activity to addressing fuel poverty and its impact on health including NHS contribution to citywide partnership agenda. February 2012.
- Energy Retail Association's written response to the Energy and Climate Change Committee's Inquiry into Fuel Poverty 2010.
- Department of Energy and Climate Change Consultation Document 'The Green Deal and Energy Company Obligation'. November 2011.
- Energy Retail Association's written response to the Department of Energy and Climate Change Green Deal and Energy Company Obligation Consultation. January 2012.
- Written submission by Leeds City Council to the Department of Energy and Climate Change Green Deal and Energy Company Obligation Consultation. January 2012.
- Department of Energy and Climate Change Annual Report on Fuel Poverty Statistics 2011.



Evidence

Reports and Publications Submitted....continued.

- An extract (summary section) of 'Getting the measure of fuel poverty'. Final report of the fuel poverty review. John Hills. March 2012.
- Department of Health publication 'Improving outcomes and supporting transparency. Part 1: A public health outcomes framework for England, 2013 – 2016'. January 2012.
- Briefing paper from the Environment and Neighbourhoods directorate on bulk domestic fuel purchase. March 2012.

Witnesses Heard

- Dawn Bailey, Healthy Living Manager, Directorate of Public Health, NHS Airedale, Bradford and Leeds.
- Dr Ian Cameron, Joint Director of Public Health for Leeds.
- Gill Chapman, Service Development Manager- Out of Hospital Care Services, Leeds Community Healthcare NHS Trust.
- Phillip Charlton, Project Manager, City Project Office, Leeds City Council.
- Robert Curtis, Fuel Poverty Officer, Leeds City Council.
- Myrte Elbers, Health Improvement Specialist (Primary Care), NHS Airedale, Bradford and Leeds
- Alison Griffiths, Disability Service Manager, Adult Social Care, Leeds City Council.
- Claire Ingleby, Yorkshire Energy Services.
- Mark Ireland, Service Manager, Area Renewal, Leeds City Council.
- Lucy Jackson, Consultant in Public Health, NHS Airedale, Bradford and Leeds/ Leeds North Clinical Commissioning Group.
- Vincent McCabe, Operations Director, Yorkshire Energy Services.
- Nick Morgan, Chief Executive, Chapeltown Citizens Advice Bureau.
- George Munson, Energy and Climate Change Manager, Leeds City Council.
- Dr Manjit Purewal, Leeds North Clinical Commissioning Group.
- Alun Rees, Policy and External Relations Advisor, Energy Retail Association.
- Bill Rollinson MBE, Director of Care and Repair, Leeds.
- Derek Sankar, Director, Advocacy Support, Leeds.
- John Statham, Head of Housing Partnerships, Leeds City Council.
- Jenny Thornton, Strategic Partnership and Commissioning Manager, Leeds and York Partnerships NHS Foundation Trust.
- Graham Wilson, Environmental Health Manager, Leeds City Council.

Dates of Scrutiny

- 17th August 2011 – Scrutiny Board Working Group Meeting
- 27th October 2011 – Scrutiny Board Working Group Meeting (session 1)
- 21st November 2011 – Scrutiny Board Working Group Meeting (session 2)
- 15th December 2011 – Scrutiny Board Working Group Meeting (session 3 – Part 1)
- 1st February 2012 – Scrutiny Board Working Group Meeting (session 3 – Part 2)
- 7th February 2012 – Scrutiny Board Working Group Meeting (session 4)
- 20th March 2012 – Scrutiny Board Working Group Meeting (final session)

Scrutiny Board (Safer and Stronger Communities)
Fuel Poverty
2012

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