

REPORT TO: HOUSING COMMITTEE – 20 MAY 2002

REPORT ON: THE SCOTTISH FUEL POVERTY STATEMENT:
CONSULTATIVE DRAFT

REPORT BY: DIRECTOR OF HOUSING

REPORT NO: 310-2002

1. PURPOSE OF REPORT

- 1.1. To advise Committee of the proposals contained in the Scottish Fuel Poverty Statement Consultative Draft issued by the Scottish Executive and to outline the Council's response in Appendix 1.

2. RECOMMENDATIONS

- 2.1. To approve the comments in Appendix 1 as the response from Dundee City Council to the Scottish Fuel Poverty Statement: Consultative Draft.

3. FINANCIAL IMPLICATIONS

- 3.1. This report has no financial implications.

4. LOCAL AGENDA 21 IMPLICATIONS

- 4.1. The Scottish Fuel Poverty Statement relates directly to Dundee's Local Agenda 21 themes including:

- Resources are used effectively and waste is minimised.
- Access to good food, water, shelter and fuel at a reasonable cost.
- Health is protected by creating safe, clean and pleasant environments.

5. ANTI POVERTY STRATEGY IMPLICATIONS

- 5.1. The Scottish Fuel Poverty statement relates directly to Dundee's Anti-Poverty Strategy themes including:

- Meeting needs, by targeting resources through providing services specifically for people in poverty.
- Improving economic position by, maximising personal income and Social Inclusion by preventing factors which make people vulnerable to poverty.

6. EQUAL OPPORTUNITIES

- 6.1. The Scottish Fuel Poverty Statement aims to challenge social exclusion by *'ensuring as far as reasonably practical that people are not living in fuel poverty in Scotland by November 2016'*.

7. BACKGROUND

- 7.1. In February 2001 a consultation paper was published by the Westminster Government and the devolved administrations, with the purpose of tackling fuel poverty, with the aim of ending it for vulnerable households by 2010. In March 2002, a consultative draft on Scottish Fuel Poverty was published which sets out a definition of fuel poverty, discusses its prevalence in Scotland, key developments since 1996, along with a strategy for tackling fuel poverty and target milestones for change.
- 7.2. Many of the issues raised by this Council in response to the UK Fuel Poverty Strategy have been incorporated into the Scottish Fuel Poverty Strategy. Examples would be the Executive's support for ideas such as Community Energy Partnership. It also includes the Executive acknowledging the need for more skilled heating installation contractors, the role of raising awareness and energy advice and the need for further discussion and research on many of the issues surrounding the fuel poverty debate.
- 7.3. The Scottish Executive welcomes comments on any aspect of the report, but is particularly seeking comments on:
- a. Their forward work programme.
 - b. Whether the Scottish Executive should develop a target relating to domestic energy efficiency and the possible approaches to developing such a target.
 - c. Their proposed approach to the development of target milestones for the reduction of fuel poverty.
- 7.4. Responses have been asked for by 31 May 2002.
- 7.5. The key elements of the strategy to reduce fuel poverty are:
- a. **Developing Knowledge and Monitoring Change**
 This will be achieved by exploring the use of the Scottish Housing Condition survey to obtain more regular information, develop alternative sources of information, and research into initiatives such as Central Heating Programme, provide Local Authorities with guidance on local monitoring and information issues in respect of fuel poverty and HECA (Home Energy Conservation Act) within the guidance on local housing strategies.
 - b. **Awareness Raising**
 This will be achieved through continuing to work with all relevant agencies to raise awareness.

c. **Housing Improvement Measures**

This will be achieved by continuing the New Housing Partnerships, Central Heating Initiative and Warm Deal, giving advice to the Housing Improvement Task Group on fuel poverty and considering their recommendations, exploring how effective interventions might be developed for the owner occupied sector and private renters in fuel poverty, supporting Local Authorities in their strategic responsibilities in relation to housing improvement and providing guidance on how interventions might be more effective.

d. **Energy Efficiency Measures**

This will be achieved by exploring the feasibility of a target relating to domestic energy efficiency in Scotland; implementing amendments to the building regulations which aim to improve energy efficiency of new dwellings by approximately 25%; and continuing to support innovation in the development of new technology to promote greater energy efficiency and encourage private sector take up of insulation measures.

e. **Partnership Working and Co-ordination**

This will be achieved by ensuring co-ordination with the UK Government on income, energy market issues and energy efficiency measures, ensuring that Local Authorities are considering fuel poverty as part of their local housing strategies, supporting innovative approaches to local partnership working such as Community Energy Partnerships, such as Dundee.

8. **CONSULTATION**

- 8.1. All Chief Officers, including the Directors of Environmental and Consumer Protection, Neighbourhood Resources and Social Work, have been consulted during the preparation of this report.
- 8.2. The Dundee Anti-Poverty Forum was also asked to offer its view in preparing the Council's response to this paper. The forum has decided to send its view directly to the Scottish Executive.
- 8.3. The Dundee Federation of Tenants' Association has been asked for their view during the preparation of this report and they are in agreement with the Council's response.

9. **BACKGROUND PAPERS**

The UK Fuel Poverty Strategy consultation paper, Policy and Resources Committee – 14 May 2001 (*ref 243-2001*).

ELAINE ZWIRLEIN
DIRECTOR OF HOUSING

Signed: _____

Date: _____

THE SCOTTISH FUEL POVERTY STATEMENT DUNDEE CITY COUNCIL RESPONSE

GENERAL

1. The statement provides informative background detail on fuel poverty affecting Scotland, a definition of fuel poverty for Scotland, reasons for fuel poverty and a welcome opportunity to comment on the forward action plan and milestones.
2. The draft statement also effectively highlights various initiatives already in place to help reduce fuel poverty, which tackle energy inefficient housing, low incomes and reducing fuel bills. As a result the Scottish Fuel Poverty Statement successfully argues the importance of fuel poverty in Scotland and clearly identifies it as a key issue in challenging social exclusion, deprivation and disadvantage.
3. The aim to ensure that as far as reasonably practical that people in Scotland do not live in fuel poverty within 15 years is welcomed and we agree with the definition used for fuel poverty in Scotland.
4. This Council largely supports the forward work plan, the introduction of a target for domestic energy efficiency and the introduction of target milestones for the reduction in fuel poverty. We do however, have some specific suggestions to make which may be helpful to the Executive in finalising their Fuel Poverty Statement, and these are detailed below.

DETAILED COMMENTS

1. **PRICE REGULATION AND THE OPERATION OF THE ENERGY MARKET** (pg 16)

While acknowledging that the opening up of the fuel markets has led to worthwhile reductions in gas and electricity prices in real terms, we welcome the plans to continue work with OFGEM (pg 30) to increase the transparency of tariff information. Experience in Dundee regarding energy suppliers offers is that their literature seldom provides actual unit costs, instead only referring to percentage reductions and such reductions are only available if payment is made by direct debit arrangements. The liberalisation of the energy market therefore, while benefiting all customers does provide greatest benefit to those who can afford to pay through direct debit. Customers using pre-payment meters are also those likely to be in a fuel poor category, pay a higher tariff and can have debts reclaimed at a level enforced by the energy providers, in addition to this, customers often voluntarily disconnect their supply for financial reasons. This problem does not apply to those with credit meters installed. We would welcome further discussion and action on this in the future.

The problem of high capital costs for installing gas supplies, since the liberalisation of the energy market can act as a disincentive for Local Authorities trying to offer tenants a choice between gas and electric heating installations. We would welcome a debate and discussion on future action on this issue.

2. **CHAPTER 4: MOVING FORWARD – OUR STRATEGY FOR TACKLING FUEL POVERTY IN SCOTLAND**

This is one of the main areas where the Scottish Executive asks for comments.

2.1. **Using the Scottish House Condition Survey**

The Executive is considering using continuous surveys to allow more regular information but less detailed information. No decision has been taken yet. One difficulty we have experienced in Dundee with the Local House Condition Survey is the unwillingness of people to co-operate and be involved. It has taken over a year to obtain the full sample for our latest Local House Condition Survey. We welcome the Executive's initiatives to develop knowledge and monitor change but request resources to help Authorities with HECA and local housing strategies on fuel poverty. (*See below for more details*).

2.2. **Improving the Housing Stock**

CENTRAL HEATING INITIATIVE

Dundee City Council welcomes the confirmation of the acceleration of the Scottish Executive's Central Heating Initiative and confirmation of the programme for replacement heating in 2004. However, we feel in the light of 6 months experience of operating the scheme and installing 604 heating systems through the scheme, there are some improvements we could identify to ensure these ambitious targets can be met:

- a. We would welcome some streamlining of the administration of the scheme, which in Dundee due to the size of the programme, is proving cumbersome to monitor. It is felt this may jeopardise progress towards achieving the 2004 target. An example of this is that tenants have to experience a number of necessary visits from start to completion of the work in their home. Many of the visits relate to the actual work, but the before and after surveys which are crucial to obtaining the grant and subsequent monitoring visits by consultants can lead tenants to become weary and stop allowing access. We are working with all the partners involved in this process to streamline as far as possible, but it may be that the Executive has to consider other options for monitoring rather than door to door surveys.
- b. Improvements to the advance notification of the level of funding would also be beneficial to allow the Authority to enter into full partnership agreements with heating installation contractors. The Executive acknowledges the difficulties facing Authorities and others due to the lack of availability of skilled installation workers and is working to improve this situation. The Executive has also welcomed the use of partnership arrangements with the private sector. We in Dundee have tried to foster these relationships and had hoped to enter a full partnership with the heating installers this year for the Executive's heating programme and our own central heating programme. We were unable to do this to the extent we wished, as we did not know, at the stage of negotiations, either our capital allocation or our grant through the Executive's heating programme. This Council would welcome some return to Resource Planning Assumptions so that we would know the minimum and maximum levels of funding/borrowing expected over a 3 year period and

could base negotiations and partnership relationships on these.

- c. The grant is, of course, very welcome but does not cover the full cost of providing the full package of measures such as heating installation, insulation and energy advice in Dundee.

2.3. **Strategic Responsibilities in Relation to HECA and Housing Improvement**

The Executive states that it will put together guidance on how Local Authority local housing strategies can be more effective in relation to fuel poverty and HECA issues. We welcome this and hope that the Executive is able to provide this at an early opportunity to inform the preparation of the local housing strategies. The Home Energy Conservation Act 1995 introduced in Scotland 1996 has encouraged Local Authorities to make important strides to improving energy efficiency in their own stock and placed a duty on Local Authorities to devise strategies that would improve the energy efficiency of all housing in their area.

Dundee along with other Councils has submitted its second progress report on HECA and has reported cumulative energy savings of 9.49% and is on track to achieve the target of a 30% reduction over 10-15 years. The Housing (Scotland) Act 2001 places a new duty on Authorities to tackle and reduce fuel poverty in their areas and we welcome this challenge. However, we feel certain steps could accelerate the progress already made. Examples of this would be:

- a. Staffing resources for Councils to have a designated HECA Team to drive the initiatives forward and champion the improvements in energy efficiency throughout the Local Authority area. This would not be dissimilar to the resources the Executive has been able to secure for the Rough Sleepers Initiative or Supporting Peoples Initiative.
- b. Although this Authority has made reasonable progress to achieving the target for energy efficiency, a significant barrier is the restrictions surrounding multi-tenure estates and the scope of owner-occupiers to participate, either legally or financially, in initiatives to improve the energy efficiency of their homes. An example of this would be that where owner occupiers are involved this Authority is required by the Title Deeds to replace defective render with a like for like system. If the block was purely in Council ownership we would fit an insulated render system. We are aware the Housing Improvement Task Force may be examining such issues and we look forward to some innovative solutions to this type of problem, which leave owner-occupiers and tenants in less energy efficiency homes than their neighbours because of the tenure mix.
- c. The scale of the problem in the private sector will require dedicated resources and this should be considered when assessing local housing strategies through the Executive identifying resources to tackle multi tenure problems. Local Authorities have very limited investment available for the provision of grants to the private sector.

2.4. **Promoting Greater Energy Efficiency**

This part of the statement deals with the proposed introduction of a target improvement in domestic energy efficiency through the average NHER (National Home Energy Ratings) across Scotland. We agree this is a desirable objective particularly to improve ratings at the lower end of the scale but requires to be properly resourced.

In Dundee through our desire to reduce fuel poverty, increase energy efficiency and more recently through our HECA responsibilities, we have aimed to improve the energy ratings of our stock. Barriers to achieving this objective in Dundee have been particularly prevalent in our non-traditional stock, eg multi-storey blocks and the prohibitive costs of insulated render systems.

Another major barrier is the difficulties referred to previously regarding multi tenure blocks that have experienced like for like render replacement instead of insulated render and flat roofs installed instead of pitched roofs. A further barrier is related to technological difficulties where cavity wall insulation was installed across the City in the 1980s and in many locations has now broken down. It has become wet, is often located in one corner of the building and we have been unable to find a cost effective solution to this problem. These are just some examples of the type of difficulties facing us and we therefore feel any target in relation to NHER levels must be locally based and reflective of local housing standards.

If such a target were introduced, methods of measuring progress toward target would need to be identified.

Any programme initiatives would need concerted media coverage on an annual basis to be effective.

2.5. **Building Regulations**

We agree the new building regulations will play an important role in improving energy efficiency but foresee the impact as being limited in the short term. A suggestion of interest free loans over 4 to 5 years made available through Local Authorities for energy efficient measures or products has been suggested in the feedback on this report and while welcome in principle, would need further investigation and further consideration to establish if this would be feasible.

2.6. **Renewables**

The statement says that renewable energy supplies are likely to make a substantial contribution to the low carbon programme in the UK. Targets have now been set for electricity suppliers on the availability of renewable electricity to 2010. However, Central Government/OFGEM are permitting the electricity suppliers to increase their tariffs to help fund the investment required to make such supplies available.

2.7. **Working in Partnership at a Local Level**

We welcome the announcement of the availability of guidance particularly to bring together the responsibilities under HECA and for tackling fuel poverty. We also welcome the Scottish Executive stating their support for the pilot Dundee Community Energy Partnership, and the recently announced funding of £200,000 over a 3 year period. Dundee City Council sees this initiative as a significant aspect of its strategy to tackle fuel poverty and meet the Executive's objective to eradicate fuel poverty from Scotland.

3. **CHAPTER 5: MOVING FORWARD – OUR MILESTONES FOR CHANGE**

The target milestones are worthwhile although it is acknowledged that these will be quantified after the results of the Scottish Housing Condition survey are known. We agree that monitoring progress on these milestones may be difficult to achieve for the reasons highlighted previously, and the fact that vulnerable households move in and out of fuel poverty.

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