

REPORT TO: HOUSING COMMITTEE – 23 OCTOBER 2006

REPORT ON: FUEL POVERTY INITIATIVE UPDATE

REPORT BY: DIRECTOR OF HOUSING

REPORT NO.: 492-2006

1. PURPOSE OF THE REPORT

- 1.1. To update Housing Committee on the progress with the Fuel Poverty Initiative, launched in Lansdowne and Pitalpin Court last year, which introduced a social housing tariff in conjunction with Scottish and Southern Energy PLC (trading locally as Scottish Hydro Electric) and an electrical appliance package in conjunction with Scottish Hydro Electric and Discovery Credit Union. The aim of these initiatives was to help tackle and reduce fuel poverty, improve comfort levels, improve energy efficiency for tenants in this area. Over the period of the pilot a lot of lessons have been learned and the pilot needs altered to best meet the needs of all the parties involved.

2. RECOMMENDATIONS

Housing Committee is asked to agree to:

- 2.1. Continue the pilot Fuel Poverty Initiative to offer a social housing tariff to tenants and others, across the City, who are in fuel poverty. These people will be given a 20% reduction in fuel (electricity and gas) costs. The cost will be borne by Scottish & Southern Energy PLC. Cases will be identified and referred by DEEAP (Dundee Energy Efficiency Advice Project).
- 2.2. Scottish and Southern Energy PLC and Discovery Credit Union, in partnership with the Council, are offering a revised appliance package to eligible tenants where there is a local Credit Union Collection Point. The exact locations are likely to be Charleston and Fintry. The scheme will also be offered to existing Credit Union members up to the total numbers that can be funded from the scheme, i.e. a maximum of 64, £6,440 being the balance remaining.

3. FINANCIAL IMPLICATIONS

- 3.1. A sum of £8,410 from the Community Energy Efficiency Fund was previously approved to kick-start the scheme.

No further financial implications are anticipated.

4. SUSTAINABILITY POLICY IMPLICATIONS

This scheme meets many of the Sustainability Policy objectives and the Council's objectives to tackle poverty and inequality.

Specifically, these are:

a. **Sustainability**

- Reduce the consumption of energy and fossil fuels in Council properties to reduce CO² emissions in response to wider climate change implications
- Promote energy efficiency systems and explore innovative energy technologies that increase the proportion of energy from renewable sources. Old appliances e.g. fridges with CFCs will be removed responsibly “reducing the environmental impact of waste reduction”.

b. **Anti-Poverty**

- The Pilot Scheme will help tackle poverty and social exclusion by providing services for people who are likely to suffer from poverty.
- Providing services specifically for people in poverty.
- Targeting geographical areas and population groups where there is evidence of poor health status and outcomes.
- Providing information and advice; helping to obtain resources through representation, aid and advocacy.

5. **EQUAL OPPORTUNITY IMPLICATIONS**

None.

6. **BACKGROUND**

The Council has a legal duty to eradicate fuel poverty by 2016 and is continually looking at new and innovative ways to tackle it. Fuel poverty is caused by the interaction of three main factors:

- Energy efficiency of the property.
- Low income.
- High cost of fuel.

While the Council has made good progress in dealing with the first two, the third is an area where traditionally the Council has had little control.

The massive increases in fuel prices this year only heightens the need for a scheme such as this. Electricity and gas prices have gone up by 91% in 3 years, and the average household energy bill is now over £1,000 per year.

- 6.1. The Council was approached by Scottish and Southern Energy PLC offering a scheme to reduce fuel costs to the most vulnerable tenants in a particular locality. The numbers were limited and criteria to qualify will depend on the tenant being in fuel poverty (as established by NHER (National Home Energy Rating) surveys of property types in advance and income questions to tenants on the day).

7. PERFORMANCE OF THE PILOT

7.1. Social Tariff

21 out of 25 applicants from Lansdowne and Pitalpin Court qualified for the tariff after the publicity event at the multis and on radio and press coverage. Since then Scottish Hydro Electric have expanded the range of customers they were prepared to take on to the scheme, and have publicised the scheme nationally. Locally, the Dundee Energy Efficiency Advice Project (DEEAP) are passing on cases who may qualify, and the scheme is also being rolled out to tenants in other multi-storey blocks where new heating is being installed. The method of talking individually to tenants regarding this has proved very successful and so far 119 tenants have successfully been signed up to the scheme. An evaluation carried out by Hydro, before and after the initiative has shown that individuals have saved an average of £140.75 in fuel costs (£16,749 per annum) 17 people have been removed from fuel poverty at the time of the assessment.

7.2. White Goods Package

From our experience with the first applications it is proposed to modify the scheme to offer only one appliance.

In most cases, where a need is identified for more than one appliance this will be reassessed on a case by case basis by the Housing Department in conjunction with the Credit Union.

This will be done independently from the social tariff, and the referrals will again go through DEEAP. DEEAP officers often come across cases where the tenant cannot afford to replace a damaged appliance and could be forced into high credit costs or potentially faulty second hand goods. This scheme will in many cases offer a third safer option.

Areas with a local Credit Union Collection Point have been chosen and the maximum loan at the first stage will be £100 or one item. The Credit Union would expect a loan of this size to be paid back within a year. However, all credit applications and ability to pay are assessed on an individual case basis. The two areas considered most suitable are Dundee West collection area in Charleston and Fintry library collection point.

7.3. It is also recommended that the scheme, in this new format, be offered to existing Credit Union members.

7.4. If the pilot is successful then there is scope for expansion, and indeed, complementary funding is available through the Financial Inclusion Fund.

7.5. The project will continue to be monitored closely by a working group comprising of Dundee City Council, Scottish Hydro Electric and Discovery Credit Union.

8. CONSULTATION

The Chief Executive, Depute Chief Executive (Support Services) and Depute Chief Executive (Finance) have been consulted on the content of this report.

9. BACKGROUND PAPERS

- Fuel Poverty Initiative – 24 October 2005 (Report No. 583 – 2005)
- Dundee Community Energy Partnership – 20 May 2002 (Report No. 457 – 2002)
- Fuel Poverty Strategy for Dundee – 15 March 2004 (Report No. 176 – 2004) and 21 June 2004 (Report No. 251 – 2004).
- Preferred Energy Supplier – September 2002 (Report No. 602 – 2002)
- Dundee City Council Housing Stock – Preferred Energy Supplier 2004/2007 (Report No. 55 – 2004)

ELAINE ZWIRLEIN
DIRECTOR OF HOUSING

AUGUST 2006