

## **ITEM No ...2.....**

**REPORT TO:** HOUSING COMMITTEE – 9 NOVEMBER 2015

**REPORT ON:** FUEL POVERTY STRATEGY

**REPORT BY:** EXECUTIVE DIRECTOR OF NEIGHBOURHOOD SERVICES

**REPORT NO:** 360-2015

### **1 PURPOSE OF REPORT**

To update Committee on Fuel Poverty issues within Dundee and the ways in which the Council, along with strategic partners, are tackling fuel poverty in the City. Reducing fuel poverty is an important part of meeting the Dundee Partnership's outcome agreement contained in the Council Plan.

### **2 RECOMMENDATION**

- 2.1 It is recommended that Committee note the Strategy and approve the action plan as detailed in Appendix 1.

### **3 FINANCIAL IMPLICATIONS**

- 3.1 None.

### **4 BACKGROUND**

#### **4.1 Fuel Poverty**

Fuel poverty is defined as the inter-relationship between fuel prices, income and energy efficiency. Fuel debt is increasingly becoming a contributory factor. A household is deemed to be in fuel poverty if 'in order to maintain a satisfactory heating regime, they would need to spend more than 10% of their income, including housing benefit, on household fuel use'.

Fuel poverty, measured within the Scottish House Conditions Survey, is rising across Scotland and the most recent statistics provided at the end of 2014 show fuel poverty across all housing tenures has risen in the City to 42% against the Scottish average of 36%. This is in line with national trends due to heating bills and continuing pressures on household incomes. Research findings recently submitted to the Scottish Government showed that fuel poverty affects health and educational attainment, and increases winter deaths in the UK. Welfare reform, combined with the effects of rising household fuel bills, will continue to increase the pressures on household incomes for Dundee's poorest households.

Fuel poverty in Dundee is most severe within the private rented sector, 51% of households. Forty nine percent of households in social housing are affected by fuel poverty and 33% within the owner occupied sector. Fuel poverty affects mainly pensioner households (58%), with 38% of adult only households affected and 23% of family households.

#### **Percentage of Fuel Poor Households (Scottish House Conditions Survey 2011-13)**

| <b>Tenure</b>  | <b>%</b> |
|----------------|----------|
| Owner Occupied | 33       |
| Social Housing | 49       |
| Private Rented | 51       |

The Scottish Government requires that Local authorities 'ensure, so far as reasonably practicable, that people are not living in fuel poverty in Scotland by Nov 2016'.

**Construction**

| Bedrooms |     |          |           |       |      |
|----------|-----|----------|-----------|-------|------|
| 1 or 2   | 3+  | Pre 1945 | Post 1945 | House | Flat |
| 43%      | 41% | 54%      | 35%       | 33%   | 50%  |

**4.2 Tackling Fuel Poverty**

A corporate fuel poverty strategy group, chaired by the Executive Director of Neighbourhood Services is established to help the Council meet its objectives in relation to fuel poverty in the Single Outcome Agreement. The group includes representatives from Registered Social Landlord's (RSL's) in the City.

The Council's strategy to tackle fuel poverty includes; raising awareness of fuel poverty; reducing fuel spend; maximising income; improving the housing stock and providing energy advice.

**4.3 Dundee Energy Efficiency Advice Project (DEEAP)**

One of the key ways the Council is tackling fuel poverty is through DEEAP working across all housing tenures in the City. DEEAP works with householders to improve each of the inter-related issues to tackle and reduce fuel poverty. DEEAP does this by:

- Improving energy efficiency by giving advice, improving loft and cavity wall insulation, and accessing free or low cost white goods.
- Increasing income by maximising benefit entitlement, renegotiating payments with fuel companies, and providing money advice in relation to fuel bills. DEEAP is the only advice centre on the Scottish mainland with approval to write off fuel debt on behalf of one of the biggest fuel suppliers in the City, SSE (Scottish and Southern Energy) up to a value of £1.6 million which makes a huge difference to people struggling to pay rising bills alongside debt.
- Helping to reduce fuel costs, by accessing resources such as warm homes discounts, a reduction of £140 per year to qualifying households, and negotiating fuel debts.
- Visiting new tenants so they can use their heating effectively from the start of their tenancy.
- Visiting households following after External Wall Insulation (EWI) and heating programmes to ensure that householders use their heating effectively.
- Reaching the maximum number of people in the city through community events, school events, surgeries and presentations at the universities.
- Developing close working relationships with a wide range of agencies within the Council, voluntary sector, Registered Social Landlords (RSLs), NHS Tayside etc.

Many of these initiatives involve maximising the take up of schemes financed by the utilities, such as white goods, warm homes initiative and fuel debt write off.

The project provides a holistic service to tackle the causes and effects of fuel poverty. DEEAP receives extremely positive feedback both from people who use the service and

partner and referral agencies. As a result of their success in meeting their objectives, the project has grown from strength to strength and now provides an enhanced range of services to RSL households. Demand for the service continues to grow, with demand up by almost 50% between 2012/13 and 2014/15.

In order to achieve an improved model of advice delivery which provides more co-ordinated local authority information and advice services Committee Report 385-2015 (Policy and Resources Committee 26<sup>th</sup> October 2015) approved that DEEAP comes together with Welfare Rights Section, Scottish Welfare Fund and Connect Service under the direction of the Head of Customer Service and IT in order to provide a 'wrap around' service at a local level for those people experiencing financial and social exclusion. This will ensure that the extremely effective work undertaken by DEEAP continues to develop to effectively meet the challenges of fuel poverty and welfare reform going forward.

#### 4.4 **Income levels**

DEEAP provides a service to maximise household income through benefit checks, this is crucial to assist households to meet the cost of fuel bills. DEEAP also provides community initiatives such as 'beat the clock' where visits to all sheltered lounges take place twice a year when the clocks change (to and from British Summertime) to help older, vulnerable members of the community make sure their central heating timers are altered and a benefit check carried out.

Through income maximisation and benefit checks over £250,000 additional income for Dundee householders (both in the local authority and private sector) was raised last year. In one particular case in 2014/15 an elderly Dundee couple received an increase in income of £250 per week.

The majority of the cases referred to DEEAP are complex and often issues are apparent at home visits which require multi agency co operation to resolve. The team are very successful in working with fuel companies in an advocacy role, Housing Support Team, Social Work Department, Scottish Welfare Fund and local charities, to achieve the best outcome for the household. In addition to referrals from within the Council the project also receives large numbers of referrals from advice agencies in the City as they are seen as the experts in their field. Referrals come from agencies such as Dundee Money Advice Support Team, Citizens Advice Bureau and Dundee North Law Centre. Debt and money advice, and benefit maximisation need to be ongoing as householders can fall in and out of fuel poverty.

The net effect of the range of measures undertaken by DEEAP last year is estimated to add £1.1 million to the local economy which is particularly challenging in light of welfare reform.

### 5 **ENERGY EFFICIENCY - IMPROVING THE HOUSING STOCK**

Improving the energy efficiency of housing stock across all tenures within the City is a key element to effectively tackle fuel poverty and meet the challenging targets in the Government's Climate Change (Scotland) Act 2009. A recent study carried out for Save the Children, by University of Ulster, showed that for every £1 invested in energy efficiency, 42 pence was saved by the NHS.

It is the Council's aim to improve the condition of all housing stock to provide warm, dry and affordable homes for Dundee's citizens. The Scottish Government has introduced the Energy Efficiency Standard for Social Housing (EESH) which social landlords will be required to meet by 2020.

#### 5.1 **Council Housing**

The Council has invested significantly to improve the energy efficiency of its housing stock. In order to do so it has worked closely with the Utility Companies and the Scottish Government

to maximise external funding sources to maximise the effectiveness of the investment. Cavity wall and loft insulation, new efficient heating systems, external insulation and district heating for the multi storey blocks have all helped increase the thermal efficiency of our dwellings.

The Council has built 81 new energy efficient homes and plans to complete a further 33 units in 2016/17.

The Council met the Scottish Housing Quality Standard in March 2015. The standard includes thermal efficiency ratings of SAP (Standard Assessment Procedure) equal to 60. The Council has carried out a range of measures to improve energy efficiency such as upgrading insulation and installing energy efficient heating systems.

Working with partners in the Utility Companies, the Council has maximised £8 million of CESP (Community Energy savings Project) and Energy Company Obligation (ECO) funding to deliver the insulation and district heating projects at Dallfield and Lochee. The external funding along with £8 million from the HRA (Housing Revenue Account) Capital Plan has provided insulation and district heating to 1,100 households.

The Council has also maximised Scottish Government funding through Home Energy Efficiency Programme for Scotland – Area Based Schemes (HEEPS-ABS). This is enabling the Council to improve thermal insulation in hard to heat blocks ensuring owners of ex-council properties can benefit as well as tenants

Over 2014/15 and 2015/16 £5.1 million of HEEPS-ABS funding along with £6 million HRA Capital funding has enabled the Council to provide external wall insulation (EWI) for 777 tenants and 625 owners.

The beneficial impact of these programmes has been to reduce household fuel consumption and utility bills in the order of 20-40%, dependant on individual circumstances and life styles.

Surveys within a recently completed project at Graham Street has shown that 54% of households felt much warmer, 27% felt their home heated up quicker and 73% stated their home stayed warmer longer, 91% were satisfied with the outcomes from the EWI.

These programmes will help the Council meet the Energy Efficiency Standard for Social Housing (EESH), the Scottish Government's new standard which has introduced minimum energy efficiency standards which social housing landlords must meet by 2020. The aim of the new standard is to further improve energy efficiency to help climate change and make the properties easier and more affordable to heat.

## 5.2 Registered Social Landlords (RSLs)

RSLs also have a duty to meet SHQS and EESH for their stock. Progress is reflected in the Local Housing Strategy.

Future investment in new build housing will ensure that dwellings meet these standards as a minimum.

## 5.3 Private Sector

It is widely recognised that tackling fuel poverty in the private sector is very challenging. Although for example, the new funding regime, mentioned above, through HEEPS (ABS) and ECO to help owners of ex-council properties participate in external wall insulation projects in the City represent a significant step forward, engaging landlords in the private rented sector is a greater challenge.

The Scottish Government is consulting on Regulation of Energy Efficiency in the Private Sector (REEPS) to improve the thermal efficiency of homes in the private sector, making

homes easier to heat, tackling fuel poverty and reducing carbon emissions. This would potentially introduce a minimum standard for all private sector residential dwellings.

#### 5.4 Renewables

The council has installed a range of renewable measures to help improve the energy efficiency of properties thereby helping tenants reduce their fuel expenditure. An example would be the solar panels installed on the multi story blocks along with external wall insulation and a gas fired district heating system. These measures have improved the energy use of the buildings, lead to significant carbon emission savings but also helped reduce fuel costs for tenants. The Council continues to examine new technological measures and assess their ability to meet the challenges of fuel poverty and energy efficiency for its own housing stock.

#### 5.5 Alternative Fuel Suppliers and Fuel Price

The cost of fuel is one of the three main factors contributing to fuel poverty.

Energy prices have risen higher than any other household cost including petrol. A recent Parliamentary study ("Energy Prices: House of Commons Library: SN/SG/4153: 31 January 2014) states that domestic gas and electricity prices have risen between 14.5 to 22% since winter 2012/13.

Dr Brenda Boardman, a fellow at Oxford Universities Environmental Change Institute, who is credited with defining fuel poverty, estimates that for every 1% rise in domestic fuel bills, 40,000 additional households will be pushed into fuel poverty.

As indicated earlier welfare reform, combined with the effects of rising fuel bills, will continue to increase the pressures on household incomes for Dundee's poorest households.

In theory, the choices in the competitive energy market are the same for all consumers within Dundee, however fuel poor households can pay a higher price per unit for their fuel for the following reasons:

- Not having bank accounts – cannot access direct debit tariffs.
- Poor budgeting skills – can easily fall into debt.
- Existing debt – barrier to accessing favourable tariffs and often forced to accept pre-payment meters.
- Pre-payment meters – higher price and self disconnection.
- Lack of fuel choice – particularly in private rented sector and in areas with no access to mains gas.
- Inability to change supplier – total heating / total control storage heating.

The Council have investigated bulk fuel purchasing schemes so far, none of the schemes on offer have provided a comprehensive solution to some of the issues Dundee's households would face, for example, the use of prepayment meters, access to warm homes discount and debt write off available through current partnership agreements.

SSE (Scottish and Southern Electricity) have provided figures which show that Dundee has received the highest levels of warm home discount in Scotland over the last 3 years, totalling over £4 million. This is primarily due to referrals from DEEAP who are the main referral agency to the scheme. A total of £1.2 million was received in Dundee during 2014/15 which reduces fuel bills by £140 per year for the poorest people in the City. Combined with the fuel debt write off of up to £1.6m mentioned previously it is unlikely that a bulk purchase scheme that would be able to produce equivalent benefits.

**5.6 Wider Strategy –  
Links with Council Strategies**

The work to reduce fuel poverty in the City complements the work being done by the Corporate Climate Change group and is an important element in the Corporate Poverty Strategy, and Fairness Strategy.

**Scottish Government**

The Scottish Government is very concerned about rising fuel poverty levels and have asked for regular updates on progress to meet its statutory target to eradicate fuel poverty by 2016. They have prioritised energy efficiency for existing housing.

Despite all the efforts by DEEAP, the corporate strategy, funding from fuel companies and Government strategies, fuel poverty levels in Dundee and across Scotland continue to rise. Escalating fuel prices combined with welfare reform make improving the situation a huge challenge for all local authorities.

**6 POLICY IMPLICATIONS**

- 6.1 This Report has been screened for any policy implications in respect of Sustainability, Strategic Environmental Assessment, Anti-Poverty, Equality Impact Assessment and Risk Management.

There are no major issues.

**7 CONSULTATIONS**

- 7.1 The Chief Executive, Executive Director of Corporate Services and Head of Democratic and Legal Services and all other Chief Officers have been consulted on the preparation of this report. No concerns were expressed.

**8 BACKGROUND PAPERS**

- 8.1 None.

Elaine Zwirlein  
Executive Director of Neighbourhood Services

## APPENDIX 1

## FUEL POVERTY ACTION PLAN

| KEY TASKS/ACTION   | LEAD AGENCY/<br>PARTNERS  | TARGET GROUP   | RESOURCES   |
|--|---|--|---|
| <b>AWARENESS, ADVICE<br/>&amp; MAXIMISING INCOME</b>   |   |  |   |
| Provide up to date and targeted advice on fuel poverty   | DEEAP   | Dundee householders – all tenures  | DEEAP Funding   |
| Include information on energy awareness in tenants' handbook and newsletters   | DCC Housing   | DCC Tenants  | Housing   |
| Provide information to private sector landlords  | Private Sector Services Unit  | Registered landlords<br>Houses in Multiple Occupation (HMOs)<br>Private Sector | Private Sector Services Unit  |
| Confirm linkages between agencies involved in providing energy advice  | Housing   | RSL's<br>Key Council departments   | Corporate Fuel Poverty Group  |
|  |   |  |   |
| <b>ENERGY EFFICIENCY –<br/>IMPROVING THE<br/>HOUSING STOCK</b>   |   |  |   |
| Improve National Home Energy Rating (NHER) for Council and RSL (Registered Social Landlords) dwellings<br><br>Efficient heating systems<br><br>External/internal wall insulation | Council<br>RSLs   | Council tenants<br>RSL tenants   | DCC Housing Revenue Account Capital Plan<br>RSL funding<br>Energy Company Obligation (ECO)<br>Scottish Government Home Energy Efficiency Programme for Scotland – Area Based Schemes (HEEPS-ABS)<br>Scottish Government funding for new build |
| Improve NHER ratings for private sector dwellings  | Council<br>Private Sector Services Unit (PSSU)<br>Owners<br>Private landlords | Private sector properties  | HEEPS (ABS)   |
| Build 33 thermal efficient homes   | Council<br>RSL  | Waiting list applicants  | DCC Housing Capital Plan  |
|  |   |  |   |
| <b>FUEL PRICE</b>  |   |  |   |
| Maximise household income to make warmth affordable  | DCC<br>Advice Agencies<br>DEEAP   | Council tenants<br>RSL tenants<br>Private Sector tenants<br>Owners             | DEEAP   |
| Maximise applications for Warm Homes Discount Schemes offered by the Utilities   | DEEAP   | Low income households  | Reduction of £140 per annum on fuel price   |

