



Executive Committee

All Wards

20 May 2009

HOME ENERGY CONSERVATION AND AFFORDABLE WARMTH

(Report of the Head of Environment)

1. Summary of Proposals

The report informs Members of the introduction of National Indicator 187 which deals with the Council's performance in Tackling Fuel Poverty.

The Council's authority is sought to provide additional financial incentive to certain private home owners and landlords of rented property to have their homes insulated.

The Council's authority is also sought to undertake an area based home energy conservation and affordable warmth initiative, in the Town Centre, for some of the least efficient housing in the Borough.

2. Recommendations

The Committee is asked to **RESOLVE** that

- 1) **applications be invited from house owners in the Borough aged 60 or over, living in a Council Tax band A to D property and not in full time employment or in receipt of benefits, to have loft and/or cavity wall insulation installed in their homes free of charge;**
- 2) **applications be invited from accredited private landlords in the Borough, owning tenanted properties in a Council Tax A to D band, to have loft and/or cavity wall insulation installed free of charge;**
- 3) **applications be invited from the owners of pre-1919 houses in the Town Centre area to apply for lifetime loans, to enable their homes to be adequately insulated and heated, on a non-means tested basis covering 50% of the cost of the work.**

3. **Financial, Legal, Policy, Risk and Sustainability Implications**

Financial

- 3.1 There is a capital expenditure element to the report, estimated to be in the region of £100,000, during 2009/10. Capital funding is available utilising the Council's Energy Efficiency Installations Budget of £147,000 for the current financial year.
- 3.2 The cost of administering the over 60's and landlords scheme by "Act on Energy" will be included in the Service Level Agreement the Council has with them, which can be contained within existing budgets.

Legal

- 3.3 Under the Home Energy Conservation Act 1995, Local Authorities are required to identify ways to increase energy efficiency in homes in the Borough by 30% by the year 2011. The Council's performance to date is 26% (up to 31 March 2008) and we are on target to meet the requirement.
- 3.4 The Government's report "The UK Fuel Poverty Strategy" clearly identifies the key roles local authorities can play in delivering the strategy, which aims to end fuel poverty for vulnerable households by 2010. This includes working with the private sector and energy providers to fund energy efficiency measures.
- 3.5 The Government's National Indicator 187, adopted by Councils in Worcestershire as part of their Local Area Agreements, obliges the Council to reduce the number of householders living in fuel poverty.

Policy

- 3.6 The Council adopted an Affordable Warmth Strategy in 2003 which includes working with partners to eradicate fuel poverty in the Borough.

Risk

- 3.7 No risk has been identified regarding the installation of energy efficiency measures. Home owners taking up measures on offer deal directly with energy supplier's approved installers.
- 3.8 There is a risk to the Council in not meeting its obligation under National Indicator 187 which will affect agreed targets with the Government office.

Sustainability / Environmental

- 3.9 Would help to contribute to a reduction in energy usage, which reduces the impact on climate change.
- 3.10 Would contribute to the aims of National (Nottingham Declaration) and Regional (Worcestershire Climate Change Strategy) Agenda by promoting and encouraging the environmental, social and financial benefits of increasing the energy efficiency of homes in the Borough.
- 3.11 Would contribute to the aim of the authority to reduce home energy consumption under the Home Energy Conservation Act 1995. The Act requires the Council to improve energy efficiency in homes by 30% by the 2011.
- 3.12 Could form a significant element of the Council's Climate Change Action plan.
- 3.13 Will contribute to new national indicators on mitigating and adapting to climate change (NI 186) in reducing CO₂ emissions in the Borough.

Report

4. Background

- 4.1 Millions of households in the UK cannot afford sufficient warmth for health and comfort. This results from a combination of factors, including, low household income; poor quality housing; and inefficient and expensive heating systems. The circumstances of individual households often include age, ill-health or disability factors which increase the demand for warm homes.
- 4.2 When households are unable to afford to heat their homes adequately they are termed to be in "fuel poverty". The accepted definition of fuel poverty is the need to spend 10% or more of household income to keep warm.
- 4.3 The definition of fuel poverty currently applies to an estimated 4.5 million households in England alone. It is also estimated that there are 6500 households deemed to be in fuel poverty in the Borough. The number in fuel poverty is increasing as the impact of recent higher energy bills is felt by householders and those relying on means tested benefits due to unemployment, is more prevalent.

- 4.4 The average cost of gas heating a 3 bedroom family home as calculated by the fuel utility companies, is now put at over £900 per annum for a poorly insulated property.
- 4.5 Poor energy efficiency levels are the root cause of fuel poverty. One of the results is chronic ill health to members of the household. It is estimated that there are some extra 300 winter deaths in Worcestershire - mainly from heart and respiratory conditions made worse by cold living conditions in poor quality housing stock with low levels of energy efficiency.
- 4.6 In furtherance of the Government's desire to eradicate fuel poverty a new National Indicator (NI 187) was introduced in April 2008 as part of the new performance framework. Worcestershire has NI 187 within its Local Area Agreement therefore placing an additional obligation on the Council to identify those in fuel poverty living in poor housing conditions.
- 4.7 The definition of NI 187 (tackling fuel poverty) is "the % of people receiving income based benefits living in homes with a low and high energy efficiency rating".
- 4.8 We are required to monitor our performance in tackling fuel poverty from April 2009. To assess what the current position is in Redditch a random survey of 2250 residents in the Borough in receipt of means tested benefits was carried out in January 2009.
- 4.9 In a pro-active approach to fuel poverty and energy efficiency the Council organised 12 half day energy surgeries in the 2008/9 winter at the Town Hall. These sessions resulted in over 50 residents being seen and given advice on ways to reduce their energy bills and access grants.
- 4.10 In addition to Warmfront funding, the fuel utility companies have Carbon Emission Reduction Targets, (CERT) which reduces the actual cost of insulation measures to the customer by approximately 50%.
- 4.11 Many Local Authorities devise local schemes with fuel utility companies aimed at maximising insulation measure take up and leveraging CERT funding.
- 4.12 With regard to the Council's own housing stock it is proposed that all property will have received insulation and heating measures as recommended for the private sector by 2012. This is over and above the minimum Decent Homes Standard properties currently enjoy and will further reduce fuel poverty in the Borough.

5. Key Issues

- 5.1 We do not currently have an initiative to fund installation of insulation measures for those believed to be in fuel poverty. The Council does match fund an initiative with British Gas to provide Council Tax Rebates for those "able to pay" who have loft and cavity insulation fitted. To date some 300 measures have been installed benefiting Redditch home owners. Additionally Solar Heating installed by British Gas attracts a Council Tax discount. These measures, whilst reducing carbon emissions and reducing fuel bills for householders, are not targeted at those believed to be fuel poor.
- 5.2 The results of the January 2009 survey of those residents in receipt of benefits in the Borough show that some 6% of those are living in properties with the lowest energy efficiency rating. Whilst some 50% of the sample, are living in properties with the highest level of energy efficiency rating.
- 5.3 The Key Issue is how to target resources to remove households from living in fuel poverty in the Borough and increase the numbers of benefit dependant households living in properties with high energy efficiency ratings.
- 5.4 More than half of the fuel poor households in the Borough include people over the age of 60 and pensioners living alone are particularly susceptible. Whilst the Governments Warmfront Grant provides for free insulation measures for the over 60's in receipt of means tested benefits, 50% of this group do not qualify for benefits, because they are in receipt of small occupational pensions or work part time that precludes them from qualifying.
- 5.5 Furthermore there is evidence that those in their mid to late 60's are not providing for insulation measures from their own resources as they are aware that when they reach the age of 70 years they will qualify to receive free insulation measures under the Government's Scheme if they have little or no insulation in their homes.
- 5.6 Private landlords in the Borough have in the past not invested greatly in insulating their properties. Indeed private sector housing surveys in the Borough find that private tenants often live in poorly maintained properties, lacking in energy efficiency installations.
- 5.7 Whilst the Government's Warmfront Scheme does enable vulnerable households, on means tested benefits, in the private tenanted sector to apply for free insulation measures there is little take up. This is mainly because the majority of tenants living in the older private rented housing stock in Borough do not believe that they will have a long stay in the property and they also have to seek the landlord's

permission to have the work done. Additionally they are often unaware that these measures are available to them and it is the tenant that needs to apply for the grant and not the landlord. Many private tenants are directly responsible for paying fuel bills.

- 5.8 The Midland Landlord Accreditation Scheme (MLAS) supported by the Council, is a scheme that aims to recognise and promote good landlords who provide their tenants with good quality, safe accommodation. To date there are 13 Redditch landlords that have achieved accreditation.
- 5.9 There are properties in the Borough that cannot be fully insulated by traditional means. The properties often identified with the lowest energy efficiency ratings are those with 3 storeys in the Town Centre, having solid walls, with no cavities to insulate and bedrooms in the attics requiring insulation measures that are not available under the Governments Warmfront Scheme. 25% of residents are believed to be in fuel poverty in the area.

6. Proposals

- 6.1 In furtherance to our responsibilities to tackle fuel poverty in the Borough and to reduce the numbers of households living in homes with a low energy efficiency rating, in accordance with NI 187, (Paragraphs 4.6 & 4.7 refer)
It is proposed that the following three measures are taken:-

Over 60's Scheme

- 6.2 That applications be invited from house owners in the Borough, aged 60 or over, not in receipt of a means tested or disability benefit, living in a Council Tax A to D banded property, who are not in full time employment to have loft and/or cavity wall insulation installed free of charge. Those aged 70 or over will be referred to Warmfront or a fuel utility offering free insulation measures.
- 6.3 That the measures in 6.2 be limited to the first 200 installation measures costing the Council approximately £40,000 in total.

Landlords Scheme

- 6.4 That applications be invited from private accredited landlords in the Borough, owning tenanted property in a Council Tax Band A to D, to have loft and/or cavity wall insulation installed free of charge as a benefit of achieving accreditation status.
- 6.5 That the measures in 6.4 be limited to the first 100 installation measures costing the Council approximately £20,000 in total.

Town Centre Scheme

- 6.6 That applications be invited from house owners living in pre-1919 three storey houses in the Town Centre area to apply for non means tested life time loans to enable their homes to be adequately insulated and heated covering 50% of the cost of the work.
- 6.7 That the measures in 6.6 be limited to a budget of £40,000. Those residents in receipt of means tested benefits will continue to be able to apply for 100% life time loans for this work under the existing provisions of the arrangements managed by the Council's Care and Repair Agency. Lifetime grants become repayable to the Council once the property is sold.
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- 6.8 The administration of the over 60's and landlords scheme identified in 6.2 and 6.4 be carried out by "Act on Energy", the energy efficiency advice centre and charity with which the Council has a Service Level Agreement to provide a service for the residents of Redditch. "Act on Energy" will work with a fuel utility company to lever approximately 50% of the costs of the work.
- 6.9 It is believed that the measures identified above, if approved by Council, will go some way in achieving the Council's target of reducing the number of fuel poor in the Borough's least energy efficient homes by 3% over the next 2 years. Further these measures will also, hopefully, increase the number of households receiving benefits to live in higher rated energy efficient homes by at least 3% over the next 2 years. A two year target of 3% being adopted by all the Local Authorities in Worcestershire to meet the objectives of National Indicator 187.
- 6.10 As well as reducing fuel poverty in the Borough these measures will also help with our Climate Change commitment in reducing the CO₂ emissions in the Borough attributed to domestic property.
- 6.11 Many Local Authorities have adopted schemes designed to supplement what the Warmfront and fuel utilities are able to offer by way of insulation measures. In particular, Bromsgrove and Wyre Forest have an over 60's scheme, similar to that proposed in 6.2 and Wychavon have a landlord scheme similar to 6.4 above.
- 6.12 It is proposed to continue with the energy surgeries at the Town Hall in the winter of 2009/10, see (Paragraph 4.9 refers).
- 6.13 It is also proposed that the British Gas Council Tax Insulation Scheme previously approved by Members, will continue during 2009/10. Under the scheme householders receive a £120 tax rebate

jointly funded, per insulation measure, for those unable to receive free installation.

6.14 If the measures in the recommendations are approved by Members it is proposed that the schemes be advertised in the local press to maximise take up.

6.15 An aerial thermal imaging exercise has recently been completed for the County. The results have not yet been analysed. When they have been those properties showing roof heat loss will be targeted by the Council and home owners encouraged to insulate their lofts. The measures included in the proposals will help promote improvements.

7. **Other Implications**

Asset Management - No implications have been identified.

Community Safety - No implications have been identified.

Human Resources - No implications have been identified.

Social Exclusion - No implications have been identified.

8. **Lessons Learnt**

8.1 By working with fuel utilities, who have access to considerable financial resources, utilising our local housing knowledge we can help hard to reach households, not currently benefiting from affordable warmth as demonstrated by other Local Authorities.

8.2 Our current insulation initiatives whilst reducing CO₂, are not targeted at those believed to be in fuel poverty.

9. **Conclusion**

9.1 Offering free insulation measures to those on low incomes, benefiting those that live in the lowest energy efficient homes and those hard to treat, will go some way to further alleviate fuel poverty in the Borough.

9.2 By carrying out such measures the energy efficiency of the properties in the Borough will be improved and the Council's Climate Change responsibility will be further enhanced.

9.3 If these measures are accepted by Members it would be seen as a further commitment by the Council to produce energy efficiency in

the home in line with national policy, address fuel poverty and enhance the reputation of Redditch on environmental issues. Funding for the measures as outlined in the report have already been identified, whilst not affecting the Council's existing schemes to provide the incentive of Council Tax Rebates in partnership with British Gas for insulation and solar hot water heating.

10. Background Papers

None.

11. Consultation

There has been no consultation with private tenants groups and Council tenants are not included in the proposals.

12. Author of Report

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13. Appendices

None.