

# Cutting the Cost of Keeping Warm

## A new fuel poverty strategy for England

### Consultation response from the Mayor of London

7 October 2014

#### Summary

- The Mayor of London is committed to tackling fuel poverty in the capital and welcomes the opportunity to respond to the Government's consultation on a new fuel poverty strategy for England.
- London's existing buildings are responsible for nearly 80 per cent of London's CO<sub>2</sub> emissions, and with 80 per cent of them likely to still be standing in 2050, retrofitting is a key priority for London, in order to tackle fuel poverty. The Mayor is committed to reducing London's CO<sub>2</sub> emissions and retrofitting its housing stock. His Climate Change Mitigation and Energy Strategy sets out the aim of reducing London's CO<sub>2</sub> emissions by 60 per cent on 1990 levels by 2025, and the ambition to retrofit all poorly insulated homes in London by 2030, is marked out in his draft Housing Strategy, published in April 2014.
- London is estimated to have over 12% of England's fuel poor.<sup>1</sup> The Mayor successfully lobbied throughout 2011-12 and 2012-13 to have housing costs included in Government's revised definition of fuel poverty, announced in 2013. This recognises the full extent of fuel poverty in London, with an estimated 277,000 households in fuel poverty, in the capital alone.
- The Mayor is working to help eradicate fuel poverty on a number of fronts, delivering successful programmes and campaigns, including:
  - Increasing the uptake of energy efficiency measures, through the home energy efficiency programme **RE:NEW**, and supporting delivery of the ECO and Green Deal;
  - Introducing a new London **Rental Standard** which sets out the need for Landlords to work towards meeting their energy efficiency obligations towards tenants, and to address health and safety hazards in their rental properties – including very cold homes;
  - Increasing the income of Londoners through the **London Living Wage**;
  - Increasing the **provision of energy efficient affordable housing** in London;
  - Promoting the uptake of benefits and providing a gateway for accessing free energy efficiency measures, through his **Know Your Rights** campaign; and,
  - Addressing health inequalities through his **Health Inequalities Strategy**.
- Using this experience, along with evidence and understanding of fuel poverty in London, this response sets out areas where the Mayor supports proposals in the consultation, as well as providing a number of recommendations. A summary of these is provided below, with responses to the specific questions in the official response template.
  - **The Mayor welcomes the introduction of interim milestones for fuel poverty**, and believes they will provide the best balance between predictability and flexibility, in ensuring that the energy performance of fuel poor homes is increased. The Mayor also agrees that investing in innovation is vital to exploit the potential of emerging technologies (such as smart meters and advanced heating controls) to reduce energy bills, and welcomes the committed investment to help stimulate innovation in energy management for existing buildings.

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<sup>1</sup> <https://www.gov.uk/government/collections/fuel-poverty-sub-regional-statistics>

- **The Mayor recommends that the target ambition be increased to ensure that all fuel poor homes achieve an EPC 'C' by 2025 and an EPC 'B' by 2030.** The Mayor believes that the proposed target (EPC 'C' by 2030), will leave many vulnerable households waiting far too long for the help they need to bring their fuel bills down. The Mayor is also concerned that having an interim target of Band E by 2020, means that action to retrofit homes to a higher level of energy efficiency will not happen until well into the 2020s. A higher ambition would also better align with DECC's wider objectives (and trajectory) for decarbonising buildings entirely by 2050.
- Higher ambition needs to be coupled with increased funding from Government to ensure these targets are achievable. **The Mayor believes that investing in energy efficiency improvements for fuel poor homes now, will inevitably result in greater UK economy-wide savings in the future across health and social care services – effectively reducing the overall health care bill.** The Mayor however believes that ECO may not be the most appropriate or effective means of delivering energy efficiency measures to fuel poor homes. While the Government has recognised the costs and complexity of retrofitting in rural areas (with a stretching minimum amount of ECO to be allocated), this has not been the case with urban areas which faces equal, if not greater, challenges. As a result, London received only six per cent of measures under ECO and previous obligations, despite the capital having 13 per cent of the UK stock, and now recent announced changes to ECO result in the same share. **The Mayor would encourage Government to investigate alternative funding means, including allocating regional funding sources and financial incentives.**
- The Mayor agrees that a number of indicators will be important in helping to understand the factors driving progress towards the fuel poverty target and would therefore welcome a **regional indicator which would track the rate/nature of improvement in energy efficiency in fuel poor households in relation to geographical regions.** This needs to be linked to, and inform the share of, funding which is made available to regions.
- As the Mayor set out in his response to the consultation on Private Rented Sector regulations on 2 September, the proposed landlord exemptions would effectively mean private landlords could postpone installing energy efficiency measures as late as 2025 before even achieving an 'E' EPC rating which would present an unreasonable amount of time for a vulnerable tenant to continue to live in an inefficient home (potentially keeping them in fuel poverty for the period). **The Mayor therefore believes that the ambition of the interim fuel poverty milestones should be reflected in the proposed PRS regulations.**
- The Mayor believes that health and fuel poverty action should be better integrated, to ensure multiple objectives are delivered. In particular, health sector/professionals need to work more closely with the fuel poverty agenda, establishing stronger links between Government departments (DECC, DoH, DWP, etc) especially around sharing data, which is crucial for understanding and monitoring the impacts. The Mayor also believes that **creation of local advice and referral networks/services are an effective means to tackle fuel poverty and health issues.**
- Lastly, the Mayor recommends that DECC work closely with CLG to ensure that **regional contexts and issues are taken into account in relation to Allowable Solutions** which will be instrumental in delivering zero carbon homes. London is projected to generate around 16% of total Allowable Solutions generated (up to £70m per annum, once fully implemented), which could help close London's fuel poverty gap by up to 38%, if Government allow them to be used on carbon saving measures in the local area.