

Subject: Energy Efficiency and Fuel Poverty

Report to: Health and Environment Committee

Report of: Executive Director of Secretariat

Date: 8 November 2012

This report will be considered in public

1 Summary

- 1.1 This report sets out the background for a discussion on energy efficiency and fuel poverty with a range of expert guests and stakeholders. This meeting will allow the Committee to follow-up previous work on tackling fuel poverty and provide Assembly Members with an update on progress with the Mayor's programme to improve the energy efficiency of residential properties in London.

2 Recommendations

- 2.1 **That the Committee notes this report as background to the discussion with invited guests.**

3 Background and issues for discussion

- 3.1 In March this year, the former Health and Public Services Committee published a report on fuel poverty, *In from the cold*.¹ Previously, in December 2011, the former Environment Committee published a report on energy supply and demand, *Plugging the energy gap*.² This discussion is to act as a follow-up to both reports; several of the recommendations have been taken up by the relevant bodies, and there are developments to report to the committee relating to others. Relevant recommendations include:

- The Greater London Authority should work with energy companies, central government and local authorities to test and refine the prototype mapping tool we have developed. The GLA should then publish and regularly update the tool within the London Datastore, so that all delivery bodies can use it to help target the support they provide.
- London Carbon Action Network should establish a London Affordable Warmth and Health Forum to promote citywide action on fuel poverty. The forum should work with the support of London Councils and members should be invited from a range of partners including local authorities, Registered Social Landlords, the NHS and the GLA to discuss effective practice and working in partnership.
- The GLA should establish criteria for areas to be selected for the next tranche of RE:NEW funding. This extension of the programme should prioritise households likely to be in severe fuel poverty. It should explicitly target areas with a high proportion of households at risk of fuel

¹ The report, and responses received, can be downloaded from <http://www.london.gov.uk/publication/fuel-poverty-london>

² The report, and responses received, can be downloaded from <http://www.london.gov.uk/publication/plugging-gap>

poverty, designated as Affordable Warmth Zones, using the fuel poverty risk mapping carried out under Recommendation 1. [the first bulleted recommendation above]

- The Secretary of State for Energy and Climate Change should make provision for a regional ECO target to ensure an equitable distribution of ECO funding across Great Britain. The target should clearly set out the level of ECO investment London households can expect in the initial three-year period of the scheme to 2015.
- The energy companies should each commit to funding the RE:NEW 2 programme, in proportion to the number of customers they have in London. The commitment should provide annual funding from 2013 to 2016, to provide a stable and secure source of funding for the programme over a sufficient period. By January 2013, the energy companies should also commit a percentage of their ECO Affordable Warmth funding to works on homes in Greater London, including those identified through the RE:NEW 2 programme.
- We recommend that, in response to this report, by July 2012 the GLA should set out proposals for the RE:NEW 2 programme to provide a comprehensive referral service to other sources of support for households in fuel poverty, including advice on discounts, tariffs and income maximisation.
- The 'Big 6' energy companies should agree a consistent set of criteria for the 'broader group' recipients of the Warm Home Discount. These criteria must encompass those most at risk of fuel poverty.
- The GLA should in consultation with the energy companies and local authorities, develop an affordable warmth strategy for London. The plan should include: agreement on the risk mapping criteria; the identification of priority areas for intervention on the basis of risk mapping; a timeline for the programme to work in each of those areas between 2012 and 2016; and agreed measures to tackle some of the barriers to investment in London (such as parking restrictions and planning permissions for solid wall insulation).
- The Government should adopt the London RE:NEW programme as a model for the Green Deal:
 - the Green Deal should adopt a whole-building approach, offering a simple, cost-effective package of energy efficiency and microgeneration measures
 - the Green Deal should optimise long-term take-up by ensuring that its market mechanisms incentivise an area approach, including street-by-street promotion and regional targets for the Energy Company Obligation from the outset
- The Government should ensure that Registered Social Landlords are given sufficient subsidy, whether through the ECO, Decent Homes Programme, or other means, to reduce their tenants' energy demand.

3.2 The discussion is also more broadly to consider how fuel poverty in London will be tackled, particularly through improving the energy efficiency of existing homes, or retrofitting. The central programmes for this work for the future are the London RE:NEW programme, and the national Green Deal and Energy Company Obligation (ECO).

3.3 RE:NEW is a programme funded and led by the GLA to advise households on energy efficiency, provide low-cost measures (such as energy monitors and radiator panels) immediately, and refer on

to programmes to finance and install larger measures such as loft and wall insulation.³ Up to now, the referrals have been to programmes that provide energy efficiency measures entirely paid for by energy company funding, such as the Carbon Emissions Reduction Target (CERT) and the Community Energy Saving Programme (CESP). These are being replaced by the Green Deal and ECO and so referrals will be to those programmes as they commence.

- 3.4 The Green Deal is a national retrofit finance and installation programme, creating a framework within which accredited providers can give a service somewhat like RE:NEW, including energy efficiency advice, and financing and installation of retrofitting measures.⁴ There will be many different providers able to engage with customers to promote and deliver retrofitting. Also, the funding mechanism for the Green Deal itself is a loan, paid for ultimately by the householder.
- 3.5 The Green Deal loan is to be attached to the energy bill, so that it is paid off alongside the normal bill payments, and so that if the householder moves, the debt and repayments stay with the home and the energy efficiency installation. The rules of the Green Deal require that the measures retrofitted should be expected to pay for themselves in energy savings, and so the householder should in principle see an energy bill that remains the same or reduces. Depending on the make-up and energy use habits of the specific household, this may not necessarily be the case in practice.
- 3.6 The Energy Company Obligation (ECO) is a fund (of around £1.3 billion per year nationwide) contributed to by the big energy companies, which provides full or partial subsidy for certain retrofitting. It goes alongside the Green Deal and can work within it, subsidising the overall package to make the loan more affordable for eligible customers. There are three components of the ECO, with different eligibility criteria:
- Affordable Warmth, for low income and vulnerable households identified individually through benefits data, and which funds most energy efficiency measures
 - Carbon Reduction, for homes with solid walls or hard-to-treat cavity walls, which funds packages of insulation including those walls
 - Carbon Saving Communities, for homes in certain low-income areas, which funds insulation measures.

4 Issues for Consideration

- 4.1 A number of expert guests and stakeholders have been invited to participate in the discussion, including representatives of:
- Richard Blakeway, Deputy Mayor for Housing, Land and Property, and officers from the GLA;
 - Amy Ingham, Fuel Poverty and Smart Meters team, Department for Energy and Climate Change;
 - Jo Gill, Energy Efficiency Co-ordinator, LB Hillingdon and Vice-Chair of the inter-borough London Carbon Action Network;
 - Christine Tate, Head of Corporate Social Responsibility, and Kelly Greer, Energy Solutions Manager, British Gas; and
 - A representative from EDF Energy.

³ Further information on RE:NEW is available on the GLA website <http://www.london.gov.uk/priorities/environment/climate-change/energy-efficiency/homes-energy-efficiency-for-tomorrow>

⁴ Further information on the Green Deal, and ECO, is on the DECC website http://www.decc.gov.uk/en/content/cms/tackling/green_deal/green_deal.aspx

5. Legal Implications

5.1 The Committee has the power to do what is recommended in the report.

6. Financial Implications

6.1 There are no financial implications arising from this report.

List of appendices to this report:

There are none.

Local Government (Access to Information) Act 1985
List of Background Papers: There are none.
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