

MAYOR OF LONDON

Consultation on Fuel Poverty Strategy

Response from the Mayor of London

Summary

The Mayor of London welcomes the opportunity to respond to the consultation on a revised Fuel Poverty Strategy for England. In 2018 the Mayor published his London Environment Strategy, with an ambition to make London the greenest global city. The strategy sets out the actions the Mayor will take to make London a zero-carbon city by 2050. This includes his £34m Energy for Londoners programme which aims to make London's homes warm, healthy and affordable, its workplaces more energy-efficient, and to supply the capital with more local clean energy.

Tackling fuel poverty is integral to the Mayor's London Environment Strategy and was supported by an additional Fuel Poverty Action Plan. Through this the Mayor committed to tackling fuel poverty in London by supporting advice and referral programmes and income maximisation, by increasing the energy efficiency of London homes and by ensuring access to fairer energy tariffs by establishing an energy supply company. Improved incomes, greater energy efficiency and a fairer energy market all have a role to play in reducing fuel poverty. The Mayor urgently wants to address fuel poverty in London yet he can only do this if the Government has an ambitious strategy and allocates the resources to match. If the Government is unwilling or unable to do so then the powers and resources required should be devolved to London.

The latest statistics show that 11.8% (398,000) of London's households languish in fuel poverty. This is the highest level since at least 2003. Analysis carried out for our Fuel Poverty Action Plan¹ shows that lone parents, people with long-term illness and disabilities and BAME communities are most affected. It is critical that the Government increases its action to cut fuel poverty in England, and this response highlights the following areas to be addressed:

- **Increasing funding:** It is clear from the data presented in the consultation document that little progress has been made in tackling fuel poverty since the publication of the current strategy in 2015. The fall in the Energy Company Obligation (ECO) from £1.12bn annually before 2015 to little more than half of that now is a clear cause. Without radical change in the amount of funding and in the delivery model for fuel poverty programmes, the Government will not meet its own targets for 2030.
- **Targeting funding:** Despite having 13% of Great Britain's population we have received less than 7% of Energy Company Obligation funding. This should be addressed by devolving ECO to the Mayor in a similar manner to the powers and resources devolved to Scottish Ministers. Overall, however, the sums currently committed to ECO are far short of what is needed, and the Government should heed the advice of its own Committee on Fuel Poverty by at least doubling the amount available.
- **Tightening the threshold for fuel poverty support to help ALL households out of fuel poverty:** We broadly accept a change in metric to one that includes energy efficiency, but we would argue that the 2030 target should be to reach Band B rather than C. Only by reaching Band B would fuel poverty be eliminated in London.

¹ [Mayor of London's Fuel Poverty Action Plan](#)

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- **A stronger link with health:** We welcome the greater emphasis on the links between health and fuel poverty, but without action being mandated on health and social care services and funding being available for advice and referral services across England, little progress will be made.
- **Better use of energy efficiency standards:** The Government should set a cost cap of at least £5,000 for private landlords to meet Minimum Energy Efficiency Standards, strengthen tenant protections and adequately fund local authority enforcement. It should also set a clear trajectory for raising the minimum threshold to meet the targets set in its own Fuel Poverty Strategy and Clean Growth Strategy. If the Government is unwilling to do this, powers should be devolved to the Mayor of London to do this, who has proven he can deliver better standards.

Consultation response

1. Do you agree with the Government's proposal to update the fuel poverty metric to Low Income Low Energy Efficiency? If not, which metric would you prefer and why?

We broadly accept that the Government should move towards a metric that includes energy efficiency but believe that the FPEER threshold should be set at Band B. Annex B of the consultation document states that 200,000 low income households currently at Band C would be declassified as fuel poor, including 100,000 with dependent children. Only by reaching Band B would fuel poverty be eliminated in London.

3. Do you agree that Government should retain the current target and interim milestones?

We believe that the target should be Band B by 2030 and an interim milestone of Band C by 2025. Analysis for our Fuel Poverty Action Plan revealed that there are no fuel poor London households who are in Band A or B, whilst there are 1,700 remaining fuel poor households in Band C. Only by reaching Band B would fuel poverty be eliminated in London.

4. Do you have views or evidence on our proposal to add more detail on, and clarify, the meaning of the 'Worst First' principle, including the considerations raised above?

Current government funding levels are far too low to truly tackle fuel poverty, and it remains difficult to see how the worst homes could be treated first within the current levels of funding. As a start, in line with the recommendations of the Committee on Fuel Poverty, funding for fuel poverty should be at least doubled.

Any cost-effectiveness principle should consider the wider costs to society of a vulnerable household living in a cold home rather than just energy or carbon savings. A comprehensive new cost-effectiveness measurement should be introduced that considers the whole savings to individual households and society. Such savings include health and social care costs but also those such as education or working days not lost due to illness.

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5. Do you have views or evidence on our proposal to add more detail on, and clarify, the meaning of the cost-effectiveness principle, including the considerations raised above?

Current measurement of cost-effectiveness of the Energy Company Obligation is inaccurate in that it only considers the costs of search and delivery to energy suppliers, but not the costs borne by a wide range of other agencies in both locating and assisting the fuel poor. These costs are borne by local authorities, health and social care services and third sector organisations amongst others. A key illustration of this is the Energy Company Obligation Flexible Eligibility scheme. Whilst welcome, it does place search and administration costs onto local authorities that would previously have been met by energy suppliers, for a quarter of the supplier obligation. Furthermore, current measures of cost-effectiveness do not consider the match funding for measures frequently provided by some local authorities and the Greater London Authority.

In 2018/19 the Mayor supported London boroughs to deliver a pan-London advice and referral service through his Fuel Poverty Support Fund (now Warmer Homes Advice Service). Funding of almost £245,000 helped them reach over 2,500 low income and vulnerable households. These are the sorts of costs that should be considered.

6. Do you have views or evidence on our proposal to add more detail on, and clarify, the meaning of the vulnerability principle and, in particular, on our proposed changes to the meaning of the principle?

The proposal to refine the vulnerability principle and for it to be informed by the NICE guideline is welcome. Whilst there is considerable overlap between fuel poverty and those with conditions vulnerable to cold there are many households who will not technically be fuel poor but at significant risk from cold homes. Point of discharge from health and social care settings is an obvious opportunity at which to assess risk and intervene. BEIS should work with colleagues in the Department for Health and Social Care to introduce and standardise pathways for such cold homes assessments. If the Government is serious about addressing the health consequences of cold homes, then 'warmth on prescription' should be a core part of healthcare provision and should be adequately funded. Going further, the Government could even *mandate* commissioners to follow the recommendations contained in the NICE guideline.

The NICE guideline highlights the importance of health and housing referral services and training for frontline professionals, yet such services are very patchy across England. Government support is required to expand these and create consistent provision. We are currently funding a borough-led Warmer Homes Advice Service across London, reaching thousands of households through frontline professionals; but this would reach even more people through funding from central government for advice and referral services across England. The Government should fund the provision of advice and referral services across the entirety of England to at least match those available through Home Energy Scotland.

7. Do you agree with our proposal to create a fourth principle on aligning fuel poverty strategy with current and future Government priorities? Do you have views or evidence that may be useful in creating this principle?

We agree with the proposal to link the fuel poverty strategy with other relevant strategies and share the Government's ambition to decarbonise heat in the medium to long term. However, given the typically higher operating costs of non-gas heating, without adequate funding to insulate homes this will not alleviate fuel poverty. Research carried out for the Mayor's Fuel Poverty Action Plan shows that 75% of London's fuel poor live in solid walled or other wall type

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homes. This amounts to over 261,000 fuel poor homes in London alone and over 1.9m homes overall. A solid wall minimum of 17,000 annually across Great Britain is clearly too low to make a significant impact, and this should be increased considerably. Our own modelling shows that to meet our zero-carbon target, up to 160,000 homes per year will need to be retrofitted in the late 2020s. This is more than four times higher than the peak rate of retrofits seen in 2012, before the Government cut funding.

9. Keeping in mind the strategy's guiding principles, what policies might be included in a policy plan to improve energy efficiency for households in fuel poverty?

The Mayor believes that the target should be Band B by 2030 and an interim milestone of Band C by 2025. Analysis for our Fuel Poverty Action Plan revealed that there are no fuel poor London households in Band A or B, whilst there are 1,700 remaining fuel poor households in Band C. Only by reaching Band B would fuel poverty be eliminated in London.

A clear trajectory for improvements in the Minimum Energy Efficiency Standards for the private rented sector should be set, with mirroring standards for social housing. At present the Government aims for all private rented homes to reach Band C by 2030, yet there is no clear pathway to achieve this beyond the current prohibition on letting out most F and G rated properties. Adequate funding should be provided to local authorities to enforce minimum standards and tax relief provided for private landlords going beyond the minimum standard. A higher cost cap of at least £5,000 should be imposed on landlords to meet their obligations and the number of exemptions reduced. Analysis carried out for WWF and the UK Green Building Council in 2014 suggested that 91% of homes could be brought up to Band E for £5,000 and 99% of homes for £7,000, with many of the more expensive properties to treat being G-rated. In London most G-rated homes contain fuel poverty.

Going further we believe that Minimum Energy Efficiency Standards should be devolved to the Mayor, for all tenures. London has already shown its ability to deliver carbon reductions when provided with adequate powers, through the implementation of the Zero Carbon Homes Standard for new developments. This policy was implemented in 2016, is above national standards, and has resulted in significant carbon reductions. For example, in 2017, on average, carbon reductions of 40 per cent more than Building Regulations were achieved in new homes and last year over 75 per cent of all new developments approved had solar installed. The Mayor is therefore calling on the Government to devolve powers to him to set Minimum Energy Efficiency Standards for existing buildings.

Regional imbalances in ECO spend should be addressed. Despite having 13.0% of Great Britain's households and 16% of England's fuel poor households, London has only received 6.8% of ECO measures. This means that London households, including the fuel poor, are subsidising the rest of Great Britain by around £40m annually. At the very least there should be a regional obligation for London equal to our population however more effective still would be the devolution of ECO to the Mayor like the powers and resources available to Scottish Ministers.

The Committee on Fuel Poverty has made it clear that funding available to address fuel poverty is inadequate and has identified a gap of £8.1bn to meet the Government's 2030 target. It will not be possible to meet the 2030 target cost effectively at current levels.

Overall the geographical equity of ECO is limited, with both rural and metropolitan areas losing out across England. ECO spend should be allocated to areas based on a formula that includes population to ensure that the fuel poor in some areas are not left behind in pursuit of where

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delivery is least expensive. Whereas around 42% of fuel poor homes in England are solid walled², this rises to 75% in London. If the Government is serious about addressing the 'Worst First' then an allocation should be provided for London and the solid wall minimum increased significantly.

10. What commitments, whether new or retained from the 2015 strategy, might supplement the policy plan in the updated strategy to improve energy efficiency for households in fuel poverty?

See response to Question 9.

11. Keeping in mind the strategy's guiding principles, what policies might be included in a policy plan to improve partnership and learning on fuel poverty?

The Mayor is encouraged that the Government has recognised the success of SHINE, which we have co-funded since February 2018. As stated in the response to Question 6 there should be funding available to establish or reinforce advice and referral services across England.

In 2018 the Mayor established the London Fuel Poverty Partnership to bring together a wide range of stakeholders from sectors including local government, social housing private landlords, tenants, health and social care, academia, charities and energy suppliers. They support the Mayor in delivering his Fuel Poverty Action Plan but also enable a collaborative approach to addressing fuel poverty in London. This model could be replicated across English counties and city regions and should be encouraged by the Government.

12. What commitments, whether new or retained from the 2015 strategy, might supplement the policy plan in the updated strategy to improve partnership and learning on fuel poverty?

See response to Question 11.

13. Keeping in mind the strategy's guiding principles, what policies might be included in a policy plan to improve targeting for households in fuel poverty?

Since the role of local authorities is critical in addressing fuel poverty the powers available under the Digital Economy Act should be utilised to expand their role. Energy suppliers should share consumption data and Warm Home Discount recipient status with local authorities to be matched with EPCs and DWP/HMRC data so that fuel poor households can be better targeted.

Whilst we support the use of the Warm Home Discount to reduce energy bills we have some concerns over the sustainability of this intervention compared to energy efficiency improvements.

14. What commitments, whether new or retained from the 2015 strategy, might supplement the policy plan in the updated strategy to improve targeting for households in fuel poverty?

See response to Question 13.

² [Fuel poverty detailed tables 2019. BEIS, 2019.](#)

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15. Keeping in mind the strategy's guiding principles, what policies might be included in a policy plan to support households in fuel poverty in high cost homes?

Maximising the funding available to each household would be the most effective means of assisting the homes that are highest cost to heat. There should be greater integration between ECO and the Fuel Poverty Network Extension Scheme, with a greater role for Gas Distribution Networks, and other programmes to ensure the greatest impact per household.

Research carried out for the Mayor's Fuel Poverty Action Plan shows that 75% of London's fuel poor live in solid walled or other wall type homes. This amounts to over 261,000 fuel poor homes in London alone and over 1.9m homes overall. A solid wall minimum of 17,000 across all Great Britain is clearly too low to make a significant impact and this should be revised upwards. Overall the geographical equity of ECO is limited, with both rural and metropolitan areas losing out across England. The Government has only thus far recognised the rural deficit through policy. ECO spend should be allocated to areas based on their population to ensure that the fuel poor in some areas are not left behind in pursuit of where delivery is least expensive. Whereas around 42% of fuel poor homes in England are solid walled, this rises to 75% in London. If the Government is serious about addressing the 'Worst First' then an allocation should be provided for London and the solid wall minimum increased significantly.

16. What commitments, whether new or retained from the 2015 strategy, might supplement the policy plan in the updated strategy to support households in fuel poverty in high cost homes?

See above.

17. Keeping in mind the strategy's guiding principles, what policies might be included in a policy plan to improve support for low income households who are most at risk for adverse health outcomes from living in a cold home?

Cold homes assessments should be built into discharge plans and at other appropriate intervention points for households at greatest health risk. The impacts of cold and damp housing should be built into training for all health and social care professionals. GPs should communicate energy efficiency messages to relevant patients on disease risk registers ahead of each winter. The Government should encourage uptake of the NICE guideline on excess winter deaths and illness across England and could even mandate commissioners to follow the recommendations contained in the NICE guideline. To secure maximum participation from health and social care providers referrals from such sources should lead to a guaranteed package of works. This would lead to parity with other healthcare interventions.

The NICE guideline highlights the importance of health and housing referral services and training for frontline professionals, yet such services are very patchy across England and government support is required to expand these and create consistent provision. We are currently funding a borough-led Warmer Homes Advice Service across London, reaching thousands of households through frontline professionals; but this would reach even more people through funding from central government for advice and referral services. The Government should fund the provision of advice and referral services across the entirety of England to at least match those available through Home Energy Scotland.

18. What commitments, whether new or retained from the 2015 strategy, might supplement the policy plan in the updated strategy to improve support for low income households who are most at risk for adverse health outcomes from living in a cold home?

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See above.

19. Keeping in mind the strategy's guiding principles, what policies might be included in a policy plan to decrease the financial burden of energy bills for households in fuel poverty?

Analysis for our Fuel Poverty Action Plan shows that fuel poverty is high amongst groups such as lone parents and those with disabilities or long-term illness, and we propose that data matching powers are used to bring these sections of the population into the Warm Home Discount Core Group alongside low-income pensioners.

20. What commitments, whether new or retained from the 2015 strategy, might supplement the policy plan in the updated strategy to decrease the financial burden of energy bills for households in fuel poverty?

See above.

21. Keeping in mind the strategy's guiding principles, what policies might be included in a policy plan to create a fairer energy market for households in fuel poverty?

Significant numbers of Londoners struggle with indebtedness. Our recent Survey of Londoners³ found that 24% of Londoners found their debts to be a heavy burden, with lone parents and people with disabilities suffering the most. Disabled Londoners (14%) are twice as likely to be in arrears for household bills compared to non-disabled Londoners (6%). This figure rises to 28% for Londoners out of work due to long-term illness or disability and 22% for lone parents. Whilst the number of households in fuel debt fell by half between 2007 and 2017 the average level of debt amongst indebted consumers is steadily rising. Ofgem has highlighted that many of the new entrants to the energy market are not as effective at intervening before problem debts mount due to not having the infrastructure to deal with debt or having billing accuracy problems. There should be a requirement on all energy suppliers to proactively intervene with households where debt hits a certain threshold and to offer a range of debt management and repayment options.

Disconnection rates have similarly fallen due to significant numbers of indebted consumers being provided with prepayment meters to clear their debt whilst paying for ongoing usage. Low disconnection rates obscure a considerable problem of households "self-disconnecting". Citizens Advice⁴ estimate that 16% of prepayment meter users have gone without credit at least once in the past 12 months. In London this amounts to around 115,000 households, and these will often be families with children or contain individuals with a long-term illness or disability.

The advent of smart meters provides energy suppliers with detailed information on energy usage, and it should be a licence condition that no vulnerable prepayment meter user is disconnected, to mirror that for standard meter users. We are concerned that the rollout is heavily delayed, and running over budget, and that suppliers will not meet the 2020 deadline. With only just over one year to go, it is essential that BEIS, Ofgem and energy suppliers produce a credible plan which demonstrates how the rollout can overcome the technological, financial and social barriers hampering progress of the national Smart Metering Implementation Programme and ensure that benefits to consumers are maximised. We are also concerned at the poor level of consumer engagement and energy efficiency advice provided to Londoners, as well as the inadequate

³ [Survey of Londoners 2018/19](#)

⁴ [Switched on: improving support for prepayment customers who've self-disconnected. Citizens Advice, 2018](#)

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attention to the needs of vulnerable people as part of the smart meter rollout. The National Audit Office's 2018 report⁵ stated that around 31% of consumers did not remember receiving energy efficiency advice when their meter was installed. This is a significant missed opportunity to bring additional benefits to consumers. We would urge BEIS to work with Ofgem and the energy companies to design, commission and resource a smart meter support service for vulnerable households.

For queries on this consultation response please contact John Kolm-Murray on 020 7983 4451 or john.kolm-murray@london.gov.uk

⁵ [Rolling out smart meters. National Audit Office, 2018](#)