



*Action for Warm Homes*

## **National Energy Action (NEA) response to the Mayor of London's "A City for All Londoners" consultation**

### **Introduction**

NEA works to end fuel poverty and tackle exclusion in the energy market in London and throughout the United Kingdom<sup>1</sup>. NEA undertake key research, national and local advocacy and works with partners<sup>2</sup> from local and national government, industry and the third sector to deliver practical solutions to improve the quality of life for those living in cold homes. We achieve this by improving access to energy and debt advice, providing training, supporting energy efficiency policies, local projects and other related services which can help change lives. NEA also provide the secretariat for the All-Party Parliamentary Fuel Poverty & Energy Efficiency Group which was first established in 1995 as the Parliamentary Warm Homes Group, to raise awareness of the problem of fuel poverty and the policies needed to eradicate it. Despite our work and national and Mayoral commitments to reduce fuel poverty over the years, the number of Londoners living in a cold home has continued to rise.

**Nearly 350,000 households are living in fuel poverty in the capital and this number is increasing.**

**With the current level of national resources, fuel poverty in London is unlikely to be eradicated in the average lifetime of a baby born in London today**

NEA's vision is that 'no one is living in fuel poverty' but due to ineffective targeting and the current level of investment in GB-wide, national and local programmes in the capital this is currently unlikely to happen in the average lifetime of a baby born in London today<sup>3</sup>. On the 29<sup>th</sup> November 2016 'I, Daniel Blake' lead actor Dave Johns highlighted that "It is a complete scandal that people die because they can't afford to heat their homes" and backed our national Warm Homes Campaign to end the cost and suffering caused<sup>4</sup>. The real "scandal" is that the physical impacts of living in a cold home are causing acute unnecessary suffering and premature mortality<sup>5</sup> in London and nationally are a bigger killer than smoking, lack of exercise and alcohol abuse<sup>6</sup>.

Beyond the impacts on the frail and elderly, children living in damp and mouldy homes are almost three times as likely to suffer from coughing, wheezing and respiratory illness<sup>7</sup>. Linked with appalling indoor and outdoor air quality, existing evidence highlights infants living in cold conditions have a 30% greater risk of admission to hospital or primary care facilities<sup>8</sup>. This in turn badly impacts on educational attainment in the capital, either through increased school absence through illness or children unable to find a quiet, warm place to study in the home<sup>9</sup>. This is increasingly common in privately rented homes such as shared properties, bedsits and hostels which are increasingly prevalent in the capital. Financial stress about energy bills causes huge anxiety which can exacerbate mental health problems, leading to depression and potentially suicide<sup>10</sup>. Currently, more than one in four adolescents living in cold housing are at risk of multiple mental health problems<sup>11</sup>. As noted below, these damaging impacts to life chances are all particularly acute in London.

**Living in a cold home is a bigger killer than smoking, lack of exercise and alcohol abuse**

**In the last five years, there were an estimated 13,000 excess winter deaths in London – 30% of these were likely caused by fuel poverty**

**More than one in four adolescents living in cold housing are at risk of multiple mental health problems**

In November 2016, NEA hosted a seminar identifying areas that encourage a range of groups to act collaboratively and break down key silos which prohibit action on cold homes in London. It was hoped that by making key agencies across the capital more aware of these opportunities, in turn Londoners will also be more aware of these initiatives, helping to make homes warmer and healthier but also encourage wider benefits. The event was organised to mark NEA's 35 years of action for warm homes around the theme of 'Innovation, Celebration, Education'. The anniversary provided an opportunity to explore best practice achievements of all local providers of affordable warmth throughout London over the last 35 years.

### **Why is tackling cold homes still a key priority in London?**

- ❖ The latest Government statistics reveal that over 348,216 households are living in fuel poverty in the capital (10.6% of Londoners and 14% of all national fuel poor households)<sup>12</sup>. This is an increase of 6.5% or over 22,000 households compared to the year before. The scale of the increase in London accounts for 69% of the national increase
- ❖ Between 2004 and 2016 domestic electricity prices increased by 80% whilst gas prices have doubled. The average proportion of a household's income spent on energy has also doubled in that time with low income households continuing to pay a disproportionately higher percentage of their outgoings on fuel whilst their incomes have stagnated or reduced<sup>13</sup>
- ❖ Londoners have a greater chance of being on the most expensive tariffs and payment types. Pre-Payment Customers pay a lot more for their energy, this method of payment is c.35% more likely in London and 16% of Londoners use a gas PPM and 19% electricity PPM
- ❖ Despite the introduction of a PPM price cap (recommended by the Competition and Markets Authority and now being implemented for April 2017) London's PPM customers will still end up paying a lot more than direct debt customers. NEA estimate this will cost PPM customers in the capital £90m per annum after the PPM cap
- ❖ NEA estimate that London PPM customers are also providing £60m per annum to HMT through VAT on their fuel bills and revenue the Government get from carbon taxes, over £350m per year for all domestic customers in the capital
- ❖ Domestic energy customers in the capital will pay £175m over the next 10 years if the UK Government implement an exemption for Energy Intensive Industries from the indirect costs of the Renewables Obligation and Feed-in Tariff Schemes
- ❖ NEA estimate that over 30,000 private rental properties are currently causing unnecessary suffering and potentially premature mortality in London whilst thousands of landlords are making huge amounts of money from their tenants' housing benefit but continuing to rent out potentially life-damaging homes
- ❖ Inner London Boroughs have very high numbers and concentrations of Houses of Multiple Occupation (HMOs); 41% of England's shared housing stock is in the capital (195,000 homes)<sup>14</sup>
- ❖ HMO properties will not be fully covered by national standards despite a recent NEA survey which highlights these worst rental properties have such inadequate heating and insulation that it is impossible to keep them warm and free from damp<sup>15</sup>

NEA therefore welcomes the opportunity to respond to the Mayor of London's "A City for All Londoners". In October 2016, NEA also warmly welcomed the London Mayor's commitment to tackle cold homes in the capital and the development of a new fuel poverty action plan which will be produced in spring 2017. As well as outlining the scale of the challenge, NEA hopes this response provides a number of positive solutions that can be embedded within the final Environment strategy and the bespoke Fuel Poverty Action Plan.

In particular NEA highlight how retargeting and amplifying existing programmes alongside the introduction of targeted and adequate investment by the Mayor can support London Boroughs to reverse recent trends and help improve the quality of life for those living in life threatening conditions across the capital. We also highlight how more ambitious energy saving programmes could also improve air quality; boost economic activity in deprived areas; reduce costs to local health services; reduce needless carbon emissions, rent arrears and void periods for landlords; create jobs and wider benefits for London businesses; avoid unnecessary investment in non-efficient forms of embedded power generation which can increase local air pollution and help reduce the cost of network reinforcement. The latter could in turn help reduce the extent or duration of civil utility street works taking place in London<sup>16</sup>.

### **NEA have welcomed the Mayor's recent pledge**

As noted in the introduction, in October 2016 NEA welcomed the Mayor of London's personal pledge to play an active role in tackling cold homes in the capital. He also committed the GLA to the development of a new Fuel Poverty Action Plan. The Mayor was responding to a question from Dr Onkar Sahota AM (Chair of the Health Committee) which highlighted his concerns regarding the health impacts of fuel poverty on older households in London. In response, the Mayor also said he was investigating how existing and new energy efficiency initiatives could be focused on reducing fuel poverty and asked for further information about the opportunity to expand the innovative Seasonal Health Intervention Network (SHINE) referral services across other London boroughs which do not have suitable single point of contact referral schemes of their own. He also highlighted the importance of the links to the emerging Environment Strategy and the new initiative Energy for Londoners.

More recently, the Mayor commented that the Fuel Poverty Action Plan will help address fuel poverty across all tenures in London, including the private rented sector and houses in multiple occupation<sup>17</sup>. Most promising was his determination to use existing powers available to boroughs to better enforce conditions in privately rented properties. In particular, the Housing Health and Safety Rating System (HHSRS) which provides local authorities with the powers to inspect homes for health and safety risks, including excess cold, and to order landlords to make improvements. The remainder of this response aims to support the Mayor, his team and the boroughs to help meet these positive new commitments and help end cold homes in the capital.

## Need for a clear commitment for London to meet national targets

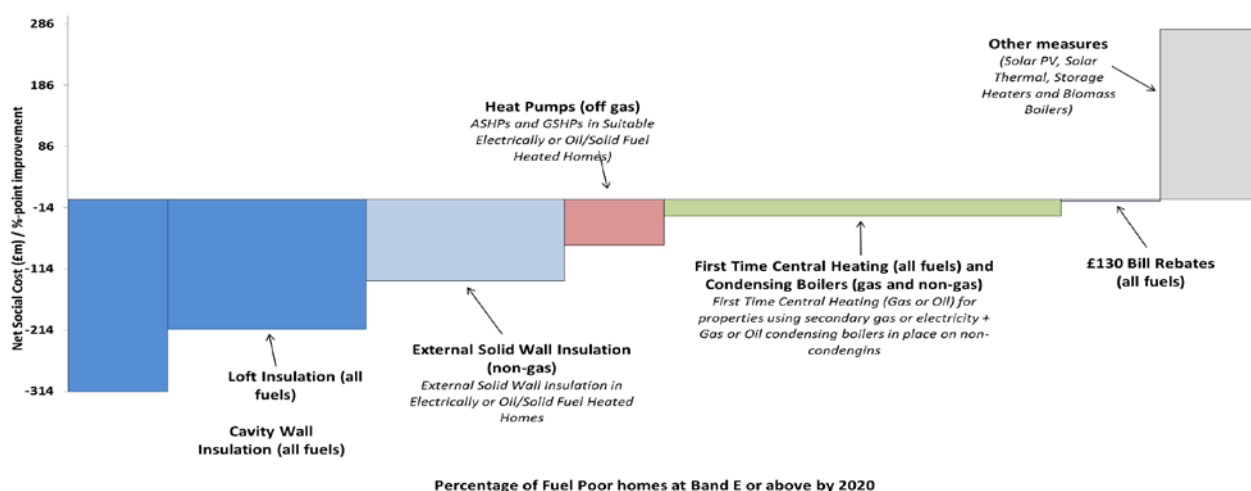
NEA believes an essential element of the capital's Fuel Poverty Action Plan must be for this document to commit London to meeting national fuel poverty commitments in England<sup>18</sup>. The overall target is clear; to get all fuel poor homes in the capital "as far as reasonably practicable" to at least an energy performance band of C by 2030. This is the standard of homes built today outside of London<sup>19</sup>. Given the commitments above, the action plan must also state clearly that the Mayor will help ensure (as a minimum) that the worst PRS properties are not rented out from 2018-2020, again in line with national statutory targets<sup>20</sup>. As noted previously, NEA's research indicates unhealthily low temperatures are more prevalent in Houses of Multiple Occupation and so any requirements on privately rented homes should also include shared properties, bedsits, hostels and poorly converted flats.

There is also an opportunity to ensure social landlords in London maintain the historic improvements in this tenure and tackle the remaining stock not improved by the national Decent Homes programme. This can be achieved by setting a clear aspiration to bring social housing into line with the aforementioned PRS target in London.

## Is this approach cost effective and how much investment is required?

The Government determines cost-effectiveness using Marginal Abatement Cost Curves and this ranks interventions based on their cost-effectiveness for abating greenhouse gas emissions. The MACC allows decision makers to assess how much progress is already being made and subsequently consider what it would cost (or save) to make more (or less) progress from that point. The same approach to constructing MACCs for climate change or overall energy efficiency policy can also be applied to fuel poverty. The Department for Business, Energy and Industrial Strategy (BEIS) have established FP-MACCs to assess, at different points in time, what the most cost-effective interventions are and how much progress these interventions could potentially make towards fuel poverty objectives<sup>21</sup>. The table above highlights how cost effective a range of energy saving measures would be in pursuit of the aforementioned targets nationally, the net savings would be far greater than the deployment costs.

## Fuel poverty Marginal Alleviation Cost Curve (MACC) of measures required to achieve the 2020 fuel poverty interim milestone [and illustrative of PRS targets]<sup>22</sup>



The Committee on Fuel Poverty (CFP) have estimated the overall cost of meeting national fuel poverty commitments in England. Overall, an investment of £20bn is required to get all (current) fuel poor homes in England to at least an EPC C by 2030<sup>23</sup>. This includes the contribution made by current energy efficiency schemes. NEA estimates that circa £2.8bn investment is required over the next 14 years to meet these requirements in London. Assuming 12% of the current Energy Company Obligation (ECO) can be delivered in London this leaves circa £124m per annum of investment that must be found if London is to meet its share of these proposed targets<sup>24</sup>. In addition, NEA estimate that there are c.30,000 F/G rated properties in the PRS sector in London that will require energy efficiency measures to meet the national PRS targets before end of 2020 at the latest (excluding HMOs). Whilst this investment should be drawn for private investment via landlords, NEA has also estimated the total cost of meeting the aforementioned PRS target will be £53m in total or circa £15m per annum<sup>25</sup>.

**Around £2.8bn investment is required over the next 14 years to meet national fuel poverty targets in London**

**And around £124m needs to be found in addition each year in London above ECO funding**

**We think the Mayor could develop an approach which amplifies support from national programmes and cultivates existing local initiatives**

The scale of investment required to meet current statutory targets in London is significant. However, NEA would stress that:

- ❖ The measures included within the FP- MAC curve to meet the interim fuel poverty targets above are cost effective and will generate positive savings for Londoners and society
- ❖ The investment to meet both the fuel poverty targets and PRS requirements in London can be defrayed across a number of parties via co-funded initiatives (central government, private and social landlords; boroughs; utility companies, escos, gas and electricity network operators as well as other key actors such health agencies, charities and community groups)
- ❖ The investment requirement assumes that not £1 of public money is going to be spent on improving energy efficiency levels in England. England is currently the only nation without a Government-funded energy efficiency programme for the first time in over 30 years. This is despite domestic energy consumers in London contributing an estimated £4.8 billion to the Treasury<sup>26</sup> over the next 14 years
- ❖ The counterfactual costs of not meeting national targets in London are many times greater; just the cost to health services of treating the morbidity associated with cold homes in the capital alone is over £4 billion in the next 14 years<sup>27</sup>
- ❖ The previous administration spent over £500m of its budget on questionable projects without any tangible lasting benefits to Londoners, particularly the most vulnerable. This broadly highlights the need to rebalance spending priorities in the capital<sup>28</sup>

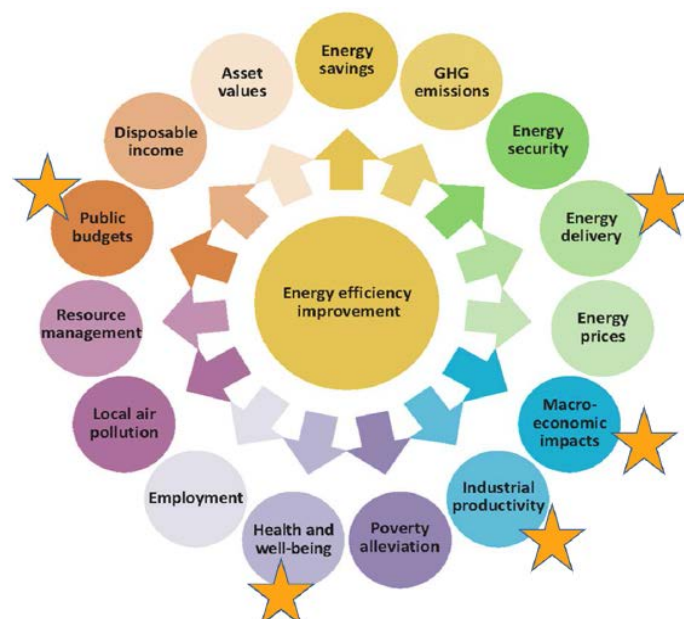
In addition, NEA has not attempted to monetise the following set of benefits that could be achieved with the introduction of adequate investment in this area:

- ❖ The direct value of reductions in bills and energy arrears for households or how this would increase spending within poorer communities

- ❖ The avoided cost of reducing carbon emissions in London or improving air quality via alternative actions
- ❖ The avoided costs of investment in non-efficient forms of embedded power generation in the capital which can increase local air pollution
- ❖ The value of reductions in rent arrears and void periods for landlords<sup>29</sup>
- ❖ The extent of the creation of a healthier workforce and jobs from a more buoyant energy efficiency industry
- ❖ The value to London's economy of wider benefits such as upskilling London's workforce
- ❖ The value of avoided costs to energy consumers of reducing network reinforcement by Distribution Network Operators in London<sup>30</sup>. In turn, the positive impacts of also reducing civil utility works taking place in London's streets
- ❖ More comfortable internal temperatures in homes will lead to fewer premature winter deaths and despite being unpalatable premature mortality has a clear cost to Londoners<sup>31</sup>
- ❖ The reduced costs to mental health and social care as reductions in bills can lead to less stress and better mental health for occupants and keep people living in their homes longer
- ❖ The cost effectiveness of free interventions such as advice which can also create less damp and mould growth within homes which in turn reduces respiratory problems at little or no cost

Whilst NEA would stress the GLA need to take responsibility for fully monetising these benefits, they highlight why ending cold homes must be a priority in the capital. No other form of investment can deliver so much.

**Table from the International Energy Agency (IEA)'s report 'Capturing the multiple benefits of energy efficiency'**<sup>32</sup>



## **Smart ways to plug the gap**

As noted previously, based on current delivery rates and resources NEA has estimated the UK Government could miss the fuel poverty target in England by as much as 80 years<sup>33</sup> and the Climate Change Committee (CCC)<sup>34</sup> and think tanks such as Policy Exchange<sup>35</sup> noted less than half of what is required to meet these commitments is being invested nationally. The Mayor will therefore have to develop an approach which amplifies what limited support is available from national programmes and cultivate existing local initiatives. NEA has tried to highlight the full range of contributions that can be made by a range of parties below and the key features of a smart approach to tackling cold homes in London.

### ***Tackle low incomes and link to wider support***

One of the key risk factors of living in a cold home is low household income. The Coalition Government's emergency budget of 2010, the 2012 Budget and the Welfare Reform Act 2012 resulted in significant cuts to social security in London. As well as headline changes to introduce Universal Credit, There were a suite of other changes including:

- Council Tax Reduction schemes (CTR) replaced Council Tax Benefit;
- amendments to housing benefit;
- introduction of the benefit cap;
- moves to abolish crisis loans and community care grants and replace them with discretionary social funds;
- changes to income support for lone parents; and
- changes of criteria for the work capability assessment (WCA) combined with the introduction of Personal Independence Payment (PIP) which replaced Disability Living Allowance (DLA)

These reforms also took place alongside a host of other changes like reducing the baby element of child tax credit (CTC) worth £545; childcare costs covered by working tax credit (WTC) have been cut and most couples with children now have to work at least 24 hours a week to qualify for WTC. NEA believes one of the key steps the Mayor could take to mitigate this damage is to expand the "Know your rights campaign". This would aim to introduce a systematic approach to drive benefit entitlement checks (BECs) across the capital. One example which highlights the difference this assistance can make is a case study from NEA's subsidiary about a carer for his disabled wife. He was referred to a benefits advisor in East London and awarded a higher rate Attendance Allowance which then entitled him to an increase in his Pension Credits. This then helped him apply for a Blue Badge for parking. The total gain secured for the couple was £13,147 p.a. plus a one-off arrears payment of £3,140. The couple is now able to be free of the financial worries previously associated with paying their fuel bills.

Enhancing this form of assistance will help increase household incomes and therefore provide economic activity in poorer areas and enable households to be passported to other forms of assistance such as the Home Heat Cost Reduction element of Energy Company Obligation (ECO) or Warm Home Discount Scheme (WHDS) which provides energy efficiency measures and automatic electricity bill support to low income older age households on related means tested benefits respectively<sup>36</sup>.

As well as using this data to link to national schemes, the Mayor could also consider helping unlock private investment in energy efficiency by providing a credit facility or bridging loan for a



successful BEC claimant to pay for essentials such as food, energy or equally energy efficiency measures where no credit union or discretionary borough social funds are available<sup>37</sup>.

### ***Accelerate Energy for Londoners***

NEA welcomes the Mayor's investigation of a new energy company for London and a broader program of work to address the barriers Londoners face in paying for energy, an essential service. NEA has highlighted that currently the most expensive payment types are circa 35% more common in London and 16% of Londoners have a gas pre-payment meter (PPM) and 19% an electricity PPM. NEA estimate that even after the CMA has implemented a PPM cap these customers will still end up paying £90m per annum in the capital. If the Mayor does introduce a new supply company, this challenge will need to be met with better tariff offerings for low income consumers. NEA would also expect the Mayor to offer the Warm Home Discount to a 'core group' – which is in line with best practice from the large national energy suppliers. The Mayor should also respond to an opportunity to develop an extra help or assisted referrals within the smart meter rollout, to ensure that all Londoners, including the most vulnerable, are able to benefit. Independent of Energy for Londoners the Mayor can also drive up co-ordination from suppliers and use his convening powers to increase awareness of the smart rollout and champion support such as free gas safety checks which can help reduce emissions, air pollution and acute risks such as carbon monoxide poisoning<sup>38</sup>.

### ***Introduce bespoke programmes***

The Mayor must recognise the need to introduce bespoke energy efficiency programmes in the capital, in addition to the UK Government's main national energy efficiency programme, the Energy Company Obligation (ECO). Our research – which we set out here – reveals very significant flaws with the current obligation and as such the Mayor should not rely on this programme to be the sole means of addressing London's cold homes.

NEA supports the main principles outlined for the transition year and the longer-term ECO from 2018. In particular, NEA welcomes the Government's commitment to focus the supplier obligation on households who are most in need, in line with the Fuel Poverty Strategy for England. However, the scheme is currently not supporting fuel poor households that are not on means-tested benefits and prohibits greater involvement of local actors, especially where vulnerability is a concern. In our response to the consultation we drew on research which aimed to learn more about the current customer experience of the Home Heat Cost Reduction Obligation (HHCRO). We received over 70 responses<sup>39</sup> and the participants noted the need to urgently reform the current scheme:

- **90%** of respondents believed that resources under the current phase of ECO are insufficient to meet statutory fuel poverty targets
- **86%** were concerned that ECO is not currently an effective way of ensuring low income and vulnerable households are able to keep warm and keep their bills down
- **73%** of respondents were concerned that only limited types of energy efficiency measures are being deployed under the current phase of the scheme
- **79%** of respondents noted that they either disagreed that the current eligibility proxies were effective with the remainder largely unsure



From December to March 2016, NEA also worked with Citizens Advice to capture feedback from frontline agencies on the delivery of the ECO programme. NEA secured this feedback through facilitated discussion for attendees at each of NEA's regional forums, covering over 200 individual organisations in total<sup>40</sup>. In particular, the issues we addressed were:

- Client journey and experience and how easy the scheme has been to access
- Accessibility of the scheme by different groups
- Whether heating measures have been delivered without installing basic insulation
- Cases where clients have met the eligibility criteria but been refused help and the reasons why
- Requests for monetary contributions from the client and the impact, if any, on accessibility of the scheme
- Experience of the installation, the quality of measures and aftercare

The findings within the regional forums were largely consistent with the feedback from the questionnaire. Concerns regarding the client journey and experience; ease of access to the scheme by different groups; the limited consideration of the enhanced needs of vulnerable people; the impact of requests for monetary contributions from the client; and quality of measures and aftercare, were all major themes. Overall the investigation at NEA's forums found that:

- **80%** of representatives believed there is currently a poor level of awareness of the ECO overall, and very little knowledge of the differences in the various components of the scheme or the relevant criteria
- **Over 67%** of representatives indicated the programme was difficult (or very difficult) to access, in particular for private rented tenants (noted by almost half of all discussion groups), remote rural consumers (eight discussion groups) and tenants in smaller properties (six discussion groups)
- **Over 70% of forum delegates** highlighted that consumers regularly have major difficulties in financing any shortfalls in the cost of energy efficiency measures
- **Only ten discussion groups out of 33** in total described the details of effective local or national ECO 'top up' funds

In addition to the findings above, participants also reported very little transparency over what monetary contributions are sought by suppliers from households and little detailed information about what was driving any variances (ancillary costs, different types of prices depending on supplier, geographical location, size of property or the contractor). In terms of quality standards over five discussion groups at the forums noted that contractors were installing lower end boilers and providing very limited warranties to HHCRO households and three discussion groups reported problems with the installation of solid wall insulation and highlighted failures by suppliers or contractors to fully explain the installation process to households or address initial concerns or questions.

These findings highlight some very significant flaws with the current obligation and as such the Mayor should not rely on this programme to be the sole means of addressing London's cold homes. In addition to the barriers the overall spending envelope for ECO will also be cut to c. £640m per annum from April 2017 which follows a similar previous reduction in 2014 when the

budget was reduced by a third; from the original notional spend of c. £1.3bn per annum. NEA therefore believes the following opportunities for additional bespoke policies should also be considered in London:

- I. Low cost energy saving measures fund could be introduced to be installed by Home Improvement Agencies (HIAs) alongside the smart meter roll-out
- II. A universal GLA wide ECO top scheme for low income households could cover the cost of an ECO contribution sought by suppliers or their contractors
- III. Regeneration based retrofit schemes can be boosted out of section 106 with guidance from GLA to ensure the best is made of these schemes

***Tackle the worst conditions in the private rented sector as a priority and galvanise work in boroughs***

Because of their intrinsic understanding of their local areas and the fact they already have relevant strategic responsibilities and relationships with community based organisations and agencies, many boroughs independently help enhance joined up action on affordable warmth. NEA has consistently championed the key role local authorities and the boroughs must play in addressing fuel poverty and fulfilling their current duties in relation to housing standards. Despite their efforts, and signs that local authorities may have a greater role in the delivery of the future ECO scheme, deep cuts to council funding continues to make it more challenging than ever (and in some cases impossible) to commit resources to tackle fuel poverty locally.

We acknowledge that the Mayor does not have the powers to develop a binding duty, to ensure all boroughs play their key part in addressing fuel poverty, reducing domestic carbon emissions and supporting and facilitating emerging public health responsibilities. But he can help ensure they are fulfilling their current duties for enforcing and monitoring housing standards. NEA believes that the Housing Health and Safety Rating System can help provide an effective method of addressing the worst cold damp housing in the private rented sector. However local authority enforcement action has been minimal mainly as a result of limited resources and competing pressures on local authority Environmental Health Officers. This must be addressed so that HHSRS acts as a key driver to increased local authority action on cold damp private sector housing.

Given the investment previously outlined in this response, the Mayor could also set a notional target of £15m-20m per annum being invested by landlords until 2020 from successful enforcement cases. This could be tracked through introducing a new reporting regime within the boroughs which would report on how many (and the value of) improvement notices that have been served to landlords for category 1 and 2 hazards for cold and producing a London standard for HHSRS inspections<sup>41</sup>.

If these steps failed to encourage adequate and more consistent enforcement standards across London boroughs the Mayor could also consider a central resource for an 'EHO of last resort' which would act as a backstop for the enforcement of housing standards across London. This could be operated in a number of ways but there is the potential for this provision to be led by either the private or public sector and be cost neutral. In addition, NEA notes an opportunity for

the Mayor to build on the work of a number of boroughs to include basic energy efficiency standards as a key part of licensing requirements.

These proactive steps are designed to reduce the public costs that failure to enforce housing standards locally presents. In contrast to the current approach to enforcement, they also seek to shift the burden away from tenants to lead complaints about their landlords and raise a common expectation of what living standards should be expected in the capital. Without this shift it is likely that in an increasingly competitive rented housing market (especially in areas of high demand in London) tenants will be unwilling to ask their landlords to enforce their rights to repairs due to fears of eviction. This is despite the properties (and landlords) potentially falling foul of minimum safety requirements.

Beyond enforcement, the Mayor can play a key role in championing the boroughs support to help tackle fuel poverty as well as reducing domestic carbon emissions. The Mayor's involvement helps stimulate on-going capacity within public sector, community based and private sector organisations locally and nationally, this can help develop local supply chains, help reduce the cost of delivery and provide the signal to invest in wider community groups or local job opportunities. Given the recognised role of these key intermediaries to not only help build trust in community based energy initiatives but also help leverage local benefits, the Mayor should aim to demonstrate the importance of a wide range of partners through his advocacy.

NEA believes the difference the Mayor is leveraging could be monitored under the boroughs reporting requirements under the Home Energy Conservation Act (HECA). The Mayor's oversight of the HECA reporting framework could in help facilitate better integrated working, allow the GLA to track how each local authority was responding to new opportunities or more generally track local efforts to address fuel poverty, reduce domestic carbon emissions and relevant public health responsibilities. The Mayor should also take this action forward alongside supporting forums, workshops and the development of active networks that facilitate peer to peer learning and expand good practice in this area.

### ***Encourage social landlords to continue to improve their stock***

NEA notes the value improving the energy efficiency of properties can have for landlords. As well as improving the capital value of the property, there is solid evidence that energy efficiency improvements helps to reduce rent arrears and void periods for landlords. Along with Rockwool and British Gas, NEA sponsored a new piece of research with Sustainable Homes "Touching the voids report: The impact of energy efficiency on landlord income and business plans"<sup>42</sup>. This research worked with twenty-five social landlords managing over 500,000 homes in England and Wales to investigate whether energy efficiency improvements to homes that reduce energy bills provide any reduction in voids, rent arrears and other costs faced by landlords. This opportunity is however set alongside deep challenges for social landlords where in the last 18 months have seen rent reductions, changes to grants, the extension of Right to Buy and the transition to universal credit, with residents becoming more responsible for their finances.

The results are very promising and have helped quantify the following impacts:

- There is a correlation between the energy efficiency of the homes and the number of void days. As homes become more energy efficient they are void for a shorter length of time - on average band B properties remained void for 31% less time than those in bands E and F;

- Administration costs are considerable for voids. Landlords with more energy efficient stock are spending less on refurbishing void homes, less on repairs and less on staff time to manage voids
- The levels of rent arrears experienced by landlords ranged between 3.5% and 28%, with an average of 14% and there is a correlation between length of time in arrears and energy efficiency of homes
- Colder homes, especially those in band F, have on average two weeks more rent arrears than the rest of the bands each year. The highest performing band A properties spent 30% less time in arrears compared with the worst performing homes
- An analysis of further costs incurred shows that time spent seeking overdue rent payments, legal costs and court costs decline by around 35% for more energy efficient homes

This work demonstrates that there can be a strong business case for landlords continuing to maintain invest in their stock, particularly the least efficient homes. As noted earlier in the response, there is an opportunity for the Mayor to ensure social landlords in London maintain the historic improvements in this tenure and tackle the remaining stock not improved by the national Decent Homes programme. This can be achieved by setting a clear aspiration to bring social housing into line with the aforementioned PRS target in London. The Mayor should also encourage social landlords to consider helping support private low income households that have exercised their 'right to buy' within larger areas of social housing but may not have any of their own capital to invest in improving the energy efficiency of their homes.

The Mayor's work with social landlords should also include helping ensure domestic consumers connected to district heating networks are protected by adequate consumer protections that benefit from Mayoral led programmes. In this context, NEA highlights the findings of a recent Citizens Advice report<sup>43</sup> which recommended publishing details of the number and location of heat networks across Great Britain. This should be publicly available information. All heat suppliers should also have minimum efficiency standards and a regular maintenance and inspection regime in place. This should include checking all heat meters at least once every two years to make sure users are being billed for the right amount of heat. All heat suppliers should also maintain a list of vulnerable customers (a Priority Services Register) and ensure that these customers are treated as a priority during periods of system downtime (both anticipated and unanticipated). The Mayor should also consider what bespoke and targeted advice is required to help DH consumers controlling their heating and understanding their billing.

### ***Reduce the cost to London health services of cold homes***

As previously outlined, NEA believes it is a scandal that cold homes continue to kill in the capital and the aforementioned cost of related morbidity is stark. To respond to these acute risks the Mayor must ensure that guidance produced by NICE on 'Excess winter deaths and morbidity and the health risks associated with cold homes' is acted upon in the capital. This guidance provides a

clear blueprint on how to assist these households and Public Health England have stated in their Cold Weather Plan that reducing fuel poverty and excess winter illness and deaths should be considered 'core business' by Health and Wellbeing Boards and included in their Health and Wellbeing Strategies and Joint Strategic Needs Assessments (JSNAs).

The Mayor needs to target his interventions to help move beyond current examples of good practice in boroughs and aim for the guidance to be replicated consistently in all parts of London. An early step would be to write to health commissioners and challenge them on how they are working with Health and Wellbeing Boards to apply the recommendations within the NICE guidance. In addition, through national programmes such as the Warm Home Discount scheme industry initiatives, the Mayor can help expand schemes such as Islington Council's innovative Seasonal Health Intervention Network (SHINE) referral services across other London boroughs which do not have suitable single point of contact referral schemes of their own.

The Mayor can also use his position to challenge and encourage London hospitals to join up outpatient care with fuel poverty initiatives for patients at-risk of recurrent GP visits and unplanned hospital admissions. The GLA could also support 'warmth on prescription' models by pooling information on the cost of cold-related morbidity and mortality at a local level, recognising this is essential data to drive the business case for the development of local projects. Finally, as noted later in this response, these steps should be taken forward alongside outspoken advocacy on the need for the Department for Health (DoH) and DBEIS to ensure national energy efficiency programmes do all they can to support low income households with cold related health conditions and ensure there funds available for crisis heating repairs

### ***Improve targeting of assistance and help practitioners identify cold homes***

In the short term, the Mayor has a significant opportunity to improve the targeting of existing related programmes in London. In March 2012, the Health and Public Services Committee report - *In from the cold? Tackling fuel poverty in London* said the Mayor should refocus the RE:NEW scheme on tackling fuel poverty. Regrettably, this did not happen and the budget for the programme was cut. The remaining consultancy support has been focused on social housing providers or to support able to pay households. This has negatively impacted on NEA's view of the value of the scheme in its current form and the scheme should support those that need the help the most.

There is also an immediate opportunity to refocus boiler scrappage/replacement scheme. This scheme currently only provides a small contribution to the costs of replacing an old or inefficient boiler. In order to target this support to be more targeted at low income households, the Mayor should pay the full capital cost for eligible low income or vulnerable households and ensure basic insulation is installed within the property where practical to do so.

Beyond the beneficiaries of schemes, the Mayor can also support efforts to better target assistance on the ground at those that need the most support. The main risk factors of living in a cold home have been identified throughout this response. Fuel poverty is the consequence of a combination of factors including the cost of fuel, the level of household income, the physical quality and characteristics of the dwelling and the degree of vulnerability of the occupants of a dwelling.

The households that struggle with this combination of factors are identified through national statistics to show the number of households in a local authority area that have both low incomes and high fuel costs. The Low Income High Cost indicator also provides the depth of fuel poverty amongst these households.

Prior to the introduction of the Low Income High Costs indicator in England, fuel poverty was measured under the 10 per cent indicator across the whole of the UK. The 10 per cent indicator continues to be used in Scotland, Wales and Northern Ireland. Under this indicator, a household is considered to be fuel poor if they were required to spend more than 10 per cent of their income on fuel to maintain an adequate standard of warmth. An adequate standard of warmth is usually defined as 21°C for the main living area, and 18°C for other occupied rooms. In July 2013, DECC produced a report entitled “Fuel Poverty: a Framework for Future Action – Analytical Annex”. This document sets out the details of the analysis that is undertaken to support the development of the strategic framework for fuel poverty<sup>44</sup> and the proxy indicators to determine fuel poverty under the LIHC indicator may help the development of the action plan in London. NEA has also helped develop a Fuel Poverty Assessment Tool alongside the Joseph Rowntree Foundation, Eaga Charitable Trust and Citizens Advice<sup>45</sup>. It is designed specifically to help front-line home energy efficiency assessors and fuel poverty programme workers to calculate whether a resident is living in fuel poverty. Based on the information inputs about the household circumstances and property details, it calculates the impact of different interventions on the level of fuel poverty to help assessors understand which could be the most cost-effective measures. Again this resource may be helpful in the development of the action plan in London.

The Digital Economy Bill<sup>46</sup> could play an important role in supporting energy companies to identify and deliver help to struggling energy consumers in the capital. These actions are in line with the Fuel Poverty Strategy for England and can support the delivery of assistance to low income energy consumers who are most in need in London. NEA also highlights support for using the new powers within the Bill to encourage greater involvement of other critical actors. In particular, NEA highlights how councils in London, local public sector health bodies and energy network companies should also be able to access this information to identify and support vulnerable households who are most at risk of the direct impacts of morbidity associated with cold homes<sup>47</sup>.

At present it is not possible for GPs in London to assess the eligibility of patients to Warm Home Discount or the current ECO Affordable Warmth criteria without a time consuming appraisal of the household's circumstances and securing individual 'opt in' consent from each patient. Invariably, given the time constraints on GPs and practice managers, this is judged by the vast majority as 'too difficult' or 'too time consuming'. If new national powers enabled GPs, the GLA or boroughs to request this information from central Government or a supplier in aggregate for all of their patients, local parties would then be able to match this information with any existing medically certified health conditions exacerbated by living in a cold home. Therein, tailored advice and referrals for affordable warmth interventions could be provided to those most vulnerable patients. This data-matching process would also make it easier for local affordable warmth programmes in London to secure funding from HWBs, CCGs and others towards the cost of energy efficiency interventions (either on an individual or aggregated basis).

In addition, there is currently a huge variation between which personal data public sector health organisations are prepared to share across London which is often down to various individually set policies and practices. This has led to a postcode lottery where some citizens' data can be shared to better identify and assist vulnerable households who are most at risk of the direct impacts of

morbidity associated with cold homes in one borough while others can't be, even if it's for a similar or identical purpose. The Bill therefore provides London with a legislative opportunity to introduce a standard 'gateway' or approach to data sharing for these organisations. The Mayor should therefore push central Government for the new powers within the Bill to be accompanied by national guidance to local government and local public sector health bodies on sharing patient level health, income and benefits data.

NEA also fully supports the 'eligibility flexibility' proposals that are being developed within the future ECO scheme and believes it can help open access to the scheme for fuel poor households that are not on means-tested benefits and encourage greater involvement of local actors, especially where vulnerability is a concern. Without co-ordination however the eligibility flexibility also means that a high number of households not within the LIHC fuel poverty definition could potentially access support. This could reduce the Government's ability to meet its 2020 milestone. In a London context, this requires the Mayor to use his convening powers to help take advantage of this opportunity and ensure that if councils do not intend to use the new eligibility flexibility powers, a relevant body must be declared with the 'delegated responsibility' to refer households to obligated suppliers on their behalf.

Linking oversight of the flexibility proposals to the aforementioned renewed monitoring framework under the Home Energy Conservation Act (HECA) could facilitate better integrated working, allow the GLA to track how each local authority was responding to this new opportunity or more generally track local efforts to address fuel poverty, reduce domestic carbon emissions and relevant public health responsibilities. This information could also be overlaid with the new information NEA reference pertaining to enforcement of housing standards, BEIS sub-regional statistics showing the depth of fuel poverty within boroughs and NEA's own recent research<sup>48</sup> assessed how far health and wellbeing boards (HWBs) in London (and the rest of England) are including relevant public health indicators in their joint needs assessments and strategies.

### ***Work with network companies***

The GB energy regulator Ofgem currently requires energy suppliers and Distribution Network Operators (DNOs) to provide non-financial services currently for customers who are of pensionable age, disabled or chronically sick. Following a review by Ofgem, the GB-wide Priority Services Register (PSR) eligibility will be changing from a 'category' approach to a model based on need. Energy suppliers, DNOs and in the near future Gas Network Operators (GDNs) will be obligated under the new PSR and expected to be proactive in identifying those in 'need'. The Mayor can help replicate good practice and the important role networks can play in supporting vulnerable customers and delivering solutions for them (either themselves and by partnering with others). This is particularly acute when GDNs have to disconnect gas supply at properties as the boiler is deemed to be unsafe. Our current research to date shows this can remove one hazard and replace it with another (living with an unsafe gas appliance to having no access to essential heating, hot water etc).

Ofgem has also proposed GDNs will connect 18% more households (91,203 households) to the gas network until 2021 compared to the original GD1 connections target. Under the Stakeholder Engagement incentive and Discretionary Reward Scheme (DRS) GDNs are also encouraged to work with other parties to maximise positive outcomes for their fuel poor customers and engage the most hard-to-reach households that could benefit from a gas connection. Even where a gas connection is not viable, GDNs are still expected to play an active role in working with other



organisations to facilitate alternative forms of assistance and use the DRS incentive to develop non-network solutions for fuel poor households, and to work collaboratively with other parties to provide funding for in-house works. Coupled with the development of a new interactive mapping solution for off gas grid homes<sup>49</sup> this is a key opportunity for the Mayor and he should look to work with GDNs and other stakeholders to ensure GD1 connections targets are met in the capital.

Ofgem has also stated within RIIO<sup>50</sup>-ED1<sup>51</sup> DNOs also have an important role to play in supporting vulnerable customers<sup>52</sup>. Ofgem has also stated that measures enabling more efficient use of energy for households might offset the need for network reinforcement (or defer it) in a given part of their distribution area. The alternatives to reinforcement that may be appropriate could be the DNO helping to replace inefficient electrically heated systems, a contribution towards connecting a household to a modern efficient district heating or gas network, helping fund extensive solid wall insulation, domestic battery storage or providing capital towards lighting improvements or other low cost energy saving measures etc. Again, these actors have a key role to play in supporting the Mayor's fuel poverty action plan.

A near-term opportunity is for the GLA to work to cultivate new trials such as those under the Low Carbon Network Fund (LCNF), the Network Innovation Allowance (NIA) or other relevant projects which are already helping to directly reduce or defer the cost of network reinforcements through domestic energy efficiency improvements or battery storage. The Mayor should also encourage and monitor the extent to which incentives are driving GDNs and DNOs to work with partners in identifying whole-house solutions for off-gas properties and require them to install minimum insulation measures alongside new gas connections in London. In addition, the Mayor should investigate help encourage a standardised protocol for GDNs to follow when gas heating appliances have to be condemned due to a gas or carbon monoxide risk in London properties. NEA has already worked alongside the industry to demonstrate how these credible pathways should operate in practice.

### ***Boost good practice in London***

NEA delivers assistance in partnership with many boroughs, particularly through our current Health and Innovation Partnerships (HIP) programme<sup>53</sup> which will bring affordable warmth to over 7,000 fuel poor and vulnerable households in England, Wales and Scotland. The programme is split into three distinct funds; two programmes are being delivered by NEA – the Technical Innovation Fund<sup>54</sup> and Warm and Healthy Homes Fund<sup>55</sup> and the third is being delivered by Warm Zones cic. The Warm & Healthy Homes Fund aims to support local health and housing partnerships to better address the needs of households at risk of cold-related illness by building upon good practice outlined in the guidance produced by NICE, 'Excess winter deaths and morbidity and the health risks associated with cold homes'<sup>56</sup>. Early findings from our Warm and Healthy Homes Fund demonstrate that if certainty is provided that certain types of households will receive support, 'gap' funding or third party contributions from Health and Well-Being Boards (HWBs) and Clinical Commissioning Groups (CCGs) can be encouraged<sup>57</sup>.

The Technical Innovation Fund specifically aims to facilitate community-level trials of innovative solutions utilising energy saving measures not traditionally within the scope of current retrofit or energy efficiency programmes for fuel poor households. Grant recipients from this multimillion pound programme are working to install a range of technologies and work with NEA to ensure that robust monitoring and evaluation takes place. NEA is also delivering a programme of community engagement and support in each area. Examples of measures being installed include hybrid and

ground source heat pumps, new approaches to insulation, district heating, domestic CHP, new heating control systems and voltage performance optimisation units, heat stores, battery storage and heat recovery systems.

In London these programmes are helping deliver local projects which are truly innovative and can transform lives<sup>58</sup>. In Barnet, Enfield, Haringey and Westminster projects are helping to form new warm and healthy homes partnerships. In Waltham Forest and Redbridge to create a new service based in Whipps Cross hospital which brings together social workers, the reablement team<sup>59</sup>, community nurses and hospital staff for the first time to ensure vulnerable people get home from hospital and are discharged safely back into a warm home. Working with local agency Energy Solutions we are supporting projects to install measures to assist fuel poor households to reduce their energy consumption and costs in 60 households in North West London. In Camden, we are trialling new approaches using remote controlled robots to install underfloor insulation and new battery storage; with Moat Homes NEA has helped install a communal ground-source heat pump in sheltered housing in Bromley. In the Royal Borough of Greenwich the projects have installed passive ventilation with heat recovery and low cost heating system de-aerators. NEA hopes the early learnings from these projects (and others in the capital) can feed into the Mayor's action plan and can inspire further similar programmes and initiatives.

In addition, NEA's not-for profit subsidiary Warm Zones has been active in East London for many years. The London Warm Zone scheme was established by EDF Energy in 2001 and worked across 24 London boroughs. The community programmes identifying the most vulnerable people in society through a systematic door-to-door assessment process. The scheme has allowed residents to claim over £8 million worth of benefits by helping them claim all that they are entitled to.

NEA also leads a consortium delivering the Smart Energy GB in Communities Programme. The fund is for not-for-profit organisations that can help engage people and communities across Britain (including in London) with information about how to get and use smart meters and In Home Displays and help reach and support those who may face barriers to getting a smart meter. NEA also announced in June 2016 that we would jointly fund the Big Energy Saving Network (BESN) with the UK Government. The £1.7 million programme will support organisations to deliver a programme of outreach to vulnerable households and train frontline workers to tackle exclusion within the energy market and enable advisors to help vulnerable households make decisions about tariffs, switching, how to access the Priority Services Register and energy efficiency programmes.

## **Using the Mayors influence to address national barriers and gaps in provision**

As noted previously, currently no public money is going to be spent on improving energy efficiency levels in England. England is the only nation without a Government-funded energy efficiency programme for the first time in over 30 years. Following the loss of the Green Deal, there is now no energy efficiency mechanism aimed at 'able to pay' households. Whilst the ECO continues to provide some support, due to the significant reductions in funding, in recent years the delivery of home energy efficiency improvements has slowed dramatically<sup>66</sup>. In particular the CCC have recently highlighted annual rates of cavity wall and loft insulation in 2013-2015 were 60% down and 90% down respectively on annual rates in 2008-2012.

As a result, NEA has helped make a strong case for domestic energy efficiency to be regarded as a hugely important infrastructure priority alongside Non-Departmental Public Bodies, a growing number of industry and NGO partners<sup>67</sup> (see supportive comments in the inserted box opposite). Earlier this year the Climate Change Committee (CCC) also highlighted that the Scottish Government have announced that Scotland's Energy Efficiency Programme will be a National Infrastructure Priority. This move has since been emulated by the Welsh Government and the Infrastructure and Wales' Investment Plan aims to drive improvements in the energy performance of buildings and tackle fuel poverty<sup>68</sup>.

Mirroring energy efficiency as an infrastructure priority in London would help complement energy initiatives in the capital and potentially help unlock access to public infrastructure funding help the Mayor meet his commitments. NEA therefore requests the support of the Mayor to nationally make the case energy efficiency to be regarded as a key national infrastructure priority, specifically, in advance of the Budget 2017 and as part of the UK Government's Industrial Strategy. According to Lord Deben (the Chair of the CCC) and Lord Stern (Chair of the Grantham Research Institute on Climate Change and the Environment at the London School of Economics) no other infrastructure investment can deliver so much. Building the Future: *The economic and fiscal impacts of making homes energy efficient* produced by Cambridge Econometrics and Verco, also noted the huge economic benefits of such a move. The research stated that an ambitious energy efficiency programme can return £3 to the economy per £1 invested by central government; help create a 26% reduction in imports of natural gas in 2030; domestic consumers could save over £8 billion per annum in total energy bill savings; increase relative GDP by 0.6% by 2030; increase employment by up to 108,000 net jobs and help reduce carbon dioxide emissions by 23.6MtCO<sub>2</sub> per annum by 2030<sup>69</sup>.

This approach would help to balance the fact Londoners donate very significant sums through carbon taxes and VAT on domestic energy bills to HM Treasury; £350m per year for all domestic customers in the capital. NEA highlights that thirteen EU governments<sup>70</sup> channel these funds to improving the quality of life of the poorest and most vulnerable members of their societies, future-proofing their economies and helping improving national competitiveness by reducing energy demand.

### **Bright Blue 2016**

*"The economic benefits of incentivising home energy improvements should be viewed in the same way as infrastructure investment, as they comfortably meet the government criteria<sup>60</sup>"*

### **Policy Exchange 2016**

*"Make energy efficiency a national infrastructure priority<sup>61</sup>"*

### **Committee on Fuel Poverty 2016**

*"We believe that the benefits of designating energy efficiency as a national infrastructure priority should be assessed, thereby potentially helping to unlock access to public infrastructure funding<sup>62</sup>"*

### **ResPublica 2015**

*"Energy Efficiency should be made a national infrastructure priority<sup>63</sup>"*

### **CBI 2015**

*"A new government must act swiftly to make energy efficiency a national infrastructure priority<sup>64</sup>"*

### **Lord Deben and Lord Stern 2015**

*"Making home energy efficiency an infrastructure spending priority would deliver reduced energy bills, play a critical role in reducing emissions, bring down NHS costs, create jobs, tackle fuel poverty and enhance energy security. No other infrastructure investment can deliver so much<sup>65</sup>"*

## **Summary of recommendations**

### **1. Set out clear commitments for London to meet national targets**

- I. Set a target to ensure all fuel poor homes in the capital “as far as reasonably practicable” reach at least an energy performance band of C by 2030
- II. Set a target to ensure the worst PRS properties are not rented out from 2018-2020, including Houses of Multiple Occupation. Bring social housing into line with the PRS target in London.
- III. Clarify the investment required over the next 14 years to meet these requirements in London and set a notional target of investment to be drawn from private investment via landlords
- IV. Monetise the benefits that could be achieved with the introduction of adequate investment

### **2. Tackle low incomes and link to wider support**

- I. Expand the “Know your rights campaign” to introduce a systematic approach to drive benefit entitlement checks (BECs) across the capital
- II. Enable households to be passported to other forms of assistance such as the Home Heat Cost Reduction element of Energy Company Obligation (ECO) or Warm Home Discount Scheme (WHDS)
- III. Consider a credit facility or bridging loan for a successful BEC claimant to pay for essentials such as food, energy or equally energy efficiency measures where no credit union or discretionary borough social funds are available

### **3. Accelerate Energy for Londoners**

- I. Accelerate the development of a new supply company with better tariff offerings for low income consumers
- II. Ensure any new supply company offers the Warm Home Discount to a ‘core group’ and develops extra help or assisted referrals within the smart meter rollout
- III. Independent of Energy for Londoners drive up co-ordination from suppliers and convening powers to drive efficiency in smart rollout

### **4. Introduce bespoke programme**

- I. Recognise the need to introduce bespoke energy efficiency programmes in the capital and consider a universal GLA wide ECO top scheme for low income households could cover the cost of an ECO contribution sought by suppliers of their contractors

- II. Ensure regeneration based retrofit schemes are boosted out of section 106 and produce new GLA guidance on how to cultivate these schemes

## **5. Tackle the worst conditions in the private rented sector as a priority and galvanise work in boroughs**

- I. The Mayor must champion the boroughs work to help tackle fuel poverty as well as reducing domestic carbon emissions
- II. Ensure all boroughs play their key part in addressing fuel poverty and monitor their enforcement of housing standard in the private rented sector
- III. Set a notional target of £15m-20m per annum being invested by landlords until 2020 from successful enforcement cases
- IV. Introduce a new reporting regime within the boroughs which would help facilitate better integrated working, allow the GLA to track how each local authority was responding to new opportunities or more generally track local efforts to address fuel poverty, reduce domestic carbon emissions and relevant public health responsibilities
- V. Consider a central resource for an 'EHO of last resort' which would act as a backstop for the enforcement of housing standards across London
- VI. Build on the work of a number of boroughs to include basic energy efficiency standards as a key part of licensing requirements
- VII. The Mayor should support ongoing forums, host workshops and cultivate the development of active networks that facilitate peer to peer learning and expand good practice in this area

## **6. Encourage social landlords to continue to improve their stock**

- I. The Mayor should set a clear aspiration to bring social housing into line with the aforementioned PRS target in London
- II. The Mayor should encourage social landlords to consider helping support private low income households that have exercised their 'right to buy'
- III. The Mayor should help ensure domestic consumers connected to district heating networks are protected by adequate consumer protections and bespoke and targeted advice

## **7. Reduce the cost to London health services of cold homes**

- I. The Mayor must ensure that guidance produced by NICE on 'Excess winter deaths and morbidity and the health risks associated with cold homes' is replicated consistently in all parts of London

- II. This winter the Mayor should write to health commissioners and challenge them on how they are working with Health and Wellbeing Boards to apply the recommendations within the NICE guidance
- III. The Mayor can help map and expand schemes such as Islington Council's innovative Seasonal Health Intervention Network (SHINE) referral services across other London boroughs which do not have suitable single point of contact referral schemes of their own
- IV. The Mayor should encourage London hospitals to join up outpatient care with fuel poverty initiatives for patients at-risk of recurrent GP visits and unplanned hospital admissions
- V. The GLA should pool information on the cost of cold-related morbidity and mortality at a local level, recognising this is essential data to drive the business case for the development of local projects
- VI. The Mayor should urge the Department for Health (DoH) and DBEIS to all they can to support low income households with cold related health conditions

## **8. Improve targeting of assistance and help practitioner identify cold homes**

- I. The Mayor should refocus the RE:NEW and boiler scrappage/replacement schemes on tackling fuel poverty
- II. The Mayor can support legislative changes that would allow London's public sector bodies and network companies to better target assistance on the ground at those that need the most support
- III. The Mayor should push central Government for new powers within the Bill to be accompanied by national guidance to local government and local public sector health bodies on sharing patient level health, income and benefits data
- IV. The Mayor should use his convening powers to help take advantage of the 'eligibility flexibility' options within ECO and ensure that if councils do not intend to use the new eligibility flexibility powers, a relevant body must be declared with the 'delegated responsibility' to refer households
- V. The aforementioned actions should be linked to a renewed monitoring framework

## **9. Work with network companies**

- I. The Mayor should work with GDNs and other stakeholders to ensure the GD1 connections targets are met in the capital
- II. The Mayor should work with GDNs to ensure there is a standard protocol when they disconnect gas supply at properties when the boiler is deemed to be unsafe

- III. The Mayor must support DNOs to assist vulnerable customers and encourage them to invest in alternatives to network reinforcement
- IV. The GLA should cultivate good practice and develop new trials through the Network Innovation Allowance (NIA) or existing projects

#### **10. Using the Mayors influence to address national barriers and gaps in provision**

- I. The Mayor should highlight the importance of reducing energy demand and challenge the UK Government's decision not to spend £1 of public money on domestic energy efficiency
- II. The Mayor should challenge the UK Government on the significant sums Londoners contribute to HM Treasury through carbon taxes and VAT on domestic energy bills
- III. The Mayor should make the case energy efficiency to be regarded as a key national infrastructure priority, specifically, in advance of the Budget 2017 and as part of the UK Government's Industrial Strategy



<sup>1</sup>NEA has an office in East Road, N1 London and a network of offices throughout England, and also in Cardiff and Belfast which work to support low income energy consumers in Wales and Northern Ireland respectively. NEA also collaborate closely with our sister charity Energy Action Scotland (EAS). For more information on NEA please visit [www.nea.org.uk](http://www.nea.org.uk) or [https://twitter.com/NEA\\_UKCharity](https://twitter.com/NEA_UKCharity).

<sup>2</sup>NEA's supporters are made up of energy efficiency installers, manufacturers, utility companies, Escos, gas and electricity network operators as well as other key actors such as local authorities, housing associations, health agencies, community groups and other voluntary sector agencies.

<sup>3</sup>Only c. 23K FP households are currently brought up to band C per year and so we estimate it will take c. 95 years to bring all (current) FP Households up to band C and so the Government could miss their target by 80 years.

<sup>4</sup>Dave Johns is an English stand-up comedian, writer and actor. In 2016, he starred as the title character in the Palme D'Or-winning Ken Loach film *I, Daniel Blake* in a critically acclaimed performance. He is backing NEA's Warm Homes Campaign for more information visit: <http://www.nea.org.uk/campaigns-policy/warm-homes-campaign/>

<sup>5</sup>Earlier this year the BBC's Panorama also highlighted people are still getting ill and 9,000 people died needlessly because of cold homes in England. In the last five years, over 13,000 Excess Winter Deaths in London. It is estimated by the World Health Organisation that a minimum of 30% of Excess Winter Deaths are due to people living in cold homes.

<sup>6</sup>Association for the Conservation of Energy (March 2015) Chilled to Death: The Human Cost of Cold Homes, page 2

<sup>7</sup>Marmot Review Team (2011) The Health Impacts of Cold Homes and Fuel Poverty. Friends of the Earth and the Marmot Review Team, London.

<sup>8</sup>Child Health Impact Working Group (2006) Unhealthy Consequences: Energy Costs and Child Health. Boston, MA: CHIWG.

<sup>9</sup>NEA (2013) The Many Faces of Fuel Poverty. Page5.

<sup>10</sup>Christians Against Poverty (2015) The poor pay more: Prepayment meters and self-disconnection.

<sup>11</sup>NEA (2013) The Many Faces of Fuel Poverty. Page5.

<sup>12</sup>DECC, Fuel Poverty Statistics, published June 2016. The numbers quoted are based on the Low Income High Cost (LIHC) indicator which is now used in England. This states that an individual is considered fuel poor where they have required fuel costs that are above average (the national median level) and were they to spend that amount; they would be left with a residual income below the official poverty line. The low income high cost measure consists of two parts, the number of households that have both low incomes and high fuel costs and the depth of fuel poverty amongst these households. The UK Government estimates that fuel poverty affects 2.38 million households (over 9 million people) in England using the new definition. Prior to the introduction of the LIHC indicator, fuel poverty was measured under the 10 per cent definition, still used across the rest of the UK. The last estimate under the 10% measurement indicated over 560,000 London households were in fuel poverty.

<sup>13</sup>The Institute for Fiscal Studies (IFS) has illustrated that the increases in energy prices have been (and are) disproportionately felt by low-income households. See: IFS Green Budget 2014, 05 February 2014

<sup>14</sup>Ibid

<sup>15</sup>Fuel Poverty and Houses in Multiple Occupation, produced by Future Climate and National Energy Action, 2016.

<sup>16</sup>The Mayor can support initiatives that reduce the need for reinforcement on the electricity and gas distribution networks and push for increased collaboration between utilities. See: <http://www.niug.org.uk/>.

<sup>17</sup>Mayor's Question Time, 16 November 2016, Reference: Question 2016/4141

<sup>18</sup>The Fuel Poverty (England) Regulations 2014 are now law.

<sup>19</sup>EPC certificates compare current ratings of properties to see which are more energy efficient. They help tenants, landlords or home owners find out how they can save energy and money by installing improvement measures. The EPC certificate shows how much the average household would spend in this property for heating, lighting and hot water. This excludes energy use for running appliances like TVs, computers and cookers, and any electricity generated by microgeneration. It's graded from A to G, with A meaning an energy efficient, well-insulated, probably modern home, and G meaning a draughty old building where the wind rattles the walls. Typically, an older property with no retrofitted energy-saving technology will be around a D grade. A new home built today is typically band between a band C and B. However in London, the Mayor has committed to researching the zero carbon standards that was scrapped by central Government in the last Parliament.

<sup>20</sup>The regulations apply to the domestic private rented sector in England and Wales. This is defined in section 42 of the Energy Act 2011 as properties let under an assured tenancy for the purposes of the Housing Act 1988, or a tenancy which is a regulated tenancy for the purposes of the Rent Act 1977.

<sup>21</sup>It is important to state that all the FP-MACC analysis focuses on the construction of technical MACCs. This means that our estimates of the potential for interventions are made on the basis of technical feasibility and do not account for the willingness of households to receive interventions or the delivery mechanism for that intervention. This means that all interventions are considered independently of any current policy approach to delivery. This ensures that the assessment of cost-effectiveness is not in any way biased by the strengths or weaknesses of current delivery approaches for certain interventions.

<sup>22</sup>Typical packages of measures and cost for a small Semi Detached property which could be installed to enable F or G rated properties can be provided to the GLA on request. These include Cavity wall insulation, hot water cylinder insulation, low energy lighting, central heating systems and gas combination boiler. This work highlights that the average cost for properties moving to a band E is £1,800 (inclusive of VAT).

<sup>23</sup>This breakdowns as £1.9bn to meet the 2020 EPC E milestone, a further £5.6bn to meet the 2025 EPC D milestone and a further £12.3bn to meet the 2030 EPC C target. A further £6bn would be required to ensure all low income households (not just those that are currently fuel poor) are brought up to EPC band C by 2025.

<sup>24</sup>This excludes current investment from RE:NEW, ELENA, ERDF or the London Green Fund.

<sup>25</sup>This figure is based on BEIS analysis and excludes PRS properties that are exempted under the current PRS regulations.

<sup>26</sup>We estimate that £11.82bn will be collected in England, £1.33bn in Scotland, £690m in Wales and £190m in Northern Ireland).

<sup>27</sup>Ibid.

<sup>28</sup>£24m on the Cableway between Greenwich Peninsula and the Royal Docks; the Garden Bridge could cost Londoners £30m of public money towards the £175m project and £280m was spent on new type of bus. NEA is politically neutral organisation and works on a cross party basis. This comment is a criticism of a failure to sufficiently resource capital projects that can deliver lasting benefits to Londoners, particularly the most vulnerable.

<sup>29</sup>'Touching the voids report: The impact of energy efficiency on landlord income and business plans The report is available here: <http://www.sustainablehomes.co.uk/touching-the-voids-report>.

<sup>30</sup>In 2015, NEA and Agility ECO produced a report investigating the possibility to divert budgets currently allocated to load-related network upgrades into local schemes that improve energy efficiency. In the report this concept is explained fully and is referred to as Alternative Investment Strategy (AIS). Specifically, the report looks to analyse the "Size of the Prize" on Northern Power Grid's network, the economic feasibility of investment in local energy efficiency and how this compares to conventional network reinforcement and practical feasibility. To read the report visit: <http://www.northernpowergrid.com/downloads/1704>.

<sup>31</sup>For example burial fees and exclusive rights to burial in a particular plot, cremation fees, including the cost of the doctor's certificate, funeral director's fees, flowers, coffin travel to arrange or go to the funeral, the costs for moving the body within the UK. An indication of the scale of these to a surviving family member or society are that a direct cremation costs c. £1,600, a cremation using a funeral director £3,214 and a burial using a funeral director costs £4,136. Whilst some costs are covered for low income households via a state Funeral Payment, often this is paid for on credit or often loans from a more affluent family member. This in turn inhibits a low income families spending.

<sup>32</sup>Capturing the multiple benefits of energy efficiency, International Energy Agency, 2014.

<sup>33</sup>Only circa 23,000 fuel poor households are currently brought up to band C per year in England and we estimate it will take c. 95 years to bring all (current) fuel poor households up to band C. This will mean the Government could miss their target in England by 80 years.

<sup>34</sup>Addressing fuel poverty and meeting carbon budgets go hand in hand (CCC), 7 October 2014.

<sup>35</sup>Warmer Homes - Improving fuel poverty and energy efficiency policy in the UK, 2015, Policy Exchange

<sup>36</sup>The current data sharing enabling powers were created in the Pensions Act 2008 for the current WHD Core Group.

<sup>37</sup>Low income households often don't have the ability to raise their own capital to pay for energy saving measures or access a loan from existing responsible creditors.

<sup>38</sup>NEA is currently investigating carbon monoxide risks in vulnerable households. See: <http://www.nea.org.uk/research/understanding-carbon-monoxide-risk-vulnerable-households/>

<sup>39</sup>3% from universities and research establishments, 35% from the supply chain including obligated suppliers, 53% from the public sector including local authorities and social housing providers and 10% from other public sector agencies or third sector organisations.

<sup>40</sup>The organisations that attended these events are included as annex.

<sup>41</sup>NEA notes that DCLG Housing Health and Safety Rating System (HHSRS) Operating Guidance has not been updated since the HHSRS system was launched a decade ago. With DCLG and the Mayor now focusing more on rogue landlords than ever before the HHSRS guidance should be reviewed by the GLA alongside borough enforcement teams. Within a revised national or London wide operating guidance it should require some common approaches so environmental health officers consider the cost of heating systems when checking for cold risks. EPC assessments on their own are not robust enough to act as a proxy for excess cold hazard however since 2006, SAP35 (close to the E/F boundary on an EPC) has been officially indicated as a proxy for presence of a Category 1 excess cold hazard and any London guidance could equally recognise more explicitly that the lowest (F&G) EPC banded homes are likely to pose a category 1 excess cold hazard. In addition, there is some evidence that authorities are shifting to regard EPC "D" as an indicator that a property does not have a category 1 hazard.

<sup>42</sup>Ibid

<sup>43</sup>District Heating Networks: Analysis of information request, Citizens Advice, January 2016.

<sup>44</sup>Cutting the cost of keeping warm: A fuel poverty strategy for England, HM Government, March 2015. The strategy aims to spell out the Government's vision – to cut bills and increase comfort and well-being in the coldest low income homes. The Government's fuel poverty strategy also refers to parallel legislation to introduce minimum energy efficiency standards for the private rented sector, initiatives to encourage 'warmth on prescription' schemes for cold and sick households, along with a new central heating fund for low income households off the gas network.

<sup>45</sup>To use the Fuel Poverty Assessment Tool visit: <http://www.nea.org.uk/fuel-poverty-assessment-tool/home/>

<sup>46</sup>NB currently Part 5 of the Bill – Digital Government – Chapter 1 [PUBLIC SERVICE DELIVERY], clause 29 [Disclosure of information to improve public service delivery] AND Clause 30 [Disclosure of information to gas and electricity suppliers]

<sup>47</sup>Within the strategy the UK Government state that they will take more account of the particular needs of more vulnerable people, including those with disabilities and long-term health conditions, in developing approaches to delivery of energy efficiency measures and other forms of fuel poverty support. In particular, the Government say they will recognise that vulnerable households, particularly those where someone has a health condition related to living in a cold home, may be harder to reach, have multiple needs and require more structured support.

<sup>48</sup>Get Warm Soon? NEA, September 2016. See: <http://www.nea.org.uk/resources/publications-and-resources/get-warm-soon/>.

<sup>49</sup>Developed by the previous Fuel Poverty Advisory Group (FPAG) off-gas working group; see: <https://www.nongasmap.org.uk/>.

<sup>50</sup>"RIIO" stands for Revenue = Incentives + Innovation + Outputs

<sup>51</sup>The RIIO-ED1 price control sets the outputs that the 14 electricity Distribution Network Operators (DNOs) need to deliver for their consumers and the associated revenues they are allowed to collect for the eight-year period from 1 April 2015 to 31 March 2023.

<sup>52</sup>Strategy decision for the RIIO-ED1 electricity distribution price control, Ofgem, 04 March 2013.

<sup>53</sup>You can view the projects in London here: <http://www.nea.org.uk/hip/projects/>

<sup>54</sup>To view the Technical Innovation projects visit: <http://www.nea.org.uk/hip/projects/?s=&hipprogramme=technical-innovation&hiparea=&sortBy=>

<sup>55</sup>In Scotland a Healthy Homes Fund is being delivered by Energy Action Scotland (EAS)

<sup>56</sup>For more information on the Warm & Healthy Homes Fund and to view the projects and partners we are working with visit: <http://www.nea.org.uk/hip/warm-healthy-homes-fund/>

<sup>57</sup>NEA would welcome sharing the learnings of this project where over £3m in gap funding and £1.9m match funding has enabled us to provide measures to an additional 454 eligible households. Match funding has been secured from a number of sources including clinical commissioning groups and public health. NEA is also delivering a package of community engagement support including awareness training for 600 local practitioners and community focussed energy awareness events for 600 residents throughout the programme period. This training and awareness is to support the legacy of the programme to ensure frontline workers, practitioners and volunteers have sufficient knowledge to identify individuals at risk and make appropriate referrals/offer appropriate support to ultimately reduce the likelihood of readmission into primary and secondary care services.

<sup>58</sup>For full details of each project please click [here](#).

<sup>59</sup> Services adults with mental health problems who are leaving hospital, crisis supported accommodation, rehabilitation or recovery services; and existing service users who require an increase in their current level of support in order to remain in the community

<sup>60</sup> Better Homes: Incentivising Home Energy Improvements, Hall and Caldecott 2016, p27.

<sup>61</sup> Too Hot to Handle? How to decarbonise domestic heating, Howard and Bengherbi 2016, p.14.

<sup>62</sup> A report on initial positions, Committee on Fuel Poverty 2016, p4.

<sup>63</sup> After the Green Deal: Empowering people and places to improve their homes, recommendation 5, Rosenow and Sagar 2015.

<sup>64</sup> Effective Policy Efficient Homes, Confederation of British Industry (CBI) 2015, p2.

<sup>65</sup> Letter to the Times, Lord Deben and Lord Stern, 2<sup>nd</sup> April 2015.

<sup>66</sup> CCC, Meeting Carbon Budgets – 2016 Progress Report to Parliament, June 2016

<sup>67</sup> NEA was a committed member of the Energy Bill Revolution; an alliance of children's and older people's charities, health and disability groups, environment groups, consumer groups, trade unions, businesses, politicians and public figures. See: <http://www.energybillrevolution.org/whos-behind-it/>.

<sup>68</sup> CCC, Meeting Carbon Budgets – 2016 Progress Report to Parliament, June 2016.

<sup>69</sup> Cambridge Econometrics & Verco, 2012, Jobs, growth and warmer homes, Consumer Futures.

<sup>70</sup> According to a recent report: The economic case for recycling carbon tax revenues into energy efficiency, Prashant Vaze and Louise Sunderland, February 2014: 13 countries in the EU have pledged to return part of the proceeds from the EU-ETS auctions to climate and energy efficiency programmes.