

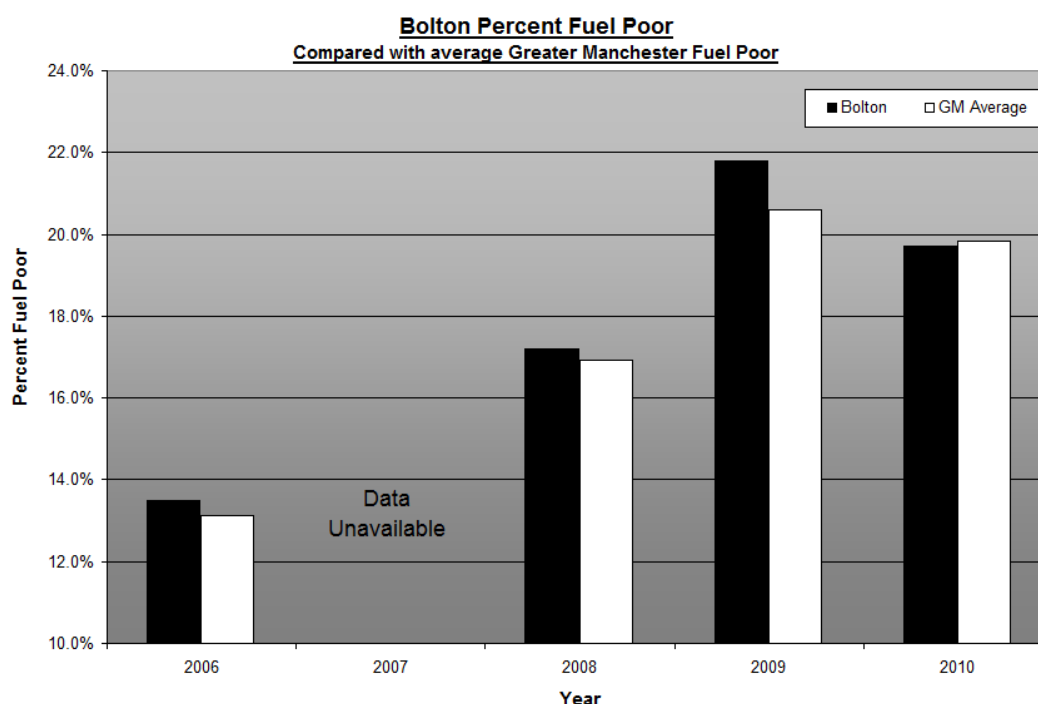
Bolton's Affordable Warmth Strategy

Appendix

2013 - 2018

Fuel Poverty

Bolton Fuel Poverty Compared to GM Fuel Poverty:¹



Getting the measure of fuel poverty: Final Report of the Fuel Poverty Review: John Hills, March 2012

Below is a summary of the key essential points of Professor Hill's 232 page fuel poverty review:²

Alternative: Low Income and High Costs indicator and the fuel poverty gap

The approach set out in the report captures households where required spending is higher than the median (typical) required levels and where spending this amount would reduce household income below the poverty line. The report finds that 7.8 million people in 2.7 million households were in this position in England in 2009, compared to 7.2 million people in 2.8 million households in 1996. On average the fuel poverty gap for each household was £415, or a total of £1.1 billion. The gap shows how badly fuel poverty affects those households who experience it. It has risen since 2003 as rising prices have increased bills and have pulled more people into fuel poverty.

This definition reflects the wording of the Warm Homes and Energy Conservation Act 2000, which states: *"A person is to be regarded as living "in fuel poverty" if he [sic] is a member of a household living on a **lower income** in a home which cannot be kept warm at **reasonable cost**."*

The Act establishes a duty to produce a strategy setting out how the following objective will be met: *"As far as reasonably practicable persons in England or Wales do not live in fuel poverty."*

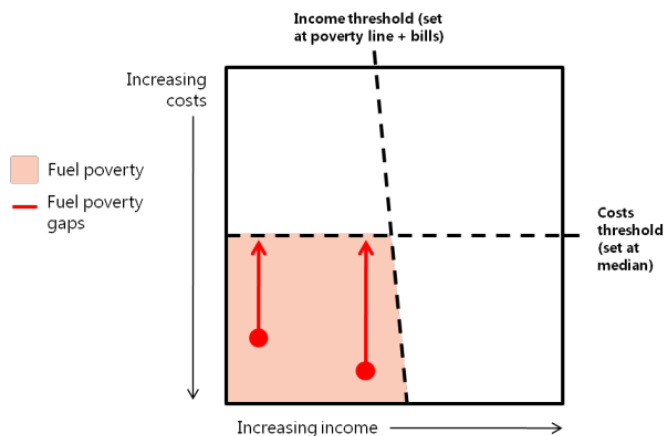
A fuel poor household is one that has both high modelled costs and low income.

The fuel poverty gap represents the amount a household's energy bill would need to be reduced by in order for them not to be in fuel poverty.

This provides an indication of the severity of the problem, both for individual households, and for the fuel poor as a whole.

¹ Office for National Statistics: Fuel Poverty sub-regional statistics 2010 data, release date 17 May 2012 Summary: Fuel Poverty sub-regional statistics (England only)

² Getting the measure of fuel poverty: Final Report of the Fuel Poverty Review: John Hills: CASE report 72, ISSN 1465-3001, March 2012



Together, the indicators show both the extent and depth of fuel poverty (rather than conflating them)

The fuel poverty gap provides a means for understanding who is worst affected by fuel poverty through the depth of their problem (for instance rural, off grid households have an average fuel poverty gap that is twice as high as the average fuel poverty gap for all households). An additional strength of the dual indicator approach is that as energy prices change, this impact is reflected both through an increase in the extent of the problem (through a change in the income threshold) as well as a change in the depth of the problem through the change in the gap.

Setting the thresholds for low income and high costs

Each threshold is adjusted annually, making the indicator **relative** over time. It tracks the position of each household compared to current norms and creates a kind of moving target. The extent of fuel poverty depends on how costs change for all households not just the fuel poor. This approach captures the risk that the poor could lose ground as housing improves in general.

Income threshold

Professor Hills recommends setting the income threshold using the official poverty line (60% of median equalised household income measured after housing costs have been deducted). Hills recommends making an adjustment for a household's fuel costs. This is because some households might be just above the official poverty line (DWP's Household's Below Average Income), but were they to spend the amount required to achieve a reasonable standard of warmth, they would be pushed below the poverty line. The income threshold is adjusted to include modelled fuel costs, which results in a poverty line that is slightly angled, reflecting the increased risk of poverty amongst those with higher fuel costs.

Hills also recommended that income should be measured after housing costs. This is because income spent on housing costs is not discretionary and is not available to be spent on energy.

Fuel poverty action groups such as the National Energy Action agree with his judgement in that an adjustment for fuel bills should be made. Households with a similar level of income face an unequal ability to turn income into warmth and many face barriers to improve their situation. As such, to some extent, energy expenditure shares some of the same characteristics as housing expenditure and does not represent a fully disposable element of a household's income.

Energy costs

Hills recommends that the Government should set the reasonable costs threshold at the level of the contemporary median energy requirements for the population as a whole. The Hills proposal uses 100% of median costs. The key advantage of this approach is that over time the threshold will move, as it reflects improvements in energy efficiency and therefore costs, as well as reflecting changes in energy prices. As the energy efficiency of Low Income High Cost households is improved, the threshold will potentially shift upwards. This means that a small number of households which had previously been below the threshold (i.e. were deemed to have low costs), would be brought into fuel poverty for the first time. Using average energy costs, provides the clearest rationale for setting the threshold, on the basis that costs above those of a typical household are unreasonable. A feature of this approach is that it is likely that the households that are in the deepest fuel poverty will be the focus for policy interventions. As standards improve over time, other

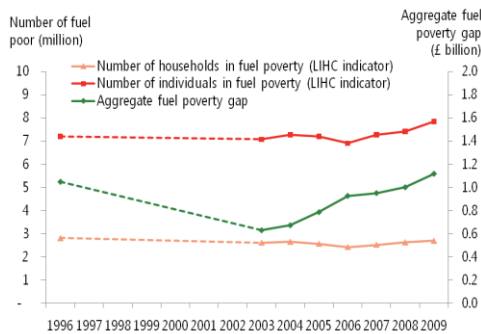
households will become the focus of efforts to tackle fuel poverty. This gradual change in the composition of fuel poverty will also help to inform the strategy for interventions.

Fuel poverty under twin indicators:

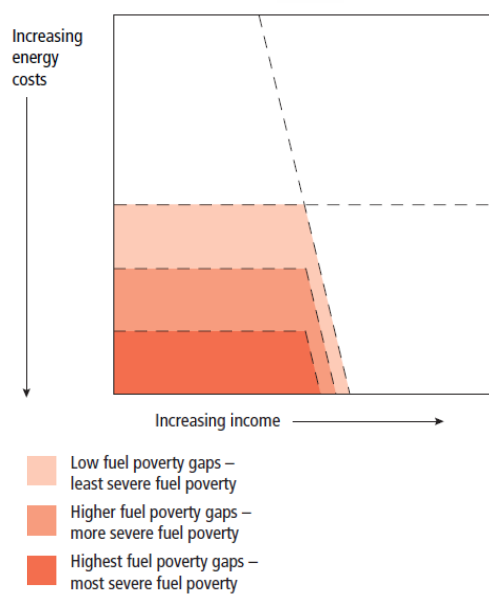
1996-2009

Under the LIHC indicator, the number of fuel poor households has remained broadly stable over this period.

The fuel poverty gap increased by three-quarters between 2003 and 2009.



Just over 50 per cent of the 2009 fuel poverty gap was accounted for by recipients of means-tested benefits living in houses with solid fuel heating or off the gas grid or solid walls or built pre-1945. Of course, some houses showing these characteristics are not fuel poor.



One of the features of the LHC indicator is the way in which it can show the impact of policy choices. A criticism of the LHC indicator is that the way in which it is constructed places climate change and energy efficiency goals and fuel poverty goals in conflict with one another. It is true that if the energy efficiency of households with a relatively higher income improved at a faster rate than those with a lower income this would lead to the numbers in relative fuel poverty increasing even though their absolute standard of living had not declined. This might at first glance seem to create the wrong incentives but, as Professor Hills argues, it reflects two important factors. Firstly, the general risk that those on a lower income get left behind (reflecting the overall relative approach to measuring this problem). Secondly it allows us to understand how potential future policies may impact across all households, and to take account of these distributional concerns when devising policies.

The fuel poverty gap in particular allows us to understand which types of households are suffering from the deepest fuel poverty and so may be a priority for action.³

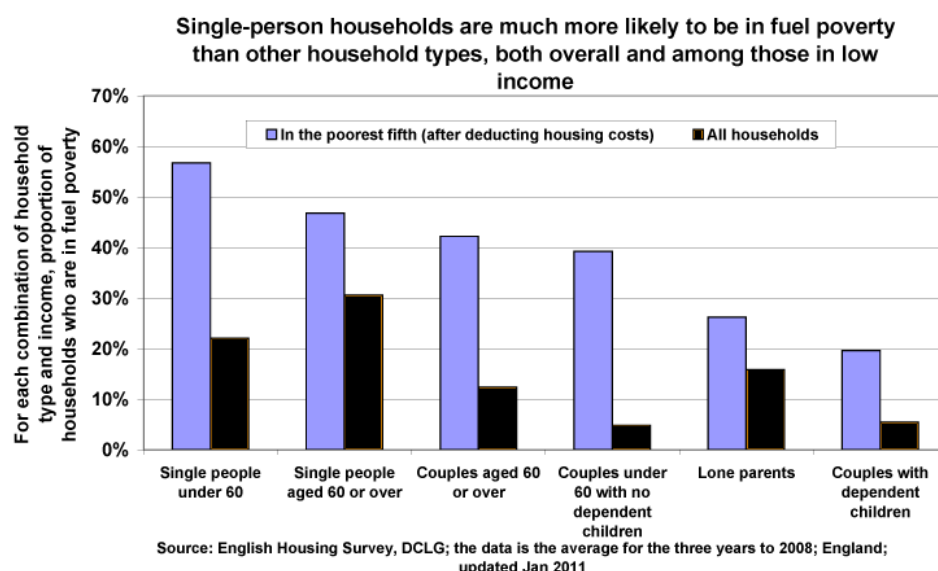
It is recommended by the review:

- That the Government should adopt a new indicator, fuel poverty definition, of the extent of fuel poverty under which households are considered fuel poor if:
 - they have required fuel costs that are above the median level; and
 - were they to spend that amount they would be left with a residual income below the official poverty line.
- The Government should count the number of individuals in this position as well as the number of households they live in.
- The Government should adopt a new indicator of the depth of fuel poverty as represented by the average and aggregate fuel poverty gap, defined as the amounts by which the assessed energy needs of fuel poor households exceed the threshold for reasonable costs.

Using the fuel poverty gap

- The fuel poverty gap can provide a bridge between targeting and the measurement of fuel poverty. Importantly, the fuel poverty gap also helps identify those who are deepest in fuel poverty who are priorities for assistance.

Lone Parent Families:

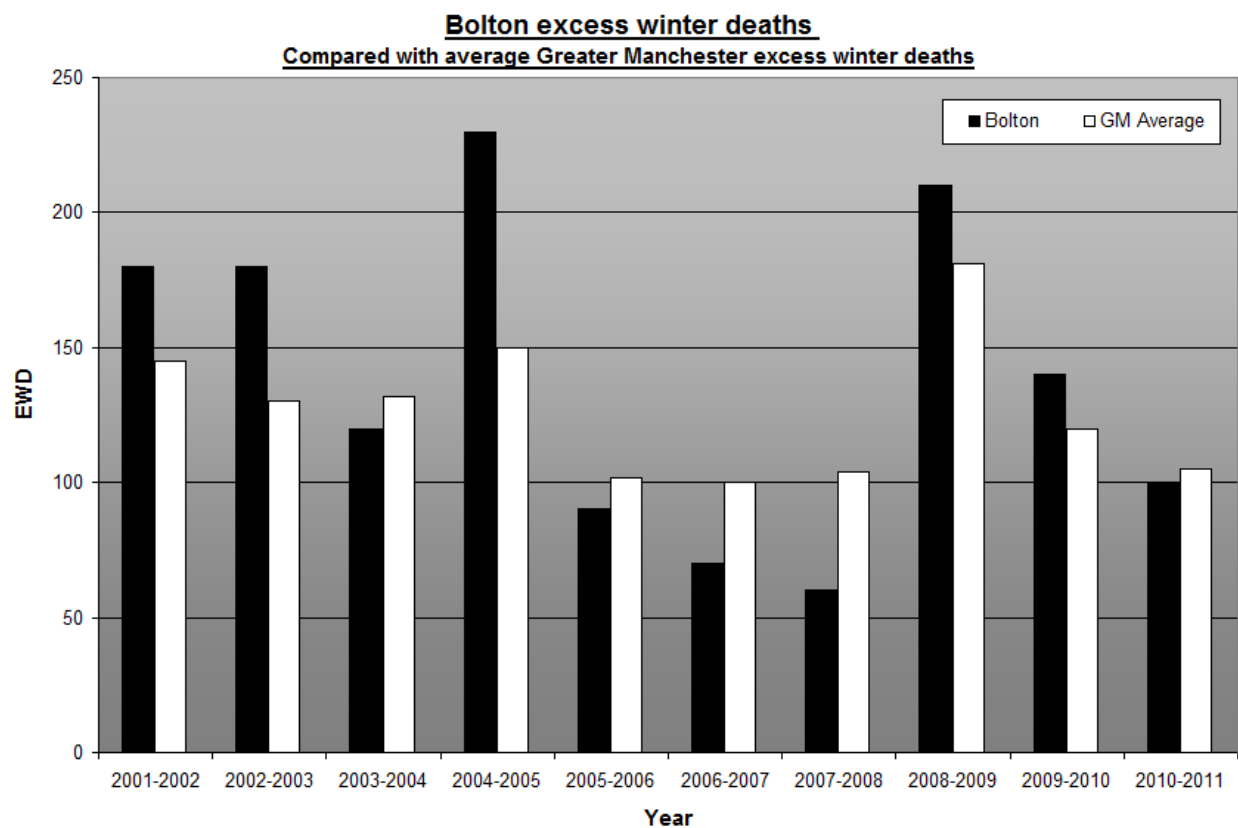


³ National Energy Action: North West Fuel Poverty Forum, Policy Update, Diane Bland, www.nea.org.uk

Excess Winter Deaths

Excess Winter Death Statistics:⁴

Excess Winter Deaths	2010/11	2011/12
Bury	140	100
Bolton	120	110
Manchester	240	120
Oldham	50	100
Rochdale	130	100
Salford	50	10
Stockport	120	90
Tameside	60	110
Trafford	130	120
Wigan	160	190
Total	1,200	1,050

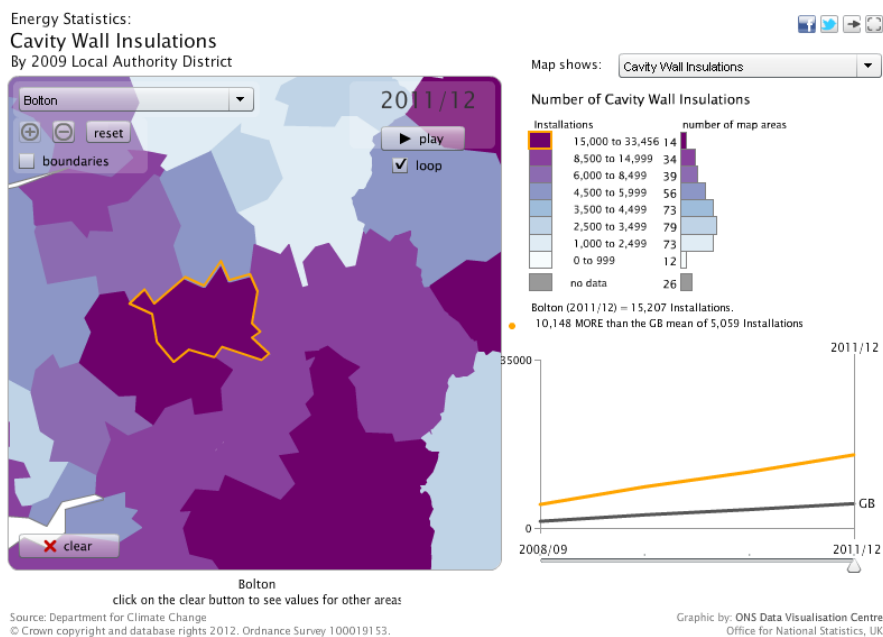


⁴ Office for National Statistics

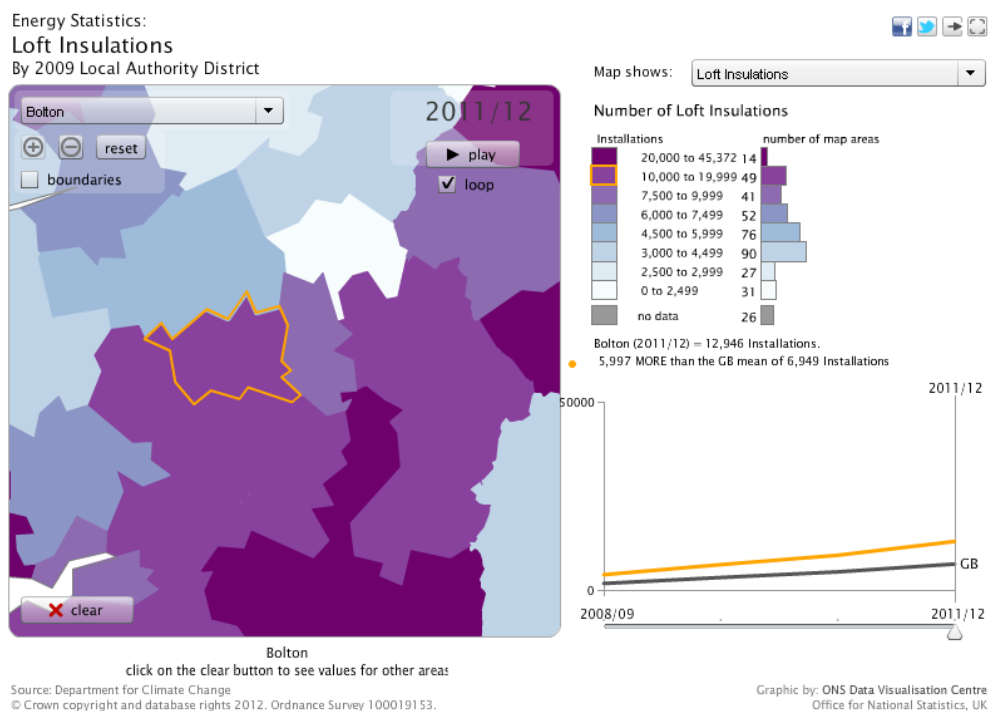
Insulation

Cavity Wall and Loft Insulation, how Bolton compares to national figures:⁵

CAVITY WALL AND LOFT INSULATION



CAVITY WALL AND LOFT INSULATION



⁵ http://www.decc.gov.uk/en/content/cms/statistics/local_auth/interactive/insulation/index.html

Breakdown of recent figures, for 2011-12, April 2012 to Sept 2012, for Private sector properties through the "Get Me Toasty" Scheme:

2011-12**	No of measures (i.e. installations in private sector properties)	Total Annual Carbon Saving	Total Annual Financial Saving
Boilers -Better Behaving Boiler Scheme	153	186,660kg	£45,900
Cavity Wall	421 *	231,550kg	£63,585
Loft Virgin	230 *	165,600kg	£40,250
Top Ups	274 *	30,140kg	£6,850
Draught Proofing	31	3,410kg	£620
Warm Front Top Ups	9	10,980kg	£2,700

2012-13**	No of measures (i.e. installations in private sector properties)	Total Annual Carbon Saving	Total Annual Financial Savings
Boilers -Better Behaving Boiler Scheme (figs to and Inc. September 2012)	128	156,160kg	£38,400
Cavity Wall Toasty Scheme (figs to and Inc. July 2012)	213 *	117,150kg	£28,755
Loft Virgin Toasty Scheme (figs to and Inc. July 2012)	195 *	140,400kg	£34,125
Top Ups Toasty Scheme (figs to and Inc. July 2012)	152 *	16,720kg	£3,800
Warm Front Top Ups	TBC	TBC	TBC

* These measures have been funded mainly through Carbon Emissions Reduction Target funds and approximately 20% from Bolton Council funding.

**Calculations based on conversion data provided by the Energy Saving Trust please see below:

Individual measure	Annual Carbon Dioxide Saving	Annual Financial Saving
Installation of an A rated boiler and removal of a G rated boiler. Old Boiler Rating: G (< 70%)	1,220kg	£300
Cavity wall insulation	Around 550kg	Up to £135
Loft insulation (0 to 270mm)	720kg	£175
Loft insulation (100 to 270mm)	110kg	£25
Draught Proofing (Filling gaps between floor and skirting board)	110kg	£20

AGMA and basic measures requirement:⁶

From using the figures derived from the Energy Saving Trust's HEED database, Table 1 shows that there are over 530,000 remaining basic measures to be completed, and therefore approximately 400,000 measures needed to achieve the 75% target. These outstanding measures are mainly within the private sector stock.

Table 1: Number of basic measures to be completed across GM⁷

	under-insulated lofts	virgin lofts	unfilled cavity walls	Total measures
Total number in GM	242,917	189,570	97,896	530,383
75% installation	182,187	142,177	73,422	397,787

In order to secure the utility commitment required (up to approx. £77m for GM), AGMA authorities were asked in winter 2010 to demonstrate financial commitment to the objective. Additional LA funds were requested to supplement Utility money/CERT to allow the resulting scheme to provide bigger subsidies to householders and therefore increase confidence that the measures can be realised in GM. Bolton Council supported this, based on our existing borough wide insulation scheme we calculated the costs we envisaged for Bolton and with agreement with AGMA we were able to keep a much lower financial amount and retain this amount until the works were completed and invoiced for.

The below table displays the number of measures to be achieved by GM local authorities including Bolton.⁸

Local Authority	Basic Measures Target
Bolton **	38369
Bury	33491
Manchester**	56002
Oldham	31879
Rochdale	37085
Salford	39365
Stockport	49395
Tameside	29291
Trafford	33281
Wigan	49631
Total	397789

**These authorities are currently making the required level of contribution

⁶ Report: AGMA, Wider Leadership Team, LCEA Housing Retrofit Programme, Delivery of Loft and Cavity Wall Insulation Targets, 8 November 2010.

⁷ Energy Saving Trust 2010

⁸ Energy Saving Trust 2010

Bolton's Affordable Warmth Referral System⁹

Bolton Care and Repair Data:

2011/12

Total number of affordable warmth enquiries	383
Boilers completed	107
Advisory List of Contractors	23
Heating Grant	213
Hoot, Green Loans	19
Insulation	61
Home Repairs Assessment	5
Environmental Health	1
Fire Service	1
Handyperson	20
Warm Front	7
Joint Visiting Team	24
Energy Provider	1
Money skills	1
Temporary Heaters	24

April 2012 to December 2012

Total number of affordable warmth enquiries	186
Boilers completed	102
Advisory List of Contractors	5
Heating Grant	125
Hoot, Green Loans	3
Insulation	30
Home Repairs Assessment	0
Environmental Health	0
Fire Service	0
Handyperson	2
Warm Front	1
Joint Visiting Team	12
Energy Provider	0
Money skills	0
Temporary Heaters	29

⁹ Bolton Care and Repair Data, Surveyor Dawn Hulme.

N.B: The figures in the tables above potentially are considerably less than what the actual figures are. The reason for this is that the current database system (Femis) is limited in the forms and types of data that it can store. For example it is unable to link all the referrals that occur from a single enquiry; for example, there are no figures available for security measures above, this is because all these are recorded as a handyperson enquiry and not an affordable warmth enquiry - so if someone was to have a security measure done because they telephoned about needing a new boiler, the current database does not link those two enquiries.

Bolton Care and Repair deal with enquiries holistically, an enquiry may be received as 'boiler not working' but that one enquiry could result in any one of the following listed below, and would be recorded accordingly i.e. not necessarily as an affordable warmth enquiry.

Bolton Care and Repair

Bolton Care and Repair provide the following services for residents in Bolton:

Better Behaving Boiler Grant: Grant to assist boiler replacement and repairs for residents on relevant benefits or via a Health referral if Warm Front/ECO is not appropriate.

Handyperson Service: For smaller jobs around the home, e.g. joinery work, clearing out gutters, hanging curtain rails, putting together flat pack furniture, resealing round a bath, hanging/rehanging a door, fixing dripping tap, fitting a security light, fixing a faulty light switch, servicing/ small repair to a boiler/ heating system etc. or security measures

Home Repairs Assistance Grant: A grant for max of £5k to address essential works to the property i.e. rewire of the property, reroof, DPC, new external windows and doors.

Advisory List: A list of contractors that have signed a Code of Conduct and have relevant insurances, this is provided to customers who wish to self-fund works.

Older Peoples Help Desk: For small aids around the home i.e. grab rails, path rails, toilet frames, bath seats etc. Additional services include: Social Worker assessment, for Careline a pendant based phone service for people who need immediate help i.e. if they have had a fall/ need assistance, and Telecare- for people with sensory or memory issues.

Disability Team: For an assessment by an Occupational Therapist for larger adaptations to the home, i.e. Stair lift, walk in/ wet room bathing facilities, extensions to the property etc.

Toasty: For Loft/ CW Insulation

ECO: National grants providing appropriate heating/energy measures to the property.

Joint Visiting Team: To assist people to apply for relevant benefits that they may be eligible for but not in receipt of.

Environmental Health: For problems with the property or neighboring properties, with the potential of utilising their enforcement powers.

Greater Manchester Fire Service: Fire safety advice and smoke alarms.

Bolton Wise: For help with maintaining their gardening and advice on heating tariffs.

Hoot: Credit Union for sensible lending or Green Loans.

Housing Advice: For advice on moving house.

Money Skills: Fuel debt/ best tariff advice, and energy efficiency workshops.

Energy Providers: For any relevant assistance they may be able to provide.

Consumer Direct: For relevant issues.

Home Energy Conservation Act

HECA Background

The Home Energy Conservation Act 1995 places a requirement on local authorities to issue reports to national government on the status of their plans to implement energy efficiency measures in the residential housing sector. The request is made in the context of the roll-out of new national efficiency measures such as the Green Deal and Energy Company Obligations (ECO's), where local authorities are encouraged to take a formative role to deliver local investment and jobs, lower fuel bills and reduce emissions.

The reports must set out the local authorities' energy efficiency ambitions and priorities, measures that take advantage of the national financial assistance being made available, measures to implement improvements based on a street-by-street roll out, and a time frame for delivery with identified local and national partners. Joint-reports, issued between a group of borough, district and local authorities in a certain area, would also be acceptable. The requirement of a public, brief report on progress can be seen as an opportunity to effectively communicate the efforts of the local authority, and/or to identify gaps where financially viable opportunities exist to improve local authority performance on energy efficiency into the future.

The requirements

The Climate Change Act 2008 sets legal requirements for the UK to reduce climate change causing emissions. The government recently published the national Carbon Plan (Dec 2011), the governments implementation strategy to meet these reduction targets. In addition, the UK fuel poverty strategy (2001) set the target of eradicating fuel poverty in England by 2016. A third piece of legislation, the Home Energy Conservation Act 1995, remains in place and requirements on local authorities still exist within this act. The main requirement laid out by the government is the preparation of a progress report, produced by March 2013, and at 2 year intervals thereafter until 2027. The report must be available electronically, for local people, with a link sent to the DECC Secretary of State showing this is the case, by 31 March 2013.

National government support on offer

From the outset, the government state their support of a decentralised approach:

"the government is committed to LA's setting their own priorities, ambitions and any related targets as they are best placed to assess their local needs"

But they remind them that, under the terms of the HECA, *"authorities are required by section 4(3) of the Act to have regard to this guidance"*.

They list a number of national drivers for action in the residential sector to improve energy efficiency and reduce carbon emissions:

The Green Deal and Energy Company Obligations (ECO's)

The government states that it will support local authorities by providing incentives to maximise area-based roll out of the Green Deal, promote local authority plans to deal providers and energy suppliers, and develop good practice guidance along with the Local Government Association (LGA) and the Department for Communities and Local Government (DCLG).

Feed-in tariffs

Renewable heat incentive (summer 2013)

Energy performance certificates (EPC's)

Minimum band E efficiency rating for private sector rented accommodation by 2018 (Energy act)

Smart meters in every home by 2019

Zero carbon standard required in every new-build by 2016

Requirements of the progress reports

The reports should detail energy conservation measures that will significantly improve energy efficiency and that are "practicable and cost-effective". In particular, three areas should be covered:

1. Energy efficiency ambitions and priorities

Ambitions could take the form of targets embedded within a carbon reduction plan or similar. Information on how fuel poverty is to be tackled should be included, especially how Bolton will target fuel poor households, and take advantage of the affordable warmth and carbon saving communities components of ECO's. We should also consider the role of energy efficiency in meeting wider strategic priorities. For example, what could be the role of local health and wellbeing boards, local health partners, or existing powers under the housing health and safety ratings system, in supporting these ambitions and priorities?

2. Measures that take advantage of the financial assistance on offer

The government recently announced that seven cities (Birmingham, Bristol, Leeds, Manchester, Newcastle, Nottingham and Sheffield) have been awarded money to kick-start the Green Deal in their areas, as a result of their strong proposals to cut carbon emissions. Local authorities are asked to consider how revenue from the green deal can boost local investment and growth. The report should detail:

The role the local authority will play in the Green Deal (e.g. Provider/Partner/Promoter)

The number of households it could potentially help and how these will be targeted

How these plans will help to tackle fuel poverty

3. Measures that implement improvements on a street-by-street basis

The government states that detailed, well developed area-based plans will be attractive to commercial Green Deal providers. This will require partnership with social housing associations and community organizations.

There may also be potential for synergies between the ECO carbon saving communities obligations: which mandates energy suppliers to deliver energy efficiency measures in the most deprived areas of Britain (using index of multiple deprivation), and the Green Deal, which could be used in tandem to create area-based improvements. It is stated that reports should detail a timeframe for delivery and an identification of the national and local partners that will help with delivery.

Resources available to Local Authorities

A number of resources are detailed that could be useful to local authorities in preparing their reports and implementing energy efficiency improvements.

Data sources at the local level available through DECC/ONS:

Fuel poverty statistics

Data on energy consumption, CO₂ emissions, cavity wall, loft insulation and domestic solar PV installations

CO₂ statistics by Local Authority/Region

