

Scrutiny review: Fuel Poverty

Review of the Overview and Scrutiny
Management Board

April – December 2012

CONTENTS

	Page No
Executive Summary	3
1. Why Members wanted to undertake this review	4
2. Terms of Reference	5
3. Background	6
4. Fuel Poverty – Review Focus	8
4.1 Do we understand patterns of fuel poverty?	8
4.2 What have we achieved already?	8
4.3 How do we communicate with our communities?	10
4.4 The role of the Utility companies	11
4.5 Partnerships and strategy	12
4.6 Future monitoring	13
5. Background papers	13
6. Thanks	13
7. Appendices	14

Executive Summary

Fuel Poverty has a negative impact on local residents and the local economy. It has been highlighted as a major contributor to health inequalities and goes hand in hand with more general poverty and deprivation. Vulnerable groups in Rotherham's communities are particularly at risk e.g. older people, young children, BME groups and those with chronic health conditions.

The aim of the review:

In light of this, the Overview and Scrutiny Management Board therefore decided to review the issue and that practical outcomes should be sought from this review that would have positive impact on all of these groups and communities

The review group was made up of the following members:

- Cllr Glyn Whelbourn (Chair),
- Cllr Simon Currie,
- Cllr Jane Hamilton,
- Cllr John Gilding,
- Cllr Sue Ellis
- Cllr Brian Steele
- Cllr Jennifer Whysall
- Cllr Jacquie Falvey,
- Cllr Anne Russell
- Cllr Neil License
- Cllr Christine Beaumont
- Cllr Judith Dalton

In gathering its evidence, Members reviewed existing initiatives designed to tackle fuel poverty and its effects via a Member Seminar. They also held a spotlight review session on the Green Deal and its potential to impact on Fuel Poverty in the Borough.

The help and co-operation of all who participated in this review is gratefully acknowledged.

Summary of findings and recommendations

All of these findings were discussed informally, at an early stage, with Cabinet Members. This was as a result of the fact that the issue is cross cutting in terms of its impact on Cabinet Member portfolios. The report is organised around five key headings, which were the key themes identified as part of the review. There are 11 recommendations in total. The key messages were as follows

1. Understanding of Fuel Poverty.

The Council and its partners need to be clear on where fuel poverty exists within the Borough and how this is defined, particularly in light of proposed changes at a national level. The position should be monitored and should be used to inform strategy.

2. Achievements to date.

Members were impressed with the level of progress that had been made, particularly with social housing stock, in tackling some of the physical issues that impact on fuel poverty. They were keen to continue to build on this base and progress areas that have been difficult to tackle for example private sector housing.

They also stressed that fuel poverty is also about lack of income as well as the physical housing issues and fuel efficiency.

3. Communicating with our Communities.

Members felt that it was absolutely crucial that communities understand the issues, potential support available and what is on offer in terms of services. They felt very strongly about this issue and recommendations in this area are designed to address this.

4. Role of the Utility Companies.

The Utility Companies are a key partner in the proposed approach and the Council needs to work closely with them to access both their expertise and potential resources to tackle the effects of fuel poverty. The key message here is that Members wish to act speedily in taking this forward.

5. Partnership and Strategy

A multi agency approach to this agenda is very important and the need to co-ordinate and monitor actions in a coherent strategic manner. The group welcomed the role of the Health and Well Being Board and a newly established Corporate Steering Group to this end. Scrutiny will wish to keep a monitoring role in this respect.

1. Why members wanted to undertake this review?

The issue of fuel poverty was identified in the work programme for Scrutiny in 2011/12 and it was allocated to the Improving Places Select Commission. They focused on physical schemes and measures to improve fuel efficiency in communities with a high incidence of fuel poverty. The issue of the forthcoming Green Deal and its potential impact was highlighted at this stage. It became apparent also that fuel poverty was being flagged up as a key issue in the other Select Commissions:

- Health Select Commission – impact on health inequalities in areas of high fuel poverty as identified at the Health Summit
- Self Regulation Select Commission – effective measurement and monitoring of fuel poverty
- Improving Lives Select Commission – impact of fuel poverty on the lives of people experiencing wider poverty, particularly children and families and older people.
- Management Board – identified the issue in its review of Regeneration Initiatives, which informed the Council's policy focus on Rotherham's most deprived areas.

As a result of this it was decided that Management Board would take on the lead for this area of work and it continued as a priority into the 2012/13 work programme.

Fuel Poverty has a negative impact on local residents and the local economy. It has been highlighted as a major contributor to health inequalities and goes hand in hand with more general poverty and deprivation. Vulnerable groups in Rotherham's communities are particularly at risk e.g. older people, young children, BME groups and those with chronic health conditions. It was therefore agreed that practical outcomes should be sought from this review that would have positive impact on all of these groups and communities. It would also aim to support the achievement of the following Council priorities from the Corporate Plan:

- Making sure no community is left behind:
 - less people struggle to pay for heating and lighting costs
- Improving the environment:
 - reduced CO2 emissions and lower levels of air pollution

2. Terms of reference

The work of the Management Board on Fuel Poverty as a theme for 2012 took place in two parts. The first part in April 2012 was a workshop for all members, followed by a review group of Scrutiny Members who considered in more detail the information that had been provided. This then determined the terms of reference for the spotlight review which was held in September 2012. The notes from the initial workshop, including attendees, can be found at appendix 1. From this

review group, two additional councillors subsequently attended meetings of Management Board for Fuel Poverty items. These were Councillors Ellis and Beaumont.

For the purposes of the spotlight review, members decided to focus on the following:

- To determine the Council's responsibilities as a result of the changing picture
- To understand fuel poverty patterns in Rotherham
- Review what has already been achieved, in partnership with the Utilities
- To understand what the Utility companies propose under the Green Deal
- To determine what the Council can do to make a difference
- To determine what the role of the Area Assemblies might be

They refined the key questions to focus on:

- Whether it is possible to apply the proposed new definition of fuel poverty to gain a picture across Rotherham
- What can the Council do practically e.g. advice and assistance to residents, impact of the Decent Homes programme, role of Area Assemblies etc..?
- Can work be done with Private Landlords around Green Deal?
- What can the Utility companies be doing locally and how can partnership working be maximised?

The review has been provided with technical support by Paul Maplethorpe, Affordable Warmth and Sustainable Energy Co-ordinator, Environment and Development Services. His help and expertise is gratefully acknowledged. Paul Benson (Private Sector Housing Officer, Neighbourhoods and Adult Services) and Catherine Homer (Public Health) also provided key information for both the workshop and the Spotlight Review.

Other witnesses that contributed to spotlight review were:

Dave Pearson – Npower

Steve Gapik and Linda Dixon – British Gas

Kay Bacon and Pat Michael – Area Assembly team, NAS

Tracie Seals and Cllr Dominic Beck – representing the District Heating Review sub group of the Self Regulation Select Commission.

3. Background

CERT and CESP

The Carbon Emissions Reduction Target (CERT) requires all domestic energy suppliers with a customer base in excess of 250,000 customers to make savings in the amount of CO₂ emitted by householders. Suppliers meet this target by promoting the uptake of low carbon energy solutions to households thereby assisting them to reduce the carbon footprint of their homes and banking these CO₂ savings as a target of measures achieved and reported to Ofgem.

The Community Energy Saving Programme (CESP) was created as part of the government's Home Energy Saving Programme. It requires gas and electricity suppliers and electricity generators to deliver energy saving measures to domestic

consumers in specific low income areas of Great Britain. CESP was designed to promote a “whole house” approach and to treat as many properties as possible in defined areas.

Green Deal

The Green Deal forms part of the Energy Act 2011, designed to reduce the UK's carbon emissions through large-scale improvement of the energy efficiency of residential buildings and infrastructure across Britain. It will also support the ambitions in the Carbon Plan which sets out the Government's strategy for meeting the UK carbon budgets to reduce greenhouse gas CO₂ emissions by 29% by 2017, 35% by 2022, and 50% by 2050. The Green Deal is a finance initiative which will ensure that no upfront costs are incurred by the householder and loans will be repaid through the savings made on fuel costs. The Government have indicated that the loans to home owners under the Green Deal will be charged at an interest rate of 7.5 %. As a Green Deal loan will be linked to the property not the occupants, this rate will be accessible to people with poor credit ratings, and for many will be a better rate than those available to them elsewhere. However, for loans of around £10,000 there are rates of around 6 per cent readily available for those with good credit ratings and for many it will be far cheaper to add a loan to their existing mortgages.

At the heart of the Green Deal financing mechanism is the Golden Rule principle. This principle limits the amount of Green Deal finance that can be attached to an electricity bill to the estimated energy bill savings that are likely to result from the installation of a measure(s) under the Green Deal Plan. The Golden Rule is based on average energy use. This means that the Green Deal charge is capped at the amount of money average energy users are likely to save from the measures installed.

A new Energy Company Obligation will integrate with the Green Deal, allowing supplier subsidy and Green Deal Finance to come together into one seamless offer to the consumer. The key focus of the new energy company obligation (ECO) will be on those householders who cannot achieve significant energy savings without an additional or different measure of support. These households are vulnerable and low-income households and those living in harder to treat properties, such as solid walled properties. ECO will deliver carbon savings and heating cost reductions through three obligations:-

1. Affordable Warmth
2. Carbon Saving Communities
3. Carbon Savings

There are broadly three approaches the Department of Energy and Climate Change (DECC) would like to see local authorities choose to adopt in engaging with the Green Deal:

1. Provide – the Green Deal directly to their local residents and businesses, co-ordinating finance and delivery;
2. Partner - work in partnership with commercial Green Deal Providers and community partners to deliver and facilitate delivery

3. Promote – by acting as advocates for the Green Deal locally.

4. Fuel Poverty – Review Focus

4.1 Do we understand patterns of Fuel Poverty?

Members recognised during the review that the Hills Review potentially changes the way fuel poverty will be measured in the future and that it would result in reducing the figure by 5m people across the country. The work of the group therefore involved the development of a picture of the incidence of fuel poverty across the Borough based on the current definition. Although further work is required on this analysis, especially considering the potential change in definition, members identified a strong correlation with the Council's work around the 11 most deprived areas.

Members received information about a range of initiatives in existence, designed to identify, profile and address fuel poverty, for example Warmer Homes, Healthy People and Keeping Warm in Later Life project (similar research is now being done children and families). Whilst they felt that this was extremely positive they were concerned about the apparent gap in how this is used to inform and develop wider strategic thinking.

Recommendation 1.

Better intelligence will be achieved by pulling together analysis of fuel poverty patterns with robust evaluation of initiatives to tackle it.

Recommendation 2.

Such intelligence and evaluation should be used to influence the development of the Warmer Homes Strategy and future initiatives and funding bids.

4.2 What have we achieved already?

CERT Funding

To date the total energy efficiency measures carried out on Rotherham Council Housing for which funding has been provided. 15929 have had Cavity wall insulation installed; this represents 76% of total housing. The remaining 24% of the housing stock is solid wall, unsuitable for cavity wall insulation, awaiting installation or there are access issues with the property or tenant. Remaining installs of 1% will take place shortly. Loft insulation - the installer is currently working on 900 properties. A further 2200 are left to complete; these will be completed shortly. Install levels are between 250 and 280mm depending on ventilation and assess. +/- 1% will have lower levels because of technical difficulties i.e. roof pitch is too low. This will, where possible and practical, complete the loft and cavity insulation program of council housing.

The total money obtained from energy suppliers for the above from the start of CO₂ reduction obligation.

Eon Energy £1m
Scottish and Southern £1m
EDF Energy £ nil
Scottish Power £ 0.5M
Npower £ 4m
British Gas £ nil

The above funding amounts reflect the total business we have had from the various energy companies. A nil amount from EDF energy is because their main customer base is in the south. A nil amount from British Gas reflects the over complicated nature of their scheme management in the past.

Solid wall property insulation is a recent introduction to CERT. We have approximately 5,000 solid wall properties. 152 properties have had insulation with supplementary funding total of £152,000. 248 are being processed for funding with supplementary funding total of £289,834.43. Recent months June 2012 onwards have seen substantial increases in funding provision for external wall insulation because the energy companies have been able to offer higher levels of funding to meet their obligations under carbon trading funding.

Under CERT Eon, Npower and Scottish Power have also provided additional funding or in kind measures such as fuel switching funding (example switch from solid fuel to gas), Compact fluorescent lighting, power down plugs, inferred camera and other equipment and funding for display stands.

CERT funding provision on other tenure housing

We have run a number of schemes across South Yorkshire in partnership with our neighbouring councils and Npower to provide insulation and replacement boilers. Also there have been a number of utility deals and national schemes which have complimented our own program in Rotherham. This report is based on a subset of the latest data available rather than a full CERT dataset which includes boilers, fuel switching and other energy efficiency measures. CERT data was last updated on 31/01/2012. This update contains data on installations up to the end of quarter 14 (30/09/2011) of the CERT scheme.

Cavity wall insulation 18567
Loft insulation 19777

CESP Funding

We have 5 areas where householders are currently receiving energy efficiency improvements. These are:-

1. Holmes / Masbrough
2. Eastwood village
3. Meadowbank
4. Town Centre
5. Maltby

Summary of activity, to 31st December 2012, is as follows;
Facts and figures

- 758 properties have already benefitted from CESP energy efficiency improvements
- £5.8million of energy efficiency measures have been provided to date at no cost to the Council
- Approximate annual household savings on energy bills have been estimated at being £400 - £550.

Given the nature of CESP it is not possible to give project costing as yet.

All of this information was set out for members as part of the Spotlight Review. Members also received information regarding a wide number of fuel poverty initiatives at the Member Seminar, held at the beginning of the year. Information on this is contained within the Background Papers section of this report.

Members recognised the progress being made in Rotherham and the partnership initiatives which have been established to tackle the issue of Fuel Poverty. Whilst acknowledging this, they also expressed concern about the piecemeal nature of the initiatives and the apparent lack of evaluation or co-ordination

Recommendation 3

That all future initiatives build on the progress already made and that there is a future emphasis on tackling the problems associated with private sector properties and also to focus on issues of low income.

4.3 How do we communicate with our communities?

The review highlighted good practice by the Area Assemblies, who had identified Fuel Poverty as a priority in all areas, for example a community open day, in partnership with the utility companies resulting in good take up of opportunities. Members noted that community consultation and awareness raising was key with the fuel poverty agenda and the use of focus groups had proved to be a very useful tool. Area Assembly consultation identified that there is an extremely high level of awareness within the communities of fuel poverty as an issue but not necessarily the solutions. In Eastwood, the ethnic diversity of the area meant that lack of interpreters had been an issue. Getting private landlords involved was also a key challenge.

Tariffs and Pre-pay meters

Members identified a key problem which was lack of awareness and understanding within communities about fuel charges, tariffs and schemes available. Utility companies present agreed it is crucial to ensure people are on the right tariffs. Utility companies were requested to provide information on the number of tariffs and the moves nationally to make this more transparent.

Concern was expressed about people on pre-payment meters and how well informed they are about tariffs etc. It was felt to be crucial that groups having to use

these meters are likely to be the most vulnerable in terms of fuel poverty. Increasingly people are having to make a choice between heating their home and food and clothing for their family. Members therefore wished to stress the issue that ensuring people can afford to heat their homes is a matter of saving lives.

It was considered that the introduction of smart meters will assist with this therefore it was strongly recommended that as much guidance as possible is provided on this matter, in plain English, to raise awareness of amongst communities about tariffs and meters.

Recommendation 4

Rotherham should make the most of its Area Assemblies and other community infrastructure in two ways:

- Raising awareness of fuel poverty issues and working with communities to identify and communicate solutions.
- Acting as a liaison point between Rotherham's communities and the Utility companies

Recommendation 5

There is a real and urgent need to raise awareness within communities about the choices open to them in terms of Green Deal, tariffs, smart meters etc.. Utility companies should be requested to help provide this information, including guidance in plain English.

4.4 What role can the Utility companies play?

Rotherham has a number of deprived communities which experience high levels of unemployment and deprivation and low income levels. In terms of the Utility Companies obligation to look at affordable warmth it is therefore a relevant place to work. The Council can assist with the following:

- Work with Private Landlords for private sector housing
- Work with housing associations
- Council properties
- Community infrastructure and networks – Area Assemblies, Parish Council network, Rotherfed, Taras, links with the Voluntary Sector and vulnerable groups.

Work is ongoing with British Gas, Npower and EDF Energy to complete the remaining 5 CESP programmes, with the last of the schemes being completed by June 2013. A full evaluation of this should be carried out, including feed back from residents, which should then be used to inform future programming under the Green Deal and ECO. A corporate steering group has recently been established to focus on this.

During the spotlight review the Utility companies indicated a willingness to look at options for District Heating with the Council. As the District Heating review is implemented, these options need to be explored fully.

There is the potential for the establishment of a pilot project in Rotherham, in partnership with the Utility Companies. Rotherham can offer access to:

- Council new build properties
- Potential partnerships with housing developers
- New sites opening up as part of the Local Plan – looking to ensure standard plus is provided within these developments.

Recommendation 6

The Council should aim to work in partnership with Utility Companies, bringing its expertise and knowledge of communities and properties to the table, to focus on Green Deal and ECO and the opportunities this provides for local residents and communities.

Recommendation 7

The Council should also explore the establishment of an appropriate pilot project in Rotherham that will explore this partnership working and could include funding for staff time to develop community links to assist with publicity campaigns, awareness, consultation etc.. Early wins could include leaflets and single point of contact for advice e.g. Golden Number.

Recommendation 8

Endorse the establishment of the corporate steering group and request that urgent progress is made with the recommendations above and that progress is reported back to Scrutiny on a 6 monthly basis.

4.5 Partnership and Strategy

The Council has very positive links with Health Partners via the Health and Well Being Board and the development of the Warmer Homes Strategy. Fuel Poverty will be a key priority in the Health and Well Being Strategy. The review found that a lot of individual projects and programmes have been initiated with the aim of tackling fuel poverty. This is not necessarily well co-ordinated and linked together. The Warmer Homes Strategy and work of the HWBB should pull this together. It is crucial that this strategic approach is used to co-ordinate other work taking place and oversee the work of the Steering Group.

Training and awareness of frontline workers should be a priority to ensure that fuel poverty is recognised and appropriate advice and assistance can be offered – this should include guidance on identifying key warning signs. A summit is to be organised with this in mind. Members were made aware of various Health initiatives that have been designed to assist with this but were concerned that this hadn't included many front line Local Authority staff. For example NHS Hot Sport training is still available and could be widened to include RMBC staff.

Recommendation 9

Support the lead that the Health and Well Being Board propose to take on the Fuel Poverty agenda and request progress reports on both this and the Warmer Homes Strategy to Overview and Scrutiny Management Board.

Recommendation 10

Request that the Health and Well Being Board give consideration as to how effective co-ordination of the various initiatives can be achieved and maintained, including the work of the Green Deal steering group.

Recommendation 11

Appropriate awareness raising and training of frontline workers in recognising the signs and impact of fuel poverty should be developed, including systems to roll this out and communicate outcomes from it. This should be done on a multi agency basis.

4.6 Future monitoring

The review found that co-ordination, monitoring and evaluation of a wide range of initiatives designed to tackle fuel poverty will be absolutely crucial in the future in terms of fully understanding impact on local communities. For this reason two recommendations (8 and 9) are focused on the monitoring of work to tackle fuel poverty and reporting this progress to the Overview and Scrutiny Management Board. It is recommended that this is done on a six monthly basis.

5. Background Papers

- Appendix A – Notes of Members Workshop 23.04.12
- Appendix B – Notes of Spotlight Review 07.09.12
- Report to Overview and Scrutiny Management Board 07.09.12 Fuel Poverty Spotlight Review by Paul Maplethorpe

6. Thanks

- Dave Pearson - Npower
- Steve Gapik and Linda Pearson – British Gas
- Cllr Dominic Beck
- Kay Bacon and Pat Michael – Area Assemblies, NAS
- Tracie Seals – NAS
- Paul Benson - NAS
- Paul Maplethorpe – EDS
- Catherine Homer – NHS Rotherham

For further information about this report, please contact

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Fuel Poverty
23rd April 2012
John Smiths Room

Notes

Attendance:

Cllr Whysall
Cllr Beaumont
Cllr A Russell
Cllr Ellis
Cllr Dalton
Cllr J Hamilton

Presentations were given by:-

Catherine Homer, NHS Health Promotion Specialist
Paul Benson, RMBC Private Sector Housing Officer
Paul Maplethorpe, RMBC Affordable Warmth & Sustainable Energy Coordinator

Many questions were raised during the presentations which led onto a discussion around how scrutiny could best support and strengthen the work already taking place and areas to explore further.

Questions/follow up for lead officers

- **Professor John Hills report - Monitoring and measuring impact (further thoughts)** - this report questions the way fuel poverty is measured
Professor John Hills is clear that:-
 - The way fuel poverty is currently measured is flawed and unhelpful
 - Has proposed a new way to define fuel poverty, separating the extent of the issue (the number of people affected) from its depth(how badly people are affected)
 - Prof Hills also shows how the impact of Government policies can be assessed against this new proposed definition, showing the positive impact current Government policies are having on tackling fuel poverty
- **Access to research**
 - Young people
 - Sheffield Hallam
 - Intelligence regarding worst mda's
 - Information on utility companies and what the money can fund (possibly funding for work in Rotherham)

- **What do we currently do in schools**
 - education around fuel poverty/efficiency
- **The role of Area Assemblies**
- **Work with utility companies:-**
 - dialogue
 - bulk buying
- **Communication and education**
(different schemes and terminology)
- **Lobbying – MPs**
 - monies(interest) from utility companies
- **Green Deal**
 - Independent evaluation of the work carried out already
 - Future impact
 - Making sure we are ready for the Green Deal
- **Breakdown of deaths**
(private rented and LA)
- **Feedback areas where scrutiny could “add value”**
- **Feedback on Warm Homes Healthy People initiative**
 - Supporting a higher bid than previously (achieved £81,275)
- **Problems with using new heating controls**
 - Training programme (people struggling with heating controls etc)
 - Involvement of Willmott Dixon?
- **May 18th event – communications resource**
 - 2 hours at Hellaby Centre
 - other sessions across Yorkshire and Humber
 - Area Assemblies have been invited
- **Further analysis – map**
 - top 3 fuel poor areas (Paul Benson to look into)
- **Training**
 - frontline workers
 - warden visits (health & wellbeing visits)

Appendix B

Detailed notes of Fuel Poverty Spotlight Review – 7th September 2012

Paul Maplethorpe presented his report. He referred to the information required for the report to DEC. It will need to include work on the feed in tariffs for Photovoltaic panels and the renewable heat premium.

He is starting to write this first report now and will be a big job to pull together all of the information required.

Fuel costs – we need to look at ways in which we can bring these down.

Fuel Poverty – the calculation method has now changed – doesn't rely on income anymore. This will result in reducing the figure by 5m people across the country.

Area Assemblies

Pat Michael and Kay Bacon described their experience of working with British Gas in Ferham and Eastwood.

Ferham – work on a community open day resulted in good take up. Community consultation and awareness raising was key. There is awareness within the communities of fuel poverty as an issue.

Eastwood – ethnic diversity of the area meant that lack of interpreters was an issue. Getting private landlords involved was also a key challenge. The use of focus groups has proved to be a very useful tool.

Private Housing

Paul Benson outlined the issue of hard to treat properties that are considered to be in fuel poverty. There are large numbers in the Town Centre. It would be useful to share information with Utility companies about these properties.

Discussion:

Cllr Ellis – poverty and deprivation in Rotherham is high. There are persistent health issues, respiratory problems being a key issue.

Two areas of expertise that the Council offer:

1. Links with communities – less need for cold calling. Employees in the public sector (Health and Council) and links with voluntary sector.
2. Knowledge – Can look at properties on block. Significant expertise and track record in regeneration programmes.

Need to understand their drivers and targets.

Response from Utility Companies

Dave Pearson (DP) - NPower

Essentially the issues being discussed are about poverty. They have had difficulties engaging with the Private Sector and the Health Partners. They would welcome additional support with this and would respond positively. The early wins around cavity wall and loft insulation – the focus is now on the hard to treat

properties. They would be looking for any economies of scale. Their main driver is the achievement of carbon savings targets. Costs do get passed on to the customers so need to be mindful of this.

Steve Gapik (SG) and Linda Dixon (LD) – British Gas.

Steve is the Head of Eco and has £600m budget for this agenda. Solid wall insulation is progressing fast and costs will fall. He is keen to do work now and innovate with Rotherham. There is a potential impact on the regeneration of Rotherham. British Gas have worked well with Rotherham in the past. Linda mentioned that they have an obligation to work with communities and welcome this positive move from Rotherham, and input from Councillors.

Cllr Ellis – there are also partnerships with Wilmott Dixon and Morrisons that could potentially be utilised.

SG welcomed this but also pointed out they needed to be in charge of their own destiny and have experienced problems in the past with these issues. Controlling costs is important and that costs are not passed on.

Paul Benson – With regard to DP's comments on working with Health, Rotherham has positive links with Health Partners via the Health and Well Being Board and the development of the Warmer Homes Strategy.

Cllr Steele – We need to tackle Fuel Poverty and the fact that poor people are paying more for their energy.

Cllr J Hamilton – if the Green Deal charge goes with the property there are a lot of issues to work through with the potential for tenants to leave the debt behind.

Cllr Whelbourn – also need to consider the impact of benefit cuts further down the line.

SG – The key is to get the customer on the right tariff – information about this is crucial

DP – There is no reason these days for cutting off people who can't pay their bills.

District Heating Systems

Cllr Beck outlined the progress being made with the current Scrutiny Review being carried out. He explained the need to be sensitive to the needs of tenants affected. Charges are increasing, plus rent arrears are prioritised over energy costs. Urgent remedial measures are required for the Grange in Maltby and air source heating for each flat is being considered as an alternative for Beeversleigh. They will be considering options for more efficient systems. The final report is due in November.

Tracie Seals – We definitely need synergy between the two reviews and to be able to lever in the investment and the expertise of the Utility companies.

Cllr Ellis – we also have Henley Rise as a potential pilot for this kind of work

SG – British Gas have done an air source district heating system in Glasgow and have done three different schemes. Happy to look at a pilot with Rotherham.

DP – Experienced with district heating and feels the major problem is the lack of heat metering which would help to reduce costs. Need to look at the technology and the education and awareness of tenants. Pre-payment is also a potential solution.

Cllr Beck – high elderly population in these schemes.

Cllr License – Wouldn't like tenants to be forced down the pre-payment route. Need to be clear what we are aiming to do with these schemes.

Cllr Steele – Older people and cultural attitudes towards pre-payment. Might not put money in even when it is needed. Agreed need education and information about tariffs etc.

SG – the aim of working together is to reduce fuel poverty via maximum efficiency. Let us focus on that together then look at district heating.

DP – there are lots of options for reducing costs for district heating systems.

Cllr J Hamilton – are customers informed of the unit costs for prepayment meters?

SG/DP – yes and they can still change providers.

Paul M – introduction of smart meters will help with this and will be better controlled.

Cllr Whelbourn – guidance in plain English is required to raise awareness of the benefits of smart meters.

Cllr Dalton – Could the investment be applied to community buildings e.g. Parish Halls

SG – Green Deal would be more appropriate – ECO wouldn't apply as this is aimed at domestic properties.

Cllr Beaumont – are customers clear on different tariffs – peak and off peak etc.

SG – There have been moves over recent years to reduce the number of tariffs and to be more transparent. Will send a response to this query.

Cllr A Russell – roof linings on older properties in private sector. SG confirmed this would be covered by the scheme.

Cllr License – agrees need clarity and info on tariffs.

DP – Ofgem have done a lot of work on this and are aiming to make it more transparent and simpler to understand.

ROTHERHAM BOROUGH COUNCIL – Scrutiny Meeting

1.	Meeting:	Fuel poverty Spot light review
2.	Date:	07/09/2012
3.	Title:	Review paper
4.	Programme Area:	Facilities Management

5. Summary

The results of insulation works undertaken on council and private housing in Rotherham using The Carbon Emissions Reduction Target (CERT) and Community Energy Saving Programme (CESP) funding streams.

Green Deal and the new Energy company Obligation (ECO). This is the Coalition Government flagship initiative to increase the energy efficiency of British properties in the public and private sectors.

Home Energy Conservation Act HECA. Energy Conservation Authorities (ECAs) to provide progress reports on delivery of energy conservation measures including Green Deal and ECO

Hills fuel poverty review. The Government wishes to focus its available resources where they will be most effective in tackling the problems underlying fuel poverty.

6. Recommendations

THAT MEMBERS NOTE THE PROGRESS BEING MADE

THAT MEMBERS SUPPORT THE AREAS IDENTIFIED

THAT MEMBERS REQUEST FURTHER REPORTS ON THE DETAILED FRAMEWORKS AS THEY ARE DEVELOPED

7. Proposals and Details

CERT and CESP

CERT The Carbon Emissions Reduction Target (CERT) requires all domestic energy suppliers with a customer base in excess of 250,000 customers to make savings in the amount of CO₂ emitted by householders. Suppliers meet this target by promoting the uptake of low carbon energy solutions to household thereby assisting them to reduce the carbon footprint of their homes and banking these CO₂ savings as a target of measures achieved and reported to Ofgem. The original Energy Efficiency Commitment which became CERT in 2010 started in 2002.

CESP targets households across Great Britain, in areas of low income, to improve energy efficiency standards, and reduce fuel bills. CESP is funded by an obligation on energy suppliers and electricity generators.

Energy assessment of buildings and CO₂ are determined using the Standard Assessment Procedure (SAP) where a score of 1 is poor and 100 is excellent.

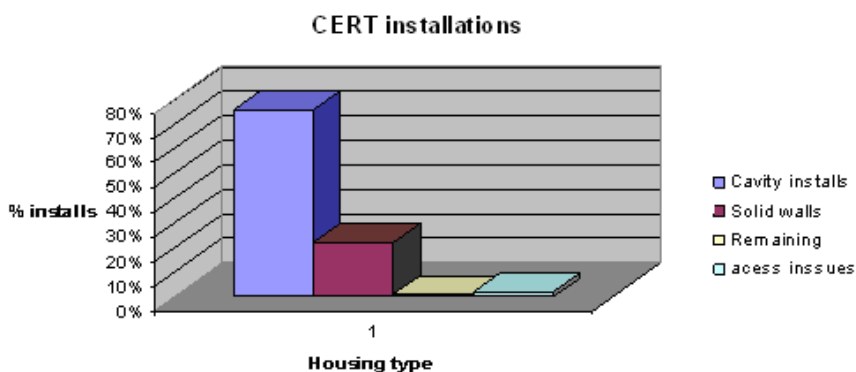
The current average SAP rating for Council Housing as per the Energy Performance Certificate rating is 72 - this is above the nation average of 60.

Current average SAP rating for all other housing tenure in Rotherham Energy performance certificate rating is 60 which is the national average.

CERT Funding

To date the total energy efficiency measures carried out on Council Housing for which funding has been provide is 15929 have had Cavity wall insulation installed; this represents 76% of total housing. The remaining 24% of the housing stock is being solid wall, unsuitable for cavity wall insulation, awaiting installation or there are access issues with the property or tenant. Remaining installs of 1% will take place shortly

Loft insulation - the installer is currently working on 900 properties. A further 2200 are left to complete; these will be completed shortly. Install levels are between 250 and 280mm depending on ventilation and assess. +/- 1% will have lower levels because of technical difficulties i.e. roof pitch is too low



This will, where possible and practical, complete the loft and cavity program insulation of council housing. Where issues do remain these will have to be

undertaken using Green Deal and Energy Company Obligation which is covered further in this report

The total money obtained from energy suppliers for the above from the start of CO₂ reduction obligation

Eon	£1m
Scottish and Southern	£1m
EDF	£ nil
Scottish Power	£ 0.5M
Npower	£ 4m
British Gas	£ nil

Solid wall property insulation is a recent introduction to CERT. We have approximately 5,000 solid wall properties. 152 properties have had insulation with supplementary funding total of £152000.

248 are being processed for funding with supplementary funding total of £289,834.43

Recent weeks have seen substantial increases in funding provision for external wall insulation because the energy companies have been able to offer higher levels of funding to meet their obligations under carbon trading funding.

Under CERT Eon, Npower and Scottish Power have also provided additional funding or in kind measures such as fuel switching funding (example switch from solid fuel to gas), Compact fluorescent lighting, power down plugs, inferred camera and other equipment and funding for display stands.

CERT funding provision on other tenure housing

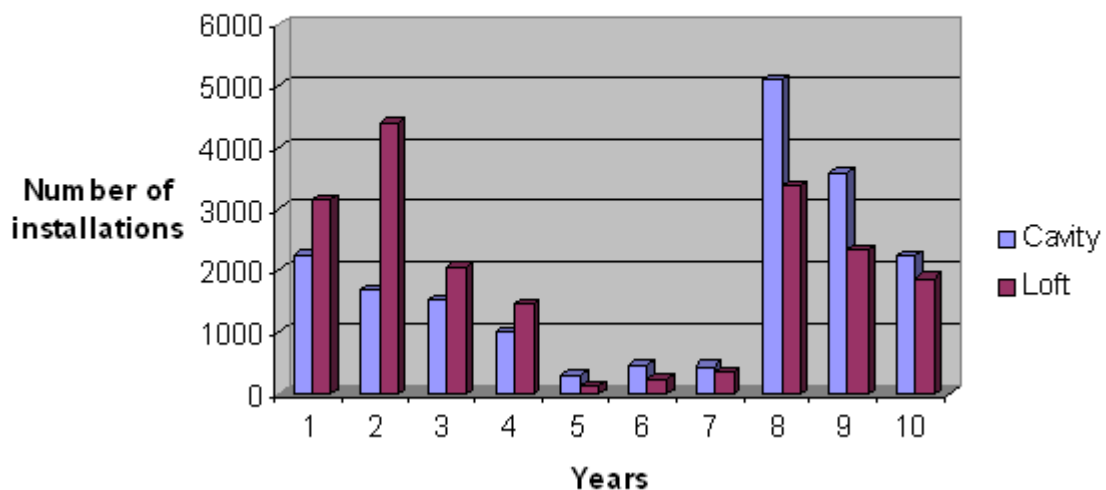
We have run a number of schemes across South Yorkshire in partnership with our neighbouring councils and Npower to provide insulation and replacement boilers. Also there have been a number of utility deals and national schemes which have complimented our own program in Rotherham.

This report is based on a subset of the latest data available rather than a full CERT dataset which includes Boilers, fuel switching and other energy efficiency measures. CERT data was last updated on 31/01/2012. This update contains data on installations up to the end of quarter 14 (30/09/2011) of the CERT scheme.

Cavity wall insulation 18567
Loft insulation 19777

The chart shows trends over the 10 year period of CERT. Years 5, 6 and 7 indicate years when there was a charge put on the insulation works.

Cert Funding



7. Community Energy Saving Program (CESP)

CESP targets households across Great Britain, in areas of low income, to improve energy efficiency standards, and reduce fuel bills. CESP is funded by an obligation on energy suppliers and electricity generators.

CESP promotes a “whole house” approach i.e. a package of energy efficiency measures best suited to the individual property. The programme is delivered through the development of community-based partnerships between Local Authorities (LAs), community groups and energy companies, via a house-by-house, street-by-street approach. This partnership working allows CESP to be implemented in a way that is best suited to individual areas and coordinated with other local and national initiatives.

We have 5 areas which we are working on or investigating for possible intervention. These are:-

1. Holmes area (Cavendish Rd, Josephine Rd, Belmont St, Harington Rd).
2. Eastwood village Rotherham still under consideration British gas scheme
3. Wath under evaluation (Cemetery Rd, Park Rd, Saville Rd)
4. Town Centre areas Rotherham
5. BEEVERSLEIGH Clifton Lane Tower block

1 & 2 are solid wall insulation, new heating, windows, roof insulation - this work is underway

3 solid wall insulation and windows or even PV depending on mix of measures

4 same as 1

5 Investigation to see if we can cavity fill the walls if not external cladding, new heating for block possibly air source heating.

This represents total funding from the energy suppliers for private CESP in Rotherham:

Eon	£nil
Scottish and Southern	£Yes
EDF	£ nil
Scottish Power	£ Yes
Npower	£ Yes
British Gas	£ Yes

Given the nature of CESP it is not possible to give project costing as yet.

Green Deal

The Green Deal forms part of the Energy Act 2011, designed to reduce the UK's carbon emissions through large-scale improvement of the energy efficiency of residential buildings and infrastructure across Britain. It will also support the ambitions in the Carbon Plan which sets out the Government's strategy for meeting the UK carbon budgets to reduce greenhouse gas CO₂ emissions by 29% by 2017, 35% by 2022, and 50% by 2050.

The Green Deal is a finance initiative which will ensure that no upfront costs are incurred by the householder and loans will be repaid through the savings made on fuel costs. The Government have indicated that the loans to home owners under the Green Deal will be charged at an interest rate of 7.5 per cent.

As a Green Deal loan will be linked to the property not the occupants, this rate will be accessible to people with poor credit ratings, and for many will be a better rate than those available to them elsewhere. However, for loans of around £10,000 there are rates of around 6 per cent readily available for those with good credit ratings and for many it will be far cheaper to add a loan to their existing mortgages.

A new Energy Company Obligation will integrate with the Green Deal, allowing supplier subsidy and Green Deal Finance to come together into one seamless offer to the consumer.

The key focus of the new energy company obligation (ECO) will be on those householders who cannot achieve significant energy savings without an additional or different measure of support. These households are vulnerable and low-income households and those living in harder to treat properties, such as solid walled properties.

There are a number of initiatives to support industry preparedness for the introduction of the Green Deal, including:-

Energy Saving Advice Service which is to be provided by the Energy Saving Trust. This service provides information and advice to households and non domestic customers (including businesses, the public sector and the third sector). The advice line will be providing impartial advice and where appropriate onward referrals to authorised Green Deal participants. It will also act as an entry point for those who may be eligible for extra support through ECO. Customers can contact the service by dialling 0300 123 1234 or visiting www.direct.gov.uk/savingenergy.

A full set of National Occupational Standards (NOS) has been finalised, enabling qualifications to be developed across Great Britain for Green Deal Assessors.

Also introduced is (PAS2030) the Green Deal Installer Standard. This Installer Standard focuses on the installation processes for Green Deal measures, the management of the processes and the quality of the service provided to the customer before, during and after the installation.

At the heart of the Green Deal financing mechanism is the Golden Rule principle. This principle limits the amount of Green Deal finance that can be attached to an electricity bill to the estimated energy bill savings that are likely to result from the installation of a measure(s) under the Green Deal Plan. The Golden Rule is based on average energy use. This means that the Green Deal charge is capped at the amount of money average energy users are likely to save from the measures installed.

ECO will deliver carbon savings and heating cost reductions through three obligations:-

1. Affordable Warmth
2. Carbon Saving Communities
3. Carbon Savings

There are broadly three approaches DECC would like to see local authorities choose to adopt in engaging with the Green Deal:

1. Provide – the Green Deal directly to their local residents and businesses, co-ordinating finance and delivery;
2. Partner - work in partnership with commercial Green Deal Providers and community partners to deliver and facilitate delivery
3. Promote – by acting as advocates for the Green Deal locally.

Option 2 would be Rotherham's best route of engagement in Green Deal.

We are engaging with a number of Green Deal provider partners all of whom we currently engage in with CERT and CESP work:-

SIG
Keepmote
British Gas

We already get a number of private residents requesting insulation or heating replacements. We shall be best placed to provide referral pathways into these organisations. However, for our more vulnerable clients and to ensure best working practice, it would be advantageous to be able to provide some Green Deal assessments ourselves. Many vulnerable clients will need hand holding through the process and probably some after care. The Green Deal is primed to follow whole house street by street approach. However many residents experience boiler failures with no means to pay for repairs and we need to make sure Green Deal providers will provide this service.

We also have a number of private landlords who are keen to engage in the process. This could potentially lead to better housing for our worst off residents. We should however make sure we concentrate on the tenant's needs and not the landlord.

The Green Deal providers are in many cases providing their own Green Deal assessors. Concerns may be raised as to their impartiality and willingness to engage in all customer groups.

Providing an assessment role will provide opportunities to work more directly with the Green Deal providers and influence their decision making when installing measures and marketing Green Deal plans. With Government reengaging with the Home Energy Conservation Act (see below) a requirement to report on our Green Deal activity working closely with providers will be essential.

This reporting role will give us the best opportunity in which we can target the most vulnerable areas and achieve the most financing out of the Energy Company Obligation as it will show robust plans and working relationships.

From October, Green Deal Assessors will be able to complete assessments and providers will be able use the assessment to issue quotes so consumers will be ready to complete a Green Deal plan at the end of January, when the relevant parts of the framework regulations come into effect.

Green Deal authorised installers will be able to complete work for consumers prior to the end of January if paid for upfront or wholly supported by the Energy Company Obligation.

Home Energy Conservation Act (HECA)

Energy Conservation Authorities (ECAs) will from March 2013 be required to provide progress reports on delivery of energy conservation measures that are considered practicable, cost-effective and likely to result in significant improvement in the energy efficiency of residential accommodation.

Reports shall be at 2 yearly intervals March 2013 and thereafter (by 31 March 2015, 2017, 2019 etc) up to and including 31 March 2027.

In preparing report the SoS, pursuant to section 4(1) of HECA, considers that ECAs should have regard to the following, where appropriate:

- i. The measures that take advantage of financial assistance and other benefits offered from central Government initiatives such as the Green Deal, Energy Company Obligation (ECO) and Renewable Heat Incentive (RHI), or other initiatives to help result in significant energy efficiency improvements of residential accommodation;
- ii. The measures which an ECA has developed to implement energy efficiency improvements cost-effectively in residential accommodation by using street by street roll out.

The DECC will require all ECAs to publish reports and progress reports electronically on their website in a format and location that is accessible to local residents with a link to be forwarded to the Secretary of State before or by 31 March (of the specified year as above).

Depending on local priorities and circumstances ECAs should set priorities to address specific needs of their local residents, in particular around fuel poverty. An Affordable Warmth Strategy is required that also considers the role that local Health and Well Being Boards and local health partners might play in supporting any planned action. Plans should also make clear use of the Energy Company Obligation (ECO), and taking advantage of the Affordable Warmth and Carbon Saving Communities aspects of ECO.

Given the existence of the DECC data sets on energy use and CO₂, ECAs are not expected to provide data on their CO₂ emissions as they did previously under HECA. However, they may choose to use the DECC data sets to comment on trends etc in their further report and progress reports.

SoS expects that making use of the Green Deal, ECO and other funding streams such as the Feed in Tariff and Renewable Heat Incentives schemes will be key measures that ECAs may wish to use in improving the energy efficiency of their residential accommodation. These funding streams could also be used to support an authority's wider strategic priorities e.g. on health and well-being and economic development.

The first HECA report due in March 2013 should have regard to what measures an ECA might take advantage of in improving the energy efficiency of their residential accommodation. For example this might include:-

- The role the ECA has decided to play in delivering the Green Deal (provider, partner, etc) and a brief description of this;
- The potential number of households in the ECA's area, how many it might aim to target for improvement and how;
- How the ECA plans to use Green Deal/ECO and other programmes to tackle fuel poverty.

The energy conservation measures that might be identified under HECA are not confined to physical changes to dwellings but may also include information, advice, education and promotion.

To support ECAs in the early stages of the Green Deal/ECO, DECC will, as far as it reasonably can:-

- Seek to use the Green Deal launch incentives in a way that supports local authorities offers to their residents which maximise street by street roll out;
- Help promote local authorities' identified plans to Green Deal Providers (GDPs) and energy suppliers – HECA reports will be attractive to GDPs and businesses seeking to invest as well as energy companies seeking to deliver their ECO targets;

- Provide some tools for local authorities to meet their HECA obligations, e.g. tracking their emissions levels over time and helping identify particular areas to target;
- Work with the LGA and DCLG to provide good practice guidance for local authorities.
DECC will also continue to work with the Local Authorities national Carbon Action Network to support delivery through HECA.

Hills Fuel Poverty Review

The Warm Homes and Energy Conservation Act 2000 defines a fuel poor household as one that is living on a lower income in a home which cannot be kept warm at a reasonable cost.

The UK Fuel Poverty Strategy was published in 2001. It further defined a household as being in fuel poverty if it needs to spend more than 10 percent of its income on home energy (including heating the home to 21 degrees for the main living area, and 18 degrees for other occupied rooms).

In March 2011, the Government commissioned an independent review of fuel poverty led by Professor John Hills. The focus of the review was to consider evidence on whether fuel poverty is:

- A distinct problem from income poverty
- How well the current definition reflects the problems involved
- The effectiveness of policies to counter it

The report published on the 15th March 2012 recognises that thousands of people die each year from illnesses linked to fuel poverty. The report calls for a new definition of the problem, which focuses on people with low incomes driven into poverty by high fuel bills.

His report found that in 2004, fuel-poor households faced a shortfall of £256 to heat their homes and avoid poverty, but in 2009 it was £402 and recent bill increases may make the problem worse this year.

This report is the first to measure the shortfall that some households face in heating their homes, which Hills calls the fuel poverty gap. It also recognises that this shortfall has serious implications for health.

There are 27,000 extra deaths in the UK each winter compared to other times of year, according to figures from the Office for National Statistics. The report found most of this was due to cold weather. That figure is one of the highest in Europe and worse than Finland, the Netherlands, Germany, Sweden, Norway and France.

The main cause of these deaths are respiratory and cardiovascular illness brought on by the cold, with lower outdoor and indoor temperatures each accounting for about half the total number of deaths. Drawing on a separate recent report, the Marmot review, this found that more than one-fifth of all the additional winter deaths can be directly attributable to lower indoor temperatures that, on average, can be among the coldest 25% in the country.

Not all of these deaths could be directly attributable to fuel poverty as some homes may be cold for other reasons, so the Hills report estimated that around half of those deaths were for economic reasons.

This meant, the Hills report concluded, that an estimated 2,700 people die each year because of health conditions, such as respiratory infections or cardiovascular problems, linked to fuel poverty.

Low-income households are unable to invest in energy efficiency measures, hindering efforts both to reduce their bills and to lower UK carbon emissions. Often living in poor housing or hard to heat housing they also cost more to put right therefore giving the resident no opportunity to reduce their fuel costs

However, Prof Hills found that the way we define fuel poverty may need to change. By the old definition, a household was defined as being in fuel poverty if 10% of its income was spent on fuel each year.

The new definition will 'combine a threshold of poverty (expressed as 60% of the median) as a proportion of 'after-housing-costs' income with a measure of high energy requirement expressed in monetary terms relative to the wider population'. This, the new definition will mean that come 2016 (when the UK's targets were supposed to eradicate fuel poverty altogether) there will be 2.6m to 3m people in fuel poverty as opposed to around 8m under the old definition.

Whatever approaches are developed as a result of the Hills Review, better knowledge of the actual outcomes of high fuel costs in terms of fuel spending can aid understanding of the impact of fuel poverty. Such impacts differ markedly from one group to another, both in terms of household composition and whether the households are below an income threshold. However this will not address the standard of benefits paid to families and older people or that we maintain a very old housing stock with poor thermal comfort levels. In addition, the Warm Front Scheme will end in March 2013 and be replaced by the new Green Deal, which in the long run will mean the only offer out of fuel poverty is to ask the fuel poor to pay more for their fuel.

The government have announced that they will consult on a different definition of fuel poverty this summer.

10. Policy and Performance Agenda Implications

In line with the Outcomes Framework, the service provided has a linkage with the fourth key line of assessment theme (KLA4) "Exercise of Choice and Control" as it enables tenants to have an influence on their environment while promoting significant savings that could make a significant difference to a household experiencing fuel poverty.

The service provided also links into the second key line of assessment (KLA2) 'Improved Quality of Life' as the service allows people to have greater control over their income potentially as the report will better inform them of the energy use of the home they choose to buy or rent alleviating fuel poverty.

- Improving health and emotional well being [1]

- Improved quality of life [2]
- Increased choice and control [4]

11. Background Papers and Consultation

From DECC Green Deal Bulletin 04/07/2012

The [Draft Code of Practice can be found on the DECC website](#)

The [Explanatory Memorandum can be found on the DECC website](#)

Green Deal Secondary Legislation Passed by House of Commons

On Monday 2 July secondary legislation was passed by the House of Commons and will be in front of the Lords on 23 July. This is a significant milestone. With the legislation almost in place Green Deal and ECO are into delivery phase.

A number of green deal documents can also be found at

7.1.1.1 Green Deal - [Department of Energy and Climate Change](#)

15 March 2012: Professor Hills has today published the final report of his independent review of fuel poverty.

- [Getting the measure of fuel poverty: final report of the Fuel Poverty Review](#) [filetype:pdf filesize: 5263.47Kb]
- [John Hills Press Notice: Independent review projects fuel poverty to worsen and calls for reinvigorated strategy](#) [filetype:pdf filesize: 132.92Kb]

Home Energy Conservation Act it still in draft and not yet available for general release

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Appendix D – Background information on Home Energy Conservation and Hills Fuel Poverty Report.

Home Energy Conservation Act (HECA)

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