

Report for: Cabinet, 12th November 2019

Title: **Affordable Energy Strategy and agreement to proceed with public consultation**

Report authorised by : Dan Hawthorn, Director, Housing, Regeneration and Planning

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Ward(s) affected: ALL

**Report for Key/
Non Key Decision:** Key Decision

1. Describe the issue under consideration

- 1.1 Cabinet is asked to approve the Draft Affordable Energy Strategy (2020-2025) and for it to go out for a three month public consultation. The Affordable Energy Strategy replaces the previous Affordable Warmth Strategy. This is in recognition that fuel poverty or 'energy vulnerability' goes beyond cold homes and related health effects. It sets out the vision and objectives for reducing the proportion of households in fuel poverty in the borough which has increased from 11.2% in 2011 to 14.5% in 2017.
- 1.2 The vision of this strategy is:-
To reduce the number of households struggling to afford to adequately power their homes and improve the health and wellbeing of residents by:-
- Improving the energy efficiency of housing and reducing overheating risks,
 - Connecting residents to support services and initiatives to overcome the many causes of fuel poverty, such as energy prices, low incomes and unemployment.
- 1.3 This vision will be delivered by the following objectives:-
- Objective 1. Increase the number of struggling households receiving energy advice and expanding the support available to create a people-centred solution
 - Objective 2. Improve housing energy performance to reduce fuel poverty, cold homes and overheating
 - Objective 3 Maximise the funding and resources secured within Haringey to alleviate fuel poverty
- 1.4 If approved by Cabinet on 12th November, the strategy should go out for public consultation. The final Strategy will take account of consultation feedback before being finalised for approval and adoption by Cabinet.

2. Cabinet Member Introduction

Tackling fuel poverty will help develop a fairer Haringey. Over 15,000 households in the borough struggle to pay their energy bills and can face the difficult decision of switching off appliances and heating over food and managing household finances. Living this way can have a huge impact on the health and wellbeing of our residents, the academic achievements of our children, and ultimately more demand on public services.

I am therefore pleased to introduce Haringey's Affordable Energy Strategy which sets out our 5 year plan to improve the energy efficiency of homes in all tenures and a referral network throughout the borough to tackle fuel poverty. Unlike previous Affordable Warmth Strategies, the risk of overheating and the associated health impacts are considered due to the impacts of Climate Change already being felt in Haringey.

Tackling fuel poverty should be and is a priority. One which is even more important with the ever-increasing cost of energy, the impact of climate change, and the urgent need to reduce carbon emissions from our homes.

3. Recommendations

3.1 It is recommended that Cabinet:

- i) Approve the draft Affordable Energy Strategy 2020-2025 at appendix for public consultation.
- ii) Note that following the public consultation the final strategy will come back to cabinet for approval

4. Reasons for decision

4.1 'Energy vulnerability' is a recognised term that highlights that some households find it difficult to adequately power their homes which adversely affects their daily life and health. It incorporates fuel poverty, which is caused by low incomes, high energy prices and energy inefficient housing. In England fuel poverty is currently measured using the low income-high cost definition, which states that a household is in fuel poverty if:

- Their income is below the poverty line (taking into account energy costs and;
- Their energy costs are higher than is typical for their household type

Overheating can impact the same groups that are at risk from fuel poverty.

4.2 The existing [Affordable Warmth Strategy \(2009-2019\)](#) has now expired. It is estimated that over 15,000 households in Haringey experience fuel poverty. By adopting a new strategy Haringey will have a clear way forward to tackle fuel poverty in the borough and improve the health and wellbeing of its residents.

4.3. The proposed revised strategy- the Affordable Energy Strategy (2020-25), has a wider scope to recognise that fuel poverty goes beyond cold homes. The ability to adequately power household appliances, lighting and communication equipment can impact academic attainment, digital inclusion, access to employment opportunities and increase social isolation. The strategy also

recognises that in a changing climate, there is a need to keep homes cool during periods of high temperatures as well as warm in winter.

- 4.4 **The government's [Fuel Poverty Strategy For England \(Cutting the Cost of Keeping Warm\) 2015](#) and [Fuel Poverty Regulations \(England\) 2014](#)** set a target to ensure that as many fuel poor homes 'as is reasonably practicable' achieve a minimum energy efficiency rating of Band C by 2030.

Interim milestones have also been set to ensure 'as many fuel poor homes as is reasonably practicable' achieve a minimum energy efficiency rating of Band E by 2020, and Band D by 2025. The phased approach follows a principle of prioritising assistance to those in the deepest levels of fuel poverty.

- 4.5 Public consultation will ensure that residents have the opportunity to reflect on the proposals and provide their views. A key recommendation of the strategy is to develop a referral network to reach those most in need, conducting a public consultation exercise will begin the relationship building process required to develop such a network.

- 4.6 The draft vision is:

"To reduce the number of households struggling to afford to adequately power their homes and improve the health and wellbeing of residents by:-

- *Improving the energy efficiency of housing and reducing overheating risks,*
- *Connecting residents to support services and initiatives to overcome the many causes of fuel poverty, such as energy prices, low incomes and unemployment."*

- 4.7 This vision will be delivered through the following objectives:-

- Increase the number of struggling households receiving energy advice and expand the support available to create a people-centred solution
- Improve housing energy performance to reduce fuel poverty, cold homes and overheating
- Maximise the funding and resources secured within Haringey to alleviate fuel poverty

5. Alternative options considered

5.1 Do nothing

The strategy would not be redrafted and released. The Council will have no coherent strategy to improve the circumstances of around 15,000 households living in fuel poverty in Haringey and meet the ambitions of the Borough Plan by driving up the quality of housing for everyone and exploring setting up an alternative local or regional energy savings company(s).

5.2 Reduce the scope of the strategy

Reducing the scope to address the energy efficiency of homes would not necessarily lift households out of fuel poverty. Ignoring overheating risks could cause problems in the future as periods of hotter weather increase.

6. Background information

6.1 Haringey's [Affordable Warmth Strategy 2009-2019](#) has expired. This strategy concentrated on assisting residents to adequately heat their homes with a vision *"To make sure that no household in Haringey lives in a cold, unheated home and that people know how to use energy in their homes efficiently, therefore saving money and reducing CO2 emissions"*.

6.2 Whilst many fuel poverty interventions have been undertaken in the borough under this strategy. Fuel poverty remains an issue for many Haringey residents. Fuel poverty in England is measured using the Low Income High Costs (LIHC) indicator. Under the LIHC indicator, a household is considered to be fuel poor if 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.

- In 2017 there were 15,189 households living in fuel poverty in Haringey. 14.5% of the households in the borough. This is the 4th highest percentage in London and substantially above the London average (11.8%).
- Over the past 5 winters, there were 350 Excess Winter Deaths (EWDs) in Haringey. The Office for National Statistics defines EWDs as the additional number of deaths occurring during December to March in any one year compared to the number of deaths that occurred in the preceding August to November and the following April to July. [The Hills Review](#) estimated that some 10 per cent of EWDs are directly attributable to fuel poverty and a World Health Organization report estimates that 30 per cent of EWDs could be attributed to cold housing. This equates to between 35 – 105 deaths in Haringey between 2012 and 2017 where the inability to heat homes adequately may have been a contributory factor. The Excess Winter Mortality index (EWM) is calculated so that comparisons can be made between sexes, age groups and regions, and is calculated as the number of EWD divided by the average non-winter deaths in the winter of 2017/18 the EWM for London was 27.3 compared to 29.8 for Haringey.

6.2.1 To assist these households and to meet national targets in the Fuel Poverty (England) Regulations 2014 and the Government’s Fuel Energy Strategy 2015, ie to ensure that “as many fuel poor households ensure that as many fuel poor homes ‘as is reasonably practicable’ achieve a minimum energy efficiency rating of Band C by 2030, it is recommended that a new strategy is adopted. This will ensure that Haringey has a co-ordinated approach to alleviate fuel poverty providing a focus for action and ensuring limited resources are put to best use.

6.4 The proposed Affordable Energy Strategy 2020-2025 builds upon previous and existing fuel poverty interventions. However it has a wider scope than previous strategies. This is in recognition that being unable to adequately power a home for lighting, heating, communication can also have an adverse impact on the occupants health, academic attainment and general wellbeing. The strategy also acknowledges that the increasing impacts of climate change will increase overheating risks and that making homes more energy efficient can introduce further overheating problems. Its vision is *“To reduce the number of households struggling to afford to adequately power their homes and improve the health and wellbeing of residents by:-*

- *Improving the energy efficiency of housing and reducing overheating risks,*
- *Connecting residents to support services and initiatives to overcome the many causes of fuel poverty, such as energy prices, low incomes and unemployment.”*

6.5 The draft strategy sets out the following objectives to deliver this vision:-

6.5.1 Increase the number of struggling households receiving energy advice and expanding the support available to create a people-centred solution

Fuel poor households may be dealing with a multitude of issues and developing a support network which tackles more than energy efficiency and which focuses on the people rather than just the property would be beneficial. This would meet the recommendations made by the National Institute of Health and Care Excellence (NICE NG6 guidelines¹), which advocates providing a one-stop advice service.

A trusted and well publicised energy advice service will provide a focus point ensuring fuel poverty interventions have a wide reach throughout the borough. To be effective a referral network will need to be developed through engagement with relevant health, community and housing services which can work together to offer a package of services to eligible residents helping to address their needs and improve their circumstances. An overall assessment of people and their homes and an effort to prioritise requirements could result in the people most in need receiving a package of solutions taking significant steps to lift them out of fuel poverty.

6.5.2 Improve housing energy performance to reduce fuel poverty, cold homes and overheating

¹ [NICE NG6 Excess Winter Deaths and illness and the health risks associated with cold home. March 2015](#)

The refurbishment of existing homes is one of the most effective means of reducing fuel poverty. Households with a lower energy efficiency band have a higher likelihood of being fuel poor. Energy performance certificate ratings range from band A, with 92-100 SAP² points (the most efficient) to band G, with 1-20 SAP points (the least efficient). Band G properties are twice as likely to be fuel poor with fuel costs 3 times higher than the most efficient properties.

The strategy sets a target to meet the national fuel poverty standards by ensuring as many fuel poor homes as practically possible reach an energy efficiency rating of Band D by 2025. It is estimated that there are over 25,000 homes in the borough with energy efficiency bands of E, F and G. 22% of all households living in E, F and G rated properties are likely to be fuel poor so that it can be estimated that over 5,500 households within the borough are living in the least energy efficient properties.

6.5.3 **Maximise the funding and resources secured within Haringey to alleviate fuel poverty**

Nationally there is a significant funding gap for energy efficiency measures in fuel poor homes. The Committee on Fuel Poverty estimated in 2018³ that there are funding gaps of £2.4 billion to achieve the governments 2025 target to ensure that as many fuel poor homes as is reasonably practicable achieve a minimum energy efficiency rating of Band D. Haringey will, therefore, need to ensure it is sufficiently prepared to secure funding opportunities as they arise. To do this the strategy suggests creating a pipeline of ready to go projects, with identified delivery/research/financial partners.

6.6 Haringey faces a number of challenges in delivery of this strategy. These challenges include:-

- 6.6.1 Identification and targeting of fuel poor homes can be difficult and will require better use of available data ie reviewing information coming from our referral activities and analysing datasets such as energy performance certificates and energy consumption data.
- 6.6.2 Difficulty in engaging fuel poor households. Creating and maintaining an effective referral network will be key to overcoming this but will require continued effort and effective communication.
- 6.6.3 Competition for external funding streams will be high but will be required to deliver the required level of retrofit. Ensuring that there is a pipeline of ready to go projects, with identified delivery/research/financial partners will

² Standard Assessment Procedure - A **SAP Rating** is a way of comparing energy performance of different homes – it results in a figure between 1 and 100+ (100 representing zero energy cost and anything over means you are exporting energy). The higher the **SAP rating**, the lower the fuel costs and the lower the associated emissions of carbon dioxide.

³ [Committee on Fuel Poverty annual report: 2018](#)

ensure that Haringey is well placed to secure any funding that becomes available.

- 6.6.4 Within the Borough Plan, the Council committed to explore setting up a local or regional energy savings company to serve the community and tackle fuel poverty. Current thinking is that this will be a decentralised energy network (DEN) company which will also deliver on the Borough Plan commitment for the Council to lead on setting up an energy network supplying sustainable energy.
- 6.6.5 The Council is currently exploring setting up neighbourhood DENs focussed around the new developments in North Tottenham, Tottenham Hale and Wood Green (see below for more detail) with a long-term plan to connect to the Energy Recovery Facility in Edmonton and build a network spanning into Hackney. The first phase of the 3 neighbourhood schemes would serve around 2,000 homes in each location. The proposed company's customers will be determined by geographic circumstances rather than by their fuel poverty status. The proposal is to charge customers a fair price of heat (to be no more than it would cost to run a domestic gas boiler, the prevailing heating system in the UK) but to run the company for profit; profits would be ring-fenced for the Council to fund fuel poverty work.
- 6.6.4 The housing stock within Haringey holds a relatively high proportion of:-
- solid walled properties where insulation measures are expensive to fit and for this reason they have often been overlooked by previous funded schemes. The number of properties within the borough with solid walls is estimated at over 68,000 these are dispersed across the centre of the borough. Bruce Grove, Alexandra, Harringay and Muswell Hill in particular are notable for high concentrations of uninsulated solid walls.
 - flats (54%). These can be more complex to retrofit and can be more difficult to cool in hot weather. Additionally some measures such as external wall insulation or energy efficient glazing will require agreement from tenants, leaseholders and freeholders.
 - privately rented – (around a third of Haringey homes). Landlords have little incentive to improve the energy efficiency of their properties as they do not receive the savings on energy bills. The strategy suggests engaging with those working within the private rented sector, revising minimum property standards, seeking grant funding and utilising enforcement and licencing conditions to stimulate property upgrades.
 - Council housing stock has an overall Average Energy efficiency rating of Band D (SAP⁴ 9.92 rating – 65.4). Bringing all of the Council Housing stock up to an EPC Band D by 2025 will have a financial impact on the Council. These costs are being built into the current

⁴ The Standard Assessment Procedure (SAP) is the methodology used to assess and compare the energy and environmental performance of properties. A SAP calculation indicates a score from 1 to 100+ for the annual energy cost. The higher the score the lower the running costs, with 100 representing zero energy cost.

Housing Revenue Account and Medium Term Financial Strategy process. The strategy includes an action to work with Homes for Haringey to determine budget requirements and develop a retrofit programme to improve the energy efficiency of existing housing stock.

- 6.7 The 2015 Energy Efficiency Regulations Minimum Energy Efficiency Standards for England and Wales set out that from April 2018, private landlords were not permitted to *re-let* existing rented homes rated EPC F or G unless exemptions apply and from April 2020 domestic private landlords will not be able to continue letting properties with an EPC rating of F or G. The Council is currently considering how it can enforce on these regulations.
- 6.8 Despite the challenges, Haringey already has a number of initiatives to build upon including:-
- An existing energy one stop advice service provided by The Seasonal Health Intervention Network (SHINE) London and LEAP (Local Energy Advice Partnership). These services are currently fully funded by energy supply companies or the Mayor of London.
 - A number of active and engaged community group schemes, for example Public Voice Haringey who are working with the Council to deliver a UK Power Networks funded project to increase the number of residents referred to SHINE London through their volunteers and 8 energy advice events over the next year.
 - The availability of a housing stock assessment tool (Crohm) to design and implement strategic retrofit programmes and prepare for funding bid opportunities.
 - Previous experience of managing large-scale retrofit schemes and successfully engaging private rented sector landlords in energy retrofit during the Smart Homes project.
- 6.5 The draft Affordable Energy Strategy has been developed through collaboration with council services and community groups who deal directly with those struggling to pay their energy bills or suffering with related health conditions. On 22 May 2019 a Fuel poverty community workshop was held with Durham University and SHINE London to discuss the proposed strategy, engagement and support available for residents in the borough. A cross section of community representatives attended including those supporting residents with mental health issues, low income families, carers, learning disabilities and food poverty. It has also been informed by previous fuel poverty research projects carried out in the borough with Durham University.
- 6.6 It is recommended that the strategy undergoes a 12 week consultation period (December 2019 – March 2020). The process of developing the strategy and subsequent consultation exercise will promote cross-community participation, co-operation and wider ownership of the strategy.
- 6.7 The strategy will be made publicly available on the Haringey website and respondents will be able to submit their response to questions online. The consultation will be promoted through social media channels.

- 6.8 For those without internet access, it is planned to conduct a series of focus group meetings at various locations across the borough including at Libraries, Children's Centres, Faith group and resident association meetings.
- 6.9 Public consultation will be completed in March 2020. All feedback will be reviewed and amendments made to the Strategy where appropriate.
- 6.10 The final strategy will return to Cabinet for approval and adoption June 2020.
- 6.12 The strategy will be delivered through collaboration between Council Services and partnerships with community groups and external organisations. Delivery will be led by Carbon Management. Progress will be publicly reported annually through the Annual Carbon Report and bi-annually to government through Home Energy Conservation Act (HECA) reports.

7. Contribution to strategic outcomes

- 7.1 This strategy supports the Borough Plan by driving up the quality of housing for everyone (Housing), promoting health and wellbeing (People) and delivering a reduction in carbon emissions (Place). This strategy will also assist the delivery of other Council priorities including the Fairness Commission, Housing, Air Quality and Carbon Reduction.

8. Statutory Officers comments (Chief Finance Officer (including procurement), Assistant Director of Corporate Governance, Equalities)

8.1 Finance:-

The report requests Cabinet to approve the draft Affordable Energy Strategy and for the Council to engage in public consultation. The Strategy proposes a number of actions to achieve the 4 objectives as set out above.

There are financial implications for the council in relation to the adaptation of the Council's housing stock (existing and new). The potential financial implications of these are being considered in the current process to update the (draft) HRA Budget 2020/21 and 2021/25 MTFS and this will determine the extent and timing of Council's HRA resources to address this strategy.

The Council intends to bid for funding streams as they become available to assist owner occupiers and private-rented tenants, whilst utilising the Minimum Energy performance regulations to encourage landlords to upgrade their properties. The Council will also take advantage of Mayor of London funding for provision of the Energy Advice service and free training opportunities provided by the NEA. The strategy sets out (in objective 4) how the Council will prepare to ensure that funding is secured successfully.

Any proposed initiatives will be subject to individual financial appraisals. The extent of external funding available will play a major part in determining the extent to which the Council can deliver its affordable energy strategic objectives.

8.2 Procurement

Strategic Procurement has read the report and the accompanying affordable energy strategic report and concurs with the policy of trying to secure free

funding from wherever possible . Clearly, free funding is a very desirable outcome for the Borough of Haringey. Strategic Procurement, of course, also strongly supports the attempts to alleviate fuel poverty from the Borough of Haringey . The situation appears to be worsening and it is desirable and humanitarian to correct this situation as expediently as possible. Strategic Procurement is also in agreement with the reports comments of accessing funding to facilitate a reduction in fuel poverty across the Borough. Strategic Procurement confirms that any procurement activities related to this report will be managed via the correct, compliant route to market. Strategic Procurement is ready to support any further developments / initiatives apropos fuel poverty as and when they arise.

8.3 Legal comment

The Assistant Director of Corporate Governance has been consulted in the preparation of this report and comments as follows:

The Affordable Energy Strategy 2020 – 2025 will assist in compliance with the objectives in the Warm Homes and Energy Conservation Act 2000, National targets in the Fuel Poverty (England) Regulations 2014 and the Government's Fuel Energy Strategy 2015 which is currently the subject of consultation.

As public consultation was undertaken for the previous Affordable Warmth Strategy 2009 – 2019 there is a legitimate expectation that there will be public consultation on the Affordable Energy Strategy 2020 – 2025.

In the case of R (Moseley) v Haringey the Supreme Court endorsed the following general principles of consultation:

- That consultation must be at a time when proposals are still at a formative stage;
- That the proposer must give sufficient reasons for any proposal to permit intelligent consideration and response;
- That adequate time must be given for consideration and response; and
- That the product of consultation must be conscientiously taken into account in finalising any proposals.

The consultation must be conducted in accordance with these principles.

8.4 Equality

A full Equality Impact Assessment (EqIA) has been carried out and is attached.

The EqIA process did not identify any issues which would have an adverse or differential impact on protected groups. Officers will continue to monitor for any equalities implications and modify the proposed initiatives to mitigate any issues which arise.

9. Use of Appendices

Affordable Energy Strategy 2020-2025 – appendix 1
Affordable Energy EqIA – appendix 2

10. Local Government (Access to Information) Act 1985

[Haringey's Affordable Warmth Strategy 2009-2019](#)

[Fuel Poverty Strategy For England \(Cutting the Cost of Keeping Warm\) 2015](#)

[Mayor of London fuel poverty action plan](#)