

LONDON BOROUGH OF HAMMERSMITH & FULHAM

Report to: Cabinet

Date: 16/10/2023

Subject: H&F Fuel Poverty Strategy

Report of: Councillor Wesley Harcourt, Cabinet Member for Climate Change and Ecology; Councillor Rebecca Harvey, Cabinet Member for Community Safety and Social Inclusion

Report author: Esther Harris, Fuel Poverty and Energy Efficiency Lead

Responsible Director: Bram Kainth, Strategic Director of Environment

SUMMARY

This covering report seeks approval from Cabinet of the council's Fuel Poverty Strategy and associated action plan. The strategy sets out the council's approach to reducing rates of fuel poverty in the borough by 2030 and is aligned to the council's 2019 Climate and Ecology Strategy. The strategy has sought involvement from relevant teams across the council, including, but not limited to, Public Health, Asset Management, Cost of Living and Private Housing, and has been informed by views from residents.

Addressing fuel poverty is critical to delivering the Climate and Ecology strategy, ensuring that all residents can afford to heat their homes reasonably and paving the way towards decarbonisation. Additionally, addressing fuel poverty brings with it many benefits that deliver on the council's values and objectives, including improving both mental and physical health outcomes, reducing the financial burden of energy, and improving the quality of H&F's housing stock.

RECOMMENDATIONS

1. To approve the strategy (Appendix A, with Appendices C and D as annexes) and action plan (Appendix B).
 2. To note the investment required to deliver the strategy, and the current funding gap that exists for future implementation.
 3. To note the links to other developing strategies in the Council, and the dependencies that exist because of this.
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Wards Affected: All

Our Values	Summary of how this report aligns to the H&F Values
Building shared prosperity	The fuel poverty strategy will address pre-existing inequalities in the borough by improving access to support, improving energy efficiency of homes, and supporting residents in maximising income, with strong links to the Financial Inclusion strategy – ensuring everyone has equal access to affordable energy.
Creating a compassionate council	Fuel poverty tends to have significant impacts on vulnerable residents, in particular there can be significant negative health effects on older residents, children and those with pre-existing health conditions. The action plan attached to the fuel poverty strategy demonstrates the significant support that is intended to be rolled out to these residents, demonstrating compassion.
Doing things with local residents, not to them	The strategy has been drafted with input from a significant body of stakeholders. The action plan reflects a strategy that will seek to bring residents on the Net Zero journey with us, with a strong focus on communication, engagement and outreach.
Being ruthlessly financially efficient	Significant investment is required to achieve Net Zero, and the fuel poverty strategy is one element of this. The strategy focuses on maximising central government funding and focusing on fabric first, which ensures financial efficiency on the route to Net Zero. There are cost savings associated with the work presented, including bill savings for residents, and these will be maximised, whilst work will be undertaken to ensure that the strategy is delivered in the most economic way possible.
Taking pride in H&F	Reducing fuel poverty will have a positive impact on residents' mental and physical environment, with energy efficiency works improving comfort at home. There is potential for additional benefits such as improved air quality if there is a long-term reduction in emissions due to reduced energy demand from increased efficiency in homes. The strategy also seeks to improve engagement, ensuring residents can access improvement opportunities for their own homes and buildings.
Rising to the challenge of the climate and ecological emergency	This strategy is a part of delivering on the council's climate and ecology strategy, which is the comprehensive plan to deliver against this value.

Financial Impact

The cost of delivering the actions proposed in the Fuel Poverty Strategy is estimated at approximately £2m. This will be incurred as one off revenue costs, with approximately £1m being made available as one off grants to residents (for them to implement simple, low-cost energy efficiency measures themselves, such as draft proofing and LED lighting) and the other £1m required to fund more targeted work around improving energy efficiency (such as officers to enforce minimum energy efficiency standards, funding for communications and engagement campaigns, and building a fuel poverty dataset).

This report requests approval for the strategy only, it does not request specific funding at this time. The estimated £2m cost referenced above is included as a guide only, and will be firmed up following completion of further detailed work (meaning this estimated £2m of funding has not yet been identified or secured). Funding for the actions within the Fuel Poverty Strategy will be considered as part of the separate

Climate Finance Strategy currently being developed, and considered as appropriate through the council's existing capital and revenue reporting processes. Wherever possible, the Council will aim to secure grant funding and contributions from third parties to minimise the cost to the Council. The initial engagement and communications will be funded from existing service budgets.

Kellie Gooch – Head of Finance (Environment), 1 June 2023.

Verified by Sukvinder Kalsi, Strategic Director of Finance, 1 June 2023.

Legal Implications

There is no statutory requirement for Local Authorities to produce a Fuel Poverty Strategy or an Action Plan under the Climate Change Act 2008. However, alleviating fuel poverty is important in contributing to the achievement of the Council's objectives, including the delivery of the climate and ecology strategy and helping to prevent adverse health impacts on residents.

The UK has legislation which has set specific targets for the removal of homes from fuel poverty. Under the Fuel Poverty (England) Regulations 2014 the target is to ensure that for people living in fuel poverty, as many as is reasonably practicable of the houses in which such person live have a minimum energy efficiency rating of Band C. This objective is to be achieved by 2030.

H&F council's 2030 target and planned actions are intended to be consistent with, and exceed, the ambitions set out in the Mayor of London's Fuel Poverty Action Plan 2018 and the Climate Change Act 2008, which presently sets a target for the UK to be net-zero by 2050.

The achievement of the objectives in this report are likely to require the procurement of works and services from external providers. In undertaking such procurement the Council must follow, where appropriate, the Council's contract standing orders and at present include the Public Contracts Regulations 2015 in relation to entering into public contracts.

John Sharland, Senior solicitor (Contracts and procurement)

Dated 20 April 2023

Background Papers Used in Preparing This Report

None

DETAILED ANALYSIS

Background and strategy summary

1. In 2019, Hammersmith & Fulham Council declared a climate emergency, and set out plans to address this in the Climate and Ecology strategy.
2. Buildings currently make up more than a third of the borough's production-based emissions, and 83% of the council's own production-based emissions

come from heating and lighting council-owned buildings. Therefore, reducing energy demand and decarbonising the H&F housing stock is a key priority to address the climate emergency.

3. However, the transition to a greener and more sustainable council needs to be fair and socially just, recognising the inequalities that exist in the current system, many of which have been exacerbated by the high cost of living and Covid pandemic of the early 2020s.
4. Fuel poverty is defined as the scenario where residents are unable to adequately heat their homes at a reasonable cost. This means they are likely to be living in an inefficient home and are regarded as low income. Fuel poverty demonstrates the inequalities in reaching Net Zero, and thus must be addressed as a pre-requisite to decarbonisation.
5. The government uses the Low-Income Low Energy Efficiency (LILEE) metric to measure fuel poverty. This metric defines a household as in fuel poverty if:
 - a. They are living in a property with an **Energy Performance Certificate (EPC) rating of band D or below** (low energy efficiency), and
 - b. When they spend the required amount to heat their home, they are left with a **residual income below the official poverty line** (low income)
6. Based on the LILEE metric, 11.3% of households in Hammersmith & Fulham were estimated to be in fuel poverty in 2021, equating to nearly 10,000 households in the borough. The near tripling in energy prices since 2020 is likely to lead to increases in fuel poverty, with higher rates of inflation in London potentially leading to disproportionate impacts for the borough. Indeed, more recent data from the ONS on poverty from 2021 shows that 23.3% of residents are living in poverty, significantly higher than the most recent fuel poverty rate. Additionally, fuel poverty rates vary significantly across the borough, with areas in the north of the borough seeing fuel poverty rates of up to 25%.
7. Fuel poverty has significant negative impacts that demonstrate the need to address this issue at pace. Cold, underheated homes pose many risks to both residents' physical and mental health. There is a strong relationship between cold temperatures and cardiovascular and respiratory diseases; with each 1C drop in temperature below 5C, GP consultations for respiratory illness in older people increase by 19%, and hospital admissions for Chronic Obstructive Pulmonary Disease (COPD), commonly linked with fuel poverty, are four times more likely to happen over winter. Cold housing also increases the level of minor illnesses such as colds and flu and exacerbates existing conditions such as arthritis and rheumatism.
8. Additionally, due to the borough's location, there are further risks to health from particulate pollution. Data from the Office for Health Improvements & Disparities shows that the proportion of mortality attributable to particulate pollution is 6.8%, higher than both the London average (6.5%) and the England average (5.5%).¹
9. There are many avenues to addressing fuel poverty, including energy efficiency and retrofit, income maximisation, and improved energy use

¹ [Public Health Outcomes Framework - Data - OHID \(phe.org.uk\)](https://publichealthoutcomesframework.org.uk/data)

behaviours. The Fuel Poverty Strategy for H&F sets out the route to reducing fuel poverty across the borough through a variety of different support mechanisms, and links to other strategies addressing these areas.

10. The actions seek to fill the gaps and provide both financial support and advice to residents who are struggling with energy bills. The actions of the strategy are split across 4 key areas:
 - a. Improving data
 - b. Linking up services – in particular with the NHS
 - c. Supporting households
 - d. Addressing inequalities
11. There is an attached measurement approach to ensure that the council can effectively monitor progress of the strategy. This includes tracking 7 metrics until 2030, with interim targets and review points to ensure progress is on track.
12. Addressing fuel poverty aligns with the council's vision, building shared prosperity, supporting vulnerable residents to maximise their income and reduce the burden of energy, and demonstrates H&F rising to the challenge of climate and ecological emergency by tackling energy-related poverty and inequalities.

Policy background

13. The government set out the route to ending fuel poverty in its Sustainable Warmth strategy, published in 2018. This set targets of all fuel poor homes reaching EPC E by 2020, EPC D by 2025 and EPC C by 2030.
14. There have been numerous central government schemes providing funding for energy efficiency measures in low-income homes, such as the Home Upgrade Grant and the Social Housing Decarbonisation Fund. However, this funding is ringfenced for specific groups of homes, and this leaves gaps in the financial offer currently available for low-income private residents. In particular, the end of the Local Authority Delivery scheme removes any support for low-income residents in the private sector who are on the gas grid, which is the vast majority of H&F's private housing stock.
15. There is some central and local support available to residents struggling with the cost-of-living crisis, in part recognising the increased burden of energy bills in light of price rises. However, similarly to energy efficiency funding, much of this is coming to an end and there is a need to set out the long-term plan for supporting residents struggling with energy bills.

Development of the fuel poverty strategy

16. The Fuel Poverty strategy has been developed by the Climate Unit, in collaboration with the Public Health team. The strategy is aligned to the Climate and Ecology Strategy published in 2019, recognising the need to address fuel poverty directly in order to meet net zero targets.
17. The strategy development has involved consultation across the council, in particular seeking views from teams working directly with vulnerable residents.

18. The strategy also has links to several other council strategies, in particular the Financial Inclusion and Retrofit strategies.
19. The fuel poverty strategy sets to address residents' energy security, ensuring that all residents have access to affordable heating and addressing pre-existing inequalities in the borough. The strategy is therefore focused on providing advice and support to residents on their energy bills and energy use, and funding for energy efficiency measures in private households.
20. Whilst some of the actions in the strategy relate to providing financial support to residents and supporting them in getting into work, this is primarily covered in the Financial Inclusion strategy. Similarly, whilst there is significant work to be carried out on the council's own social housing stock, this is primarily addressed in the Retrofit strategy and as such the Fuel Poverty strategy focuses on private housing retrofit.

Delivering the strategy

21. The strategy has an associated initial action plan. The Climate team will work with other teams across the council, as well as local community groups, charities and partnerships, to deliver the strategy and implement the actions that have been set out.
22. Delivering the strategy will require investment; it is estimated that over 8,000 households are likely to be in fuel poverty, with thousands more struggling, and so the challenge is large.
23. There are numerous obstacles to addressing fuel poverty that the strategy seeks to remove, in particular focusing on the need to ensure residents are brought on the Net Zero journey, and improving communications on climate change, energy and decarbonisation. In order to ensure that the strategy is based on real-world experience, resident engagement will continuously be sought and fed into the planning for future work in the community.
24. Progress on the strategy will be reviewed regularly and there will be a mid-point review in 2026 on overall progress towards the targets and achievement of actions. At this point, the actions and strategy will be refreshed, considering any new policies, regulations or technologies that may have an impact on delivery.

Costs and funding

25. Delivery of this strategy is dependent on the availability of funding and affordability. These actions will require investment, and some of the sources of this are still uncertain. Funding will be sought through different avenues, including central government grant funding.
26. Based on high-level costings, the actions as planned are estimated to cost at least £2m to deliver. The majority of this funding is required to deliver small energy efficiency measures to homes, and if the Council were to offer larger energy efficiency measures this costing would rapidly increase. Additional costs include funding towards officers to enforce MEES regulations, funding for communications and engagement campaigns, and building a fuel poverty dataset.

27. As a separate exercise, a Climate Financial Strategy is currently being developed that looks at the total investment required to deliver on the Council's wider Climate and Ecology strategy. This will include the £2m estimated cost of delivering the proposed Fuel Poverty Strategy. The estimated cost to decarbonise the whole borough will be significant, for which investment will be needed from government, businesses, and residents.

Options appraisal

28. 1. Do nothing

This option is not recommended. The council has adopted an ambitious and challenging target of net zero for the borough by 2030, and net zero cannot be addressed effectively without tackling fuel poverty.

29. 2. Adopt the Fuel Poverty Strategy and Action Plan

This option is recommended. The strategy and action plan are the result of collaborative working with teams across the council and engagement with residents, and present a way forward for addressing fuel poverty, something the council has not had previously.

30. 3. Delay adoption of the strategy to allow further development

This option is not recommended. Residents are already struggling with the impacts of a cold home, and delaying action further will only increase the health implications and impacts of living in fuel poverty. The broad actions needed are well understood, and this strategy offers the flexibility to accommodate a changing policy landscape and evidence base. Many other local authorities already have fuel poverty strategies in place, and the Greater London Authorities (GLA) and Department for Business, Energy and Industrial Strategy (BEIS) both published theirs in 2018. H&F risks missing not only the government targets, but also our own targets set out in the Climate and Ecology strategy.

Reasons for Decision

31. The recommendation provided above is provided on the basis that fuel poverty needs to be addressed in Hammersmith & Fulham, and this must be done at pace. There are significant and concerning impacts of living in fuel poverty, including increased risk of cardiovascular and respiratory illnesses and mental health risks, that demonstrate the need to address the issue and support vulnerable residents.

Equality Implications

32. There are significant pre-existing inequalities in Hammersmith & Fulham, and the fuel poverty strategy will address some of these. In particular, the fuel poverty strategy will provide dedicated support to residents who are vulnerable to the impacts of a cold home.

33. Tackling the climate emergency will help us address local public health inequalities. In H&F, 32% of the reduced life expectancy for the most deprived people is attributable to circulatory and respiratory reasons, which are exacerbated by polluted air, cold homes and extreme heat. Those who live in low-income areas are often the most affected by air pollution and yet also often those least responsible for producing it; in the UK 40,000 people die annually from air pollution-related diseases.
34. The analysis of protected characteristics carried out for the assessment shows that the strategy is expected to have only neutral or positive impacts on protected characteristics. Many characteristics are unaffected by the actions in the strategy, and the distribution of fuel poverty is unrelated to the distribution of the characteristics.
35. A full equalities impact assessment has been carried out for the strategy, and is including in Appendix C.

Risk Management Implications

36. The report recommends adopting a fuel poverty strategy which is an essential component to delivering the Climate and Ecology strategy. The proposed strategy aims to ensure that all residents can afford to heat their homes reasonably and paving the way towards decarbonisation and recognises a number of risks to residents of not addressing fuel poverty.
37. The proposed strategy is in line with the council objectives of rising to the challenge of the climate and ecological emergency, building prosperity, and doing things with and not to local residents.
38. Adopting the strategy brings with it many benefits that can deliver on the council's values and objectives, including improving both mental and physical health outcomes, reducing the financial burden of energy, and improving the quality of H&F's housing stock.

*David Hughes, Director of Audit, Fraud, Risk, and Insurance
Dated 20 April 2023*

Climate and Ecological Emergency Implications

39. The adoption of a fuel poverty strategy and associated action plan are critical to progressing and communicating the council's programme for achieving net zero greenhouse gas emissions and supporting vulnerable residents. This strategy provides clarity on the council's intentions, supports the council to engage with residents and partners on action needed within the wider borough, and provides an evidenced basis for action against fuel poverty, investment in the agenda, and applications for external support and funding, particularly around energy efficiency.

*Implications verified by: Esther Harris (Fuel Poverty and Energy Efficiency Lead),
Hinesh Mehta (Assistant Director Climate Change)*

LIST OF APPENDICES

- A.** [Fuel Poverty Strategy](#)
- B.** [Fuel Poverty Strategy – Action Plan](#)
- C.** [Fuel Poverty Strategy – Annex 1](#)
- D.** [Fuel Poverty Strategy – Annex 2](#)
- E.** [Fuel Poverty Strategy Summary](#)
- F.** [Fuel Poverty Strategy: Equalities Impact Assessment](#)