

Focus on...

Fuel Poverty

October 2013

Fuel poverty is defined as the condition in which a household is required to spend more than 10% of their income on maintaining an adequate level of warmth in their home and on power. Adequate warmth is defined by the World Health Organisation as 21°C in living rooms and 18°C in other rooms.

Fuel poverty causes reduced quality of life, poor physical and mental health, debts and/or the forgoing of other essential needs such as food and increased costs to the NHS and social services. Fuel poverty arises as a result of the relationship between energy cost, household income, energy efficiency, heating and power requirements, and household occupancy levels. The Mayor of London, taking into account the high cost of accommodation in London, has adopted an enhanced definition which calculates 10% of income after housing costs and this is the definition that Islington adheres to.

Key facts and figures

10.4%

of homes in Islington are fuel poor (government definition) ²⁰¹⁰

15 out of 16

Islington wards have higher levels of fuel poverty than the London average ²⁰¹²

53%

of single pensioners in private sector housing are fuel poor ²⁰⁰⁸

31%

of private tenants live in fuel poverty ²⁰⁰⁸

Key issues for Islington

- Islington suffers from a high degree of general deprivation and significant health inequalities. We also have a large and growing private rented sector, the tenure in which fuel poverty is most prevalent.
- Most Islington homes are defined as hard to treat, meaning that insulation measures are expensive to deliver in homes that are expensive to heat.
- Islington has a large and growing private rented sector, with typically poor energy efficiency.

Key programmes and services

- The Warm Healthy Homes Programme is an umbrella programme bringing together a number of projects to deliver energy efficiency and seasonal health improvements to at least 3,000 homes annually.
- Programme of boiler replacements and insulation.
- Seasonal Health Interventions Network (SHINE).
- Providing a referral hub for a number of seasonal health interventions, including fuel poverty work.
- Energy Doctor in the Home and in the Community, delivering energy advice in residents' homes and at community locations.
- Bunhill Decentralised Energy Network.
- Providing cheaper, greener heat.
- Energy Advice Team.
- Advising 2,000 residents a year on saving energy and tackling fuel debt.

Key population groups

Estimates suggest that there are between 10,000 and 19,000 Islington households living in fuel poverty, depending on which definition is used. Local data suggests that those most at risk of fuel poverty are older people living alone, people on low incomes—especially families with children—those with certain long term health conditions, and private tenants.

At risk groups



What influences fuel poverty?

Fuel poverty is influenced by a number of factors: home energy efficiency, income, energy prices, tenure and health and occupancy patterns.

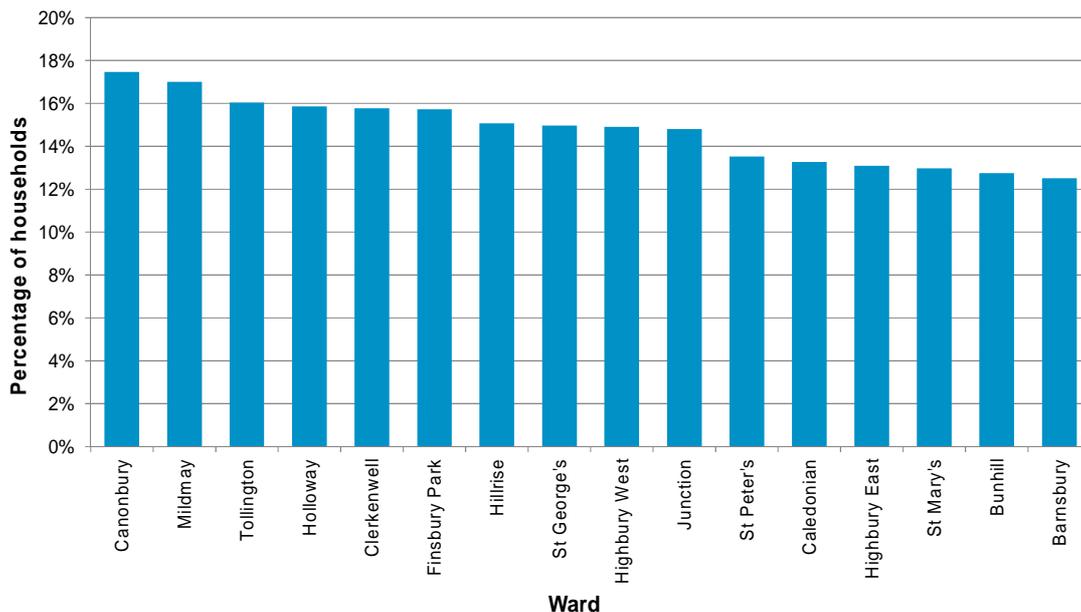
Energy efficiency	<ul style="list-style-type: none">Older homes are less energy efficient and harder to insulateSecuring funding to treat older homes is challenging
Income	<ul style="list-style-type: none">Fuel poverty is strongly linked to general povertyHigh housing costs have a significant impact
Energy prices	<ul style="list-style-type: none">Energy prices have doubled in the last decade and will continue to riseFuel poverty can be most acute for those who have no choice but to pay for their energy through prepayment meters, which are more expensive than direct debit payments
Tenure	<ul style="list-style-type: none">Privately rented homes are less likely to be energy efficient
Health and wellbeing	<ul style="list-style-type: none">People with certain health conditions are more likely to have higher temperature requirements
Occupancy patterns	<ul style="list-style-type: none">Single-person households, whether working age or retired, are more likely to be in fuel poverty than either couples or larger families because they tend to have a proportionately smaller incomeUnemployed and retired people and those with long term health conditions spend more time at home

THE ISLINGTON PICTURE

The Department of Energy and Climate Change (DECC) indicated that the rate of fuel poverty in Islington was 8.1% in 2011. Since we adhere to the Mayor of London's definition, after housing costs, we believe it is substantially higher. Using the Mayor of London's definition, which takes into account housing costs, the figure is likely to be at least twice as high in Islington because of the high cost of housing. In 2013 the government announced a new and more complex definition of fuel poverty that will take into account high housing costs but underestimates the extent of fuel poverty in smaller properties. With over 80% of Islington residents living in flats, this is likely to impact on our figures and for the moment we will continue to use the 10% definition explained on page 1.

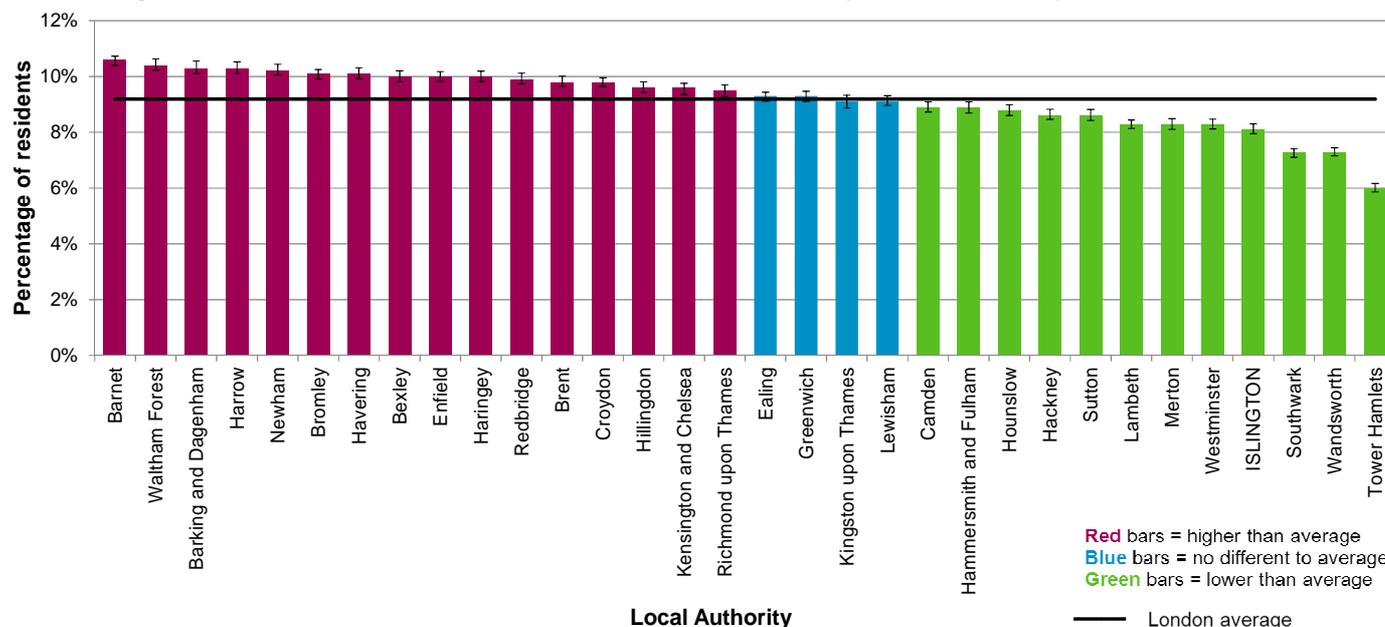
Fuel poverty in Islington

Percentage of Islington households classified as fuel poor, by ward, 2009



Unlike many other local authority areas there are no significant concentrations of fuel poverty in Islington at ward level. Those variations that do exist are likely caused by factors such as age of housing stock and number of private tenants.

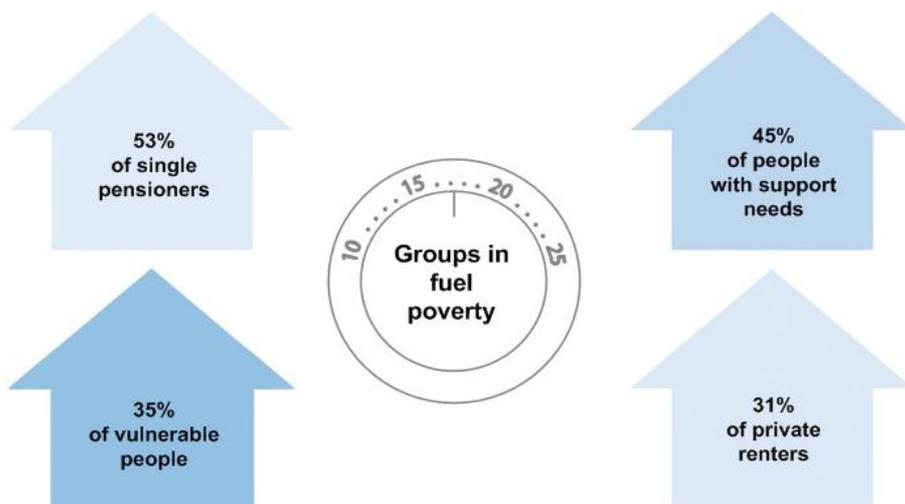
Percentage of London households classified as fuel poor, by local authority, 2009



The above graph does not calculate fuel poverty after housing costs. Were such data to be available by borough it is likely that the overall extent of fuel poverty would be higher and Inner London boroughs, having higher housing costs, would almost certainly appear worse.

Source: DECC, 2009, collated and prepared by GLA, 2012

Who is fuel poor?



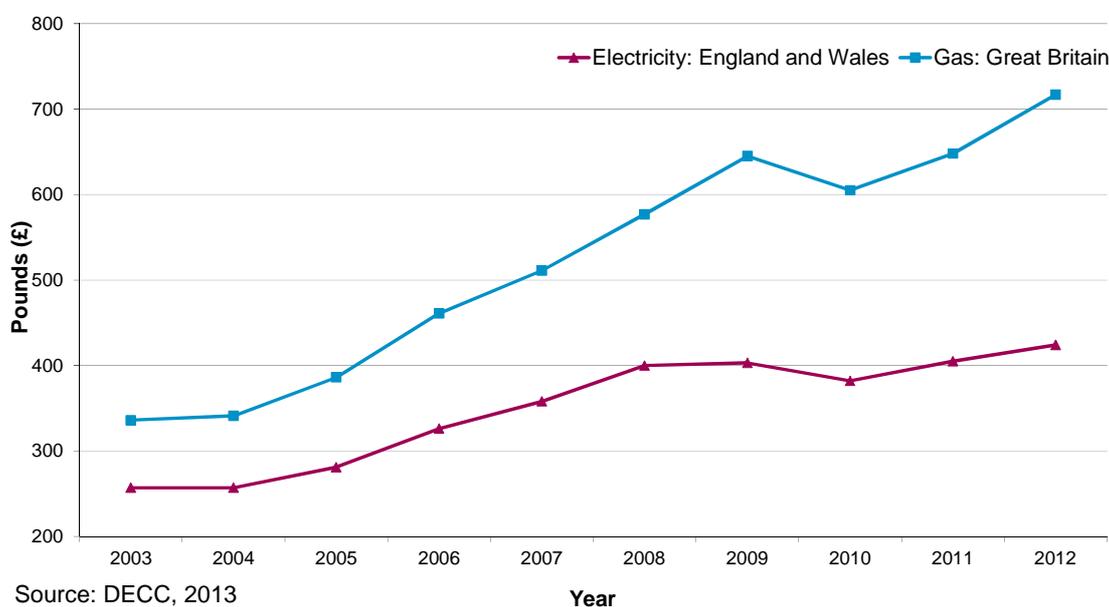
Since fuel poverty is influenced by income, energy efficiency and energy requirements those groups on a low income with higher than average heating needs and poor home energy efficiency are those most likely to be fuel poor.

Pensioners and those with long-term illness and disabilities suffer due to low incomes and higher heating needs but those in the private rented sector tend to be fuel poor due to the relatively poor quality of their homes.

Source: London Borough of Islington Private Sector Stock Condition Survey, 2008

The rising cost of fuel

Average annual bills for electricity and gas, by fuel type, Great Britain, 2003 to 2012

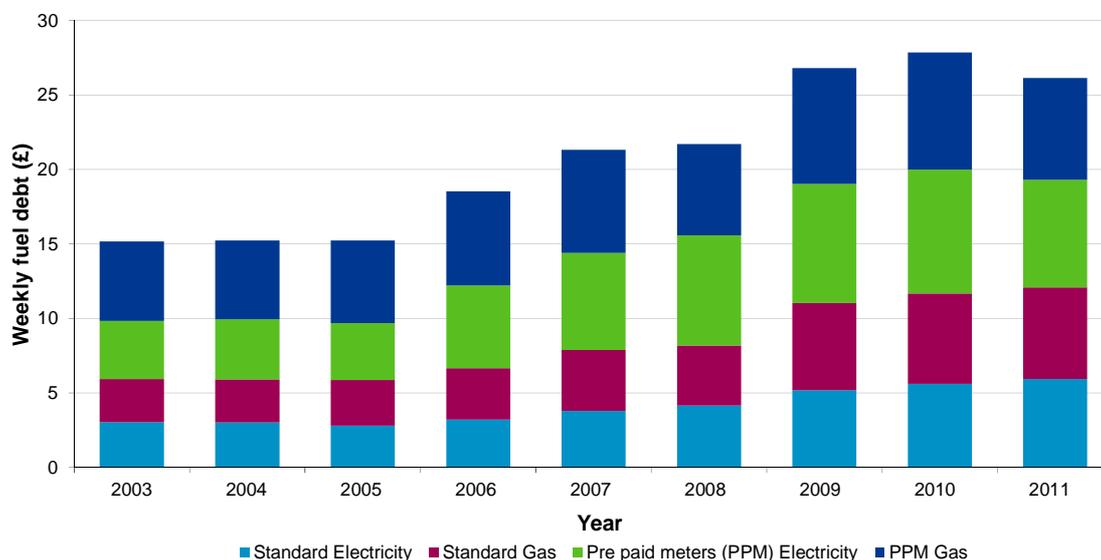


From a historic low in the early 2000s, energy bills have steadily risen. Gas bills in particular have risen by over 100% in real terms. Ofgem, the gas and energy markets regulator, believe that this trend is likely to continue for at least the next decade, with large spikes in individual years.

As energy bills have risen so has fuel debt. Whilst disconnections for fuel debt are now relatively rare many people are now using prepayment meters to pay off debt accrued and this can lead to 'self-disconnection' as people are sometimes unable to afford to add credit to their meters.

Source: DECC, 2013

Average household weekly fuel debt of households in fuel debt, by payment method and fuel type, Great Britain, 2003 to 2011



Source: Ofgem, 2012

WHAT WORKS?

Although in the short term it is important to assist people to reduce the price they pay for their energy the most sustainable way to tackle fuel poverty is through improving the energy efficiency of homes.

Energy efficiency

- Improved heating systems and energy efficient household appliances. A typical back boiler costs an average of £200 more per year to run than a new condensing boiler.
- Installing or upgrading insulation is one of the easiest and most effective ways to improve the energy efficiency of a home. It is estimated that, in an average uninsulated house, a third of all heat lost is through the walls and a quarter of heat is lost through the roof. However, many Islington homes are hard to insulate because they have hard-to-fill or absent cavities and hard-to-access lofts or flat roofs. Funding for older properties has not typically been forthcoming and there are planning challenges to overcome.
- Energy efficiency advice is estimated by the Energy Saving Trust to save 5-10% on energy bills. Fuel poverty-proofing of homes improves their energy efficiency to a level which will protect them against projected energy price rises.

Energy costs

- Access to Warm Home Discount, which can deliver 10%+ savings on annual energy bills
- Switching supplier, although this mostly benefits those who have not previously switched and can be harder for those using prepayment meters or not possible for those with large fuel debts.
- Changing payment methods, principally to direct debit.
- Assistance with fuel debt through application to energy supplier trust funds.

FUTURE NEED

Challenges

- Fuel prices rising at a higher rate than incomes. Cost savings from efficiency gains often temporary.
- Difficulties in securing funding for hard to treat homes.
- Social security reform is leading to greater constraint on household budgets.
- Difficulties in reaching private sector tenants.

Future need

- Need to fuel poverty-proof vulnerable households to protect against certain further price rises.
- Improve growing private rented sector and disproportionate number of older and hard to treat homes in that sector.
- Engage with new funding mechanisms to tackle hard to treat housing.

TARGETS & OUTCOMES

Islington has adopted fuel poverty as a key priority and has a number of related programmes and targets. The government has a target to eradicate fuel poverty by 2016.

Target	Document or strategy target is taken from	Deadline for target
To deliver energy efficiency improvements to 3,330 homes	London Borough of Islington Corporate Plan 2012-2015	March 2014
To provide tailored, in-home energy saving advice to 800 homes	London Borough of Islington Corporate Plan 2012-2015	March 2014
To eradicate fuel poverty	Fuel Poverty in England: The Government's Plan for Action (2004)	November 2016

NATIONAL & LOCAL STRATEGIES

A number of strategies exist at national and local level. The Greater London Authority is also due to produce a regional Affordable Warmth Strategy in 2013.

NATIONAL STRATEGIES	LOCAL STRATEGIES
<p>UK Fuel Poverty Strategy 2001 and Fuel Poverty in England: The Government's Plan for Action (2004)</p> <p>Aimed to seek an end to fuel poverty in vulnerable households by 2010. Also states that by 22 November 2016, as far as is reasonably practicable, no person in England should have to live in fuel poverty.</p> <p>Fuel Poverty Strategy (due November 2014)</p> <p>Will take into account new definition of fuel poverty and impact of Green Deal and Energy Company Obligation</p>	<p>Affordable Warmth Strategy (2009)</p> <p>Aims to tackle fuel poverty across the borough by reaching the most vulnerable, improving the housing stock and challenging unfair payment systems.</p> <p>Seasonal Health & Affordable Warmth Strategy (2010)</p> <p>Aims to bring together partners from Islington Council, NHS Islington and elsewhere to develop and deliver referral systems and strategic approaches that reduce fuel poverty and enable vulnerable residents to access services targeted at health and deprivation.</p>

WHAT IS BEING DONE LOCALLY TO ADDRESS THE ISSUE?

SHINE

- The Seasonal Health Interventions Network (SHINE) co-ordinates a range of interventions including falls prevention, energy efficiency improvements, medication reviews, enablement and benefits maximisation.
- Service providers, including those from housing, health and social care and the voluntary sector, can access a package of almost 30 interventions with one referral to a dedicated Hub.
- From December 2010 to September 2013 there were over 4,000 referrals leading to around 18,500 interventions, making it the most successful affordable warmth referral network in the UK.

Warm Healthy Homes Programme, including Boiler Replacement Programme

- A Boiler Replacement Programme will replace over 600 old and inefficient boilers in privately rented homes across the borough between 2012 and 2014, free of charge. Promotion is focused on areas with high levels of fuel poverty. Residents will save around £80,000 per annum at current energy prices.
- Warm Healthy Homes assessors are visiting properties throughout the borough, assessing property conditions and referring any properties / occupiers for further interventions.
- Over 3,300 homes will benefit from a range of energy efficiency improvements in 2013/14, saving residents an anticipated £368,000 per year at current energy prices.

Energy Doctor in the Home

- Between September 2009 and September 2013, 3,176 vulnerable households were visited and provided with a package of smaller energy efficiency measures and advice on using heating efficiently and saving energy. As a result of this programme residents save at least £315,000 per annum at current energy prices.

Energy Advice Team

- Islington has had its own Energy Advice Service since the mid-1980s and now assists around 2,000 Islington residents a year, providing advice on saving energy and fuel debt as well as acting as a gateway to SHINE, Energy Doctor in the Home and the Warm Healthy Homes Programme. Advice alone saves Islington residents over £140,000 per year at current prices.
- The Energy Advice Team is also contracted to provide a fuel poverty advice service to residents of Camden, Barnet and Hackney boroughs and Hyde Housing tenants across south and east England.

Islington Fuel Switch

- One means of reducing residents' fuel bills is to support them in taking advantage of the market. To this end we have established a local supplier switching service, through which residents saved an average of £133 a year between 2010 and 2012.

FURTHER INFORMATION

Further information on this topic can be found at the following locations

- Islington Council's energy advice web pages—<http://www.islington.gov.uk/energy>
- National Energy Action—Britain's leading fuel poverty charity—<http://www.nea.org.uk>
- Department of Energy and Climate Change's fuel poverty pages—http://www.decc.gov.uk/en/content/cms/funding/fuel_poverty/fuel_poverty.aspx
- London Assembly investigation into fuel poverty—<http://www.london.gov.uk/publication/fuel-poverty-london>

About the Evidence Hub

The Evidence Hub is a partnership between the local NHS and Islington Council that brings together information held across different organisations into one accessible place. It provides access to evidence, intelligence and data on the current and anticipated needs of the Islington population and is designed to be used by a broad range of audiences including practitioners, researchers, commissioners, policy makers, Councillors, students and the general public.

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