



**SOUTH
KESTEVEN
DISTRICT
COUNCIL**

Rural and Communities Overview and Scrutiny Committee

23rd June 2022

Report of: Councillor Robert Reid

Cabinet Member for Housing and
Property



Fuel Poverty Update

This report seeks to inform the Committee on current issues in relation to fuel poverty within the district and to advise on current actions and projects being run to address this issue in the housing stock of the district, including within the Council's own social housing stock.

Report Author

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Corporate Priority:	Decision type:	Wards:
Clean and Sustainable Environment	Non-Key	All Wards

Reviewed by:	Andrew Cotton (Director of Housing and Property)	14 June 2022
Approved by:	Alan Robinson (Deputy Chief Executive)	16 June 2022
Signed off by:	Councillor Robert Reid (Cabinet Member for Housing and Property)	16 June 2022

Recommendation (s) to the decision maker (s)

1. Notes the position and current projects ongoing to address this issue.
2. Supports the Council seeking any future additional funding streams and grants to help address this matter.

1 The Background to the Report

1.1 The Committee will be aware of the current pressures affecting all residents of our community in relation to increased utility costs. It is estimated that fuel poverty impacts over 3.19 million people in the UK and, unfortunately, is on the rise.

1.2 The Council has priorities within its Corporate Plan 2020-2023 to provide both:

- A Clean and Sustainable Environment; and
- Housing that Meets the Needs of all Residents.

With these in mind it is important that the Council seeks to take the necessary actions in order to address this issue.

Fuel Poverty

Total proportion of fuel poor households in the East Midlands is 9.2 % compared with the highest in the Northwest at 14.7% and the lowest in the Northeast at 5.5%.

A household's fuel poverty status depends on the interaction of three key drivers:

- Energy efficiency – Improvement in energy efficiency between 2019 and 2020 has brought more low-income households' properties to an EPC band C which removes them from fuel poverty.
- Incomes – Growth occurred in all income sectors, but the rate of growth was less in lower income households when compared with the median income growth.
- Energy prices – Between the 2019 and 2020 fuel poverty datasets, energy prices fell by 2.6 per cent in real terms as wholesale energy prices fell at the start of the pandemic. Prices for prepayment meter consumers increased by 0.6 per cent in real terms. Lower prices can bring a household's income after fuel bills above the low-income threshold.

With the recent and ongoing increases in energy costs the number of households in fuel poverty is likely to be increasing.

1.3 The Low-Income Low Energy Efficiency (LILEE) fuel poverty metric was set out in the Fuel Poverty Sustainable Warmth strategy published in February 2021. The LILEE indicator considers a household to be fuel poor if:

- it is living in a property with an energy efficiency rating of band D, E, F or G as determined by the most up-to-date Fuel Poverty Energy Efficiency Rating (FPEER) Methodology; and
- its disposable income (income after housing costs (AHC) and energy needs) would be below the poverty line.

At a national level, the most recent England fuel poverty statistics (data 2020, report 2022) which can be found via the links below state:

[Sub-regional fuel poverty in England, 2022 \(2020 data\) \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)

[2020 fuel poverty detailed tables under the Low Income Low Energy Efficiency LILEE indicator Excel .xlsx \(live.com\)](https://www.live.com)

- The overall level of fuel poverty in England in 2020 is 13.2% (3.16 million households), using the (LILEE) fuel poverty metric.
- The lowest levels of fuel poverty were in the Southeast at 8.6%, Southwest 11.4%, and London 11.5%
- The West Midlands has the highest rate of fuel poverty (17.8 per cent) followed by Yorkshire and the Humber (17.5 per cent) and Northeast (14.4 per cent).
- There were 19 Local Authorities with a fuel poverty rate above 18 per cent in 2020. Of these, eight had a fuel poverty rate above 20 per cent in 2020 with five in the West Midlands.
- There were 35 Local Authorities with a fuel poverty rate of less than eight per cent. Of these 33 were in the Southeast.

A national factsheet was produced by the Department for Business, Energy & Industrial Strategy and is attached for information as Appendix 2 – (Fuel Poverty Factsheet 2020)

Current projects and activities

- 1.4 One way the Council can positively address fuel poverty is to increase the energy efficiency of properties across the district.
- 1.5 There are a number of current active schemes in South Kesteven which aim to address fuel poverty through installing energy efficiency and low-carbon heating upgrades.
- 1.6 Firstly, the Council was allocated up to a maximum of £926,000 through Green Homes Grant Local Authority Delivery Phase 2 (LAD2) to take forward energy efficiency upgrades to identified Council owned properties within the district. An update on the implementation of this scheme is provided at section 1.9.
- 1.7 Secondly, the Council was allocated up to a maximum of £1,369,500 to deliver energy efficiency upgrades via the Sustainable Warmth Fund, to primarily low-income owner occupied and private rented sector properties. An update on the implementation of this scheme is provided at section 1.10.

Both of these schemes have an explicit focus on alleviating fuel poverty in households by increasing the energy efficiency of homes and thereby reducing the cost of bills, whilst contributing to national net-zero carbon targets and supporting low-income households in the transition to low-carbon heating.

- 1.8 Thirdly, there is a new active scheme, the Boiler Upgrade Scheme targeted towards property owners to provide funding for a heat pump or biomass boiler (in rural areas) to replace an existing fossil fuel heating system (such as oil, gas or electric). This funding is not managed by Councils but is provided to the installer for eligible properties.

Funding	Focus	Tenure type
Green Homes Grant Local Authority Delivery Phase 2 (LAD2)	Energy efficiency upgrades to fabric and low-carbon heating systems	Low-income* owner occupied Low-income* private rented sector Social housing

Sustainable Warmth Fund [combines Local Authority Delivery Phase 3 (LAD3) and Home Upgrade Grant Phase 1 (HUG1)] Branded as 'Home Energy Upgrade Scheme'	Energy efficiency upgrades to fabric and low-carbon heating systems	Low-income* owner occupied Low-income* private rented sector Social housing (<i>max. 10% of all upgrades</i>)
Boiler Upgrade Grant (BUS)	Funding for installation of heat pump	Owner-occupied, all income brackets Private landlords

*Low-income households are considered to have a total annual household income of £30,000 to qualify, under scheme criteria

Progress on delivery

- 1.9 Green Homes Grant Local Authority Delivery Phase LAD2: the Council has so far completed circa 150 properties over 95% of the initially identified properties, within its own housing stock with all achieving at least a single EPC band increase. The measures delivered on this scheme include air source heat pumps, solar PV installations and insulation. This scheme was extended to the end of May 2022 and a further extension to the end of September is currently being considered. The extensions are mainly due to supply chain issues hindering delivery.
- 1.10 Sustainable Warmth Fund: with this initiative only recently going live in May 2022 there are no completions yet. Within the project plan it is anticipated that we shall deliver improvement measures to circa 60 properties with 10% of these being Council-owned properties. The press release for the 'Home Energy Upgrade Scheme' is attached as (Appendix 1 – Home Energy Upgrade Scheme press release).
- 1.11 Boiler Upgrade Scheme (BUS): the Government is providing grants to encourage property owners to install low carbon heating systems such as heat pumps, through the Boiler Upgrade Scheme. These grants can help property owners overcome the upfront cost of low carbon heating technologies. The Council will play an active role in promoting this initiative and all the necessary information will be provided on the Council's website.
- The scheme is open to domestic and small non-domestic properties in England and Wales. It runs from 2022 to 2025.
- Those who are eligible can get:
- £5,000 off the cost and installation of an air source heat pump
 - £5,000 off the cost and installation of a biomass boiler
 - £6,000 off the cost and installation of a ground source heat pump

2 Consultation and Feedback Received, Including Overview and Scrutiny

- 2.1 Within our recent 'Big Listen' tenant survey April 2022 we asked:

Would you be interested in the Council exploring new technologies to enhance energy efficiency in your homes?

77% of our tenants supported us to explore energy efficient technology in their homes.

3 Available Options Considered

3.1 Do nothing

3.2 Recommends accessing any additional funding streams and grants to help address this matter

4 Preferred Option

4.1 Recommends accessing any additional funding streams and grants to help address this matter

5 Reasons for the Recommendation (s)

5.1 Accessing the funding and delivering these schemes enables us to support some of our most vulnerable tenants and residents across the district whilst supporting delivery of two of our corporate priorities.

6 Next Steps – Communication and Implementation of the Decision

6.1 N/A

7 Financial Implications

7.1 The report sets out the specific schemes that are being implemented to support the reduction of fuel poverty across homes in the District utilising national funding. The schemes identified in the report are not directly funded by the Council but it may be necessary for the Housing Revenue Account to provide funding for investment in specific housing stock should the Government funding not be sufficient to address all of the investment needed to reduce fuel poverty.

Financial Implications reviewed by: Richard Wyles, Chief Finance Officer

8 Legal and Governance Implications

8.1 There are no specific legal implications of this report however all grant schemes acceptance must follow the agreed processes and governance.

Legal Implications reviewed by: Alan Robinson Monitoring Officer

9 Equality and Safeguarding Implications

9.1 All the necessary safeguarding and equality issues will be identified and complied with as each project/funding stream is accessed. Each equality and safeguarding impact are carefully considered when enabling a project. This is especially so when managing such matters for vulnerable households and particularly those occupying specialist accommodation such as designated sheltered accommodation.

10 Risk and Mitigation

10.1 The necessary risk issues, logs, and mitigations will be identified through the necessary work plans, and any work outputs agreed with both the contractor and any funding body.

11 Community Safety Implications

11.1 These would be identified during project planning.

12 How will the recommendations support South Kesteven District Council's declaration of a climate emergency?

All current and future projects aim to reduce the carbon footprint of properties within the district. Supporting residents to reduce the fuel consumption and carbon footprint of their homes.

13 Background Papers

13.1 None.

14 Appendices

14.1 Appendix 1 – Home Energy Upgrade Scheme press release.

14.2 Appendix 2 – (Fuel Poverty Factsheet 2020).