



## Response to the Consultation on Cutting the Cost of Keeping Warm: a new fuel poverty strategy for England

Please use this template to respond to the consultation. It will help us to record and take account of your views.

You may choose to respond to some or all of the questions. Please provide evidence for your answers where possible.

| Your details   |   |
|--|---|
| Your name:   | Jos Mister  |
| Company/Organisation name:   | Yorkshire Energy Services cic   |
| Email address:   | jos.mister@yorkshireenergyservices.co.uk  |
| Postal address:  | Unit 1, Brookwoods Industrial Estate,<br>Burrwood Way, Holywell Green,<br>Halifax, HX4 9BH, |
| Telephone no.  | 01422 880 120   |
| Would you like this response to remain confidential?<br>If yes, please state your reasons: | No  |
|  |   |

**The deadline for receipt of your response is 7th October 2014**

Please email your response to [fuelpovertyconsultation@decc.gsi.gov.uk](mailto:fuelpovertyconsultation@decc.gsi.gov.uk)

Alternatively you can send it by post to:

Fuel Poverty Team  
Department of Energy and Climate Change  
Area 2E  
3 Whitehall Place  
London  
SW1A 2AW

## About Yorkshire Energy Services cic

Yorkshire Energy Services is a national Community Interest Company working within the UK energy efficiency industry. As award winning energy saving consultants, we specialise in delivering carbon reduction programmes on behalf of Local Authorities, Housing Associations, Community Groups, Businesses and Energy Companies.

Yorkshire Energy Services' primary aim is to conduct business that supports and strengthens local communities across the UK. A proportion of our profits get regenerated into community initiatives to help reduce fuel poverty and combat the threat of Climate Change.

We became an official Green Deal Provider in February 2013 and were the first Community Interest Company in the UK to acquire the title. Yorkshire Energy Services works in partnership with major Energy Companies to help them achieve their energy saving obligations. We currently facilitate the provision of ECO funding to a network of small to medium sized (SME) installer organisations.

Through our unique relationships with Local Authorities, Housing Associations and Community Groups, we have delivered some of the country's largest council endorsed domestic energy saving schemes (Wrap Up Leeds, Insulate Hampshire, Kirklees Warm Zone).

Yorkshire Energy Services cic is a member of National Energy Action (the NEA) and supports their consultation response, in addition to our own response below.

## Section 2: Setting a meaningful fuel poverty target

| Target  |   |
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| Q1  | What are your views on the interim milestones we propose to include in the fuel poverty strategy? |
| <b>Disagree</b>   |   |
| <b>Comments and Evidence:</b>   |   |
| Energy efficiency is the most sustainable solution to unaffordable fuel bills and can enable warm, healthy homes for all consumers.   |   |
| Energy efficiency interventions provide the best long term solution to help reduce energy bills and end fuel poverty. They are also the most cost effective way to reduce carbon emissions and save energy. The Government is therefore right to set a target based on minimum energy efficiency standards. |   |
| However, we do not think that the milestones suggested are ambitious enough. The phrase "as many fuel poor homes as is reasonably practicable" brings an unhelpful  |   |

element of ambiguity into the target and could give too much leeway for actions to be watered down if future Governments are having difficulty meeting the target.

We believe that the Government should set a target to bring all properties above a given SAP rating so that the whole housing stock is future proofed against rising energy prices and the risk of people not being able to heat their homes is mitigated. Whilst we strongly agree that there is a need to target assistance towards those most in need, we think that a more robust approach might be to set targets for improving low income rather than fuel poor homes.

Band D is currently the average energy efficiency rating of the English housing stock, accounting for circa 70% of dwellings. There is a significant risk that over a million fuel poor households (and many more low income households) will continue to live below the current average energy efficiency rating of the English housing stock by 2025.

The draft strategy recommends reaching EPC Band C by 2030 with an interim target of EPC Band E by 2020 and EPC Band D by 2025. We consider this interim approach is fundamentally flawed. It is far more efficient and effective to take homes straight to at least EPC Band C through a whole house approach to ensure you can start to fuel poverty proof these homes. By treating homes to a lower standard than EPC Band C you will have to go back and treat them again, potentially another two times, which is more expensive and inefficient.

40% of fuel poor homes are already EPC Band D or above. Treating fuel poor homes in England to EPC Band D by 2025 would, for example, only reduce the England fuel poverty figure from 2.3 million households to approximately 2 million households.

We believe that the Government should therefore ensure homes are treated to EPC Band C in one go, whatever budget it makes available.

In terms of joined up policy, research by the Association of Greater Manchester Authorities suggests that in order to hit the UK's broader 2050 carbon reduction targets, all domestic properties in the UK need to be a high EPC Band B – regardless of a household's fuel poverty status. We would urge the Governments to make the targets more ambitious.

Yorkshire Energy Services cic supports the Energy Bill Revolution campaign. This campaign is calling for 2 million low income homes to be brought up to EPC Band C by 2020 and 6 million low income UK homes up to EPC Band C 2025. Industry and businesses are capable of delivering energy efficiency measures to meet these targets.

To achieve these targets energy efficiency should be made a UK infrastructure investment priority on a par with energy supply. To meet the 2020 target requires increasing annual investment to £2 billion / year. This could be achieved by using all

of the ECO subsidy plus using either half of the £2 billion annual proceeds of carbon revenue from the Carbon Emissions Trading Scheme and Carbon Floor Price projected for 2015 to 2020 or by using a small percentage of the UK infrastructure budget. An extra £1 billion of Government investment each year only represents 2% of the annual £45 billion Government infrastructure budget.

Investment in retrofitting homes to make them energy efficient not only provides the best way to cut energy bills, reduce carbon emissions and tackle fuel poverty, it also represents one of the best economic investments the Government can make in terms of growth, jobs created, value for money and tax revenue. The Government's infrastructure programme and budget should be prioritised accordingly.

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| Q2 | Do you agree that we should develop indicators for energy efficiency, renewables, distribution, non-gas homes, health and children? Are there other indicators that we should monitor? |
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**Agree**

**Comments and Evidence:**

We support the principal of monitoring a range of indicators and sub-indicators:

Energy Efficiency –

- We agree with the proposal to monitor the presence of a central heating system in low income households, particularly since we have found HHCRO to be an inadequate funding mechanism for having central heating systems installed where none was there previously.
- We also agree with monitoring the number of low income households with non-condensing boilers as well as cavity wall and loft insulation.
- We agree with the need to monitor the presence of insulation in low income hard to treat homes as this represents a significant proportion of householders that have fallen behind comparatively in terms of energy efficiency, often with the largest fuel poverty gap.

Renewables – We agree with the proposal to monitor the installation of renewable technologies, specifically there should be more emphasis on adapting these technologies in off gas, low income households as installation costs often represent a barrier to installation.

Distribution – We agree with the proposal to monitor the rate of improvement in energy efficiency in fuel poor households in relation to the national average.

Non-gas homes – We agree with the proposal to monitor the fuel poverty gap for

non-gas grid households.

Health – We agree with the proposal to monitor the impact of fuel poverty on health, including mental health.

Children in fuel poverty – We agree with the proposal to monitor the number of children in fuel poverty.

**Additional indicators-** Under the Low Income High Cost (LIHC) measure the number of households in fuel poverty in England is projected to have increased from 2.28 million in 2012, to 2.33 million in 2014, with increases in energy costs cited as a key factor. Over the same period the average fuel poverty gap is projected to increase from £443 to £480.

We believe that as well as monitoring the number of households in fuel poverty, the depth of fuel poverty, as measured by the 'fuel poverty gap' should be monitored across all households, not just those off-gas.

### Section 3: Developing a Roadmap for 2030

#### 3.1 Warmer Homes

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| Q3 | Do you have evidence or views that will be of use in shaping our proposed research into park homes in 2014? You may prefer to respond to this question through the broader call for evidence published separately. |
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#### Comments and Evidence:

Recent changes to RdSAP that mean Park Homes can now get an EPC and/or GDAR are welcomed, but to date Ofgem's data shows that ECO has only delivered 262 measures to Park homes.

The recent changes to ECO that permit the installation of cavity wall (CWI) and loft insulation as a primary measure under CERO has made installing insulation in park home even less economically attractive.

Park Homes require solid wall insulation which is more expensive than standard CWI or loft insulation per tonne of carbon saved. In addition park homes have to combine solid wall insulation with roof and under floor insulation. This can be a complex process to coordinate as well as increasing the costs of the insulation package. There is also significantly higher remedial work where oil fuel tanks or gas cylinder tanks are attached to the structure.

These additional costs could be mitigated with specific targets on Park home insulation or additional support that could be combined with Supplier support to reduce the price differential such as a higher rebate for the costs of the assisted gas connection service to support the changeover to natural gas.

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| Q4 | How can the fuel poverty strategy best support non-gas fuel poor households, particularly as we move to decarbonise heating? Please consider both short and long term action, and include evidence where possible. |
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**Comments and Evidence:**

Households living in the most energy inefficient dwellings (those with a SAP rating of E or below) continue to be much more likely to be fuel poor than those in more energy efficient dwellings, and have higher fuel poverty gaps. Statistically, these less efficient properties are much more likely to be concentrated off the gas network.

In 2012, 533,000 fuel poor households in England did not have access to natural gas and heated their properties with oil, solid fuel, LPG or electricity. As a result, these households continue to typically have higher individual fuel poverty gaps, approximately double the average on gas (£443), typically over £1000.

At present, and despite recent interventions, we believe these households are least likely to benefit from current policies.

The new assisted gas connection regime should be designed to ensure there is extended provision for those households that fail the current economic test and address a lack of funds for internal energy efficiency work. We believe that the requirement for decent levels of insulation (similar to the domestic RHI requirement) should be explored for all assisted connections.

Where connection to the gas network is not possible we believe that renewable heating systems could have a significant role to play in taking households out of fuel poverty. Whilst the domestic RHI is welcomed as a financial incentive to do this, there are currently barriers, primarily in the form of capital cost and third party ownership. We believe the following should be considered:

- The Government should make it easier for third parties such as local authorities and community investment vehicles to finance renewable heating technology in return for the RHI, for example by allowing them to cover the cost of installation up front in return for the RHI payment, as is the case for FiTs.
- The income from FiT and RHI payments should be allowed to be included within the 'Golden Rule' to allow a greater funding contribution through Green Deal loans for renewable systems.
- The RHI needs to be coordinated with the support available to low income households through HHCRO, however, this would require considerable reform of HHCRO as we have found this to be a wholly inadequate mechanism for improving heating in low income households which do not

currently have central heating whether off gas or not.

Q5 Do you have views or evidence that will be of use in shaping our research on the potential for improved controls to help fuel poor groups manage their heating?

**Comments and Evidence:**

Some of the most vulnerable households who are in danger of experiencing fuel poverty are not used to using complicated technology. Any heating controls need to be easy to understand and use, and householders need educating in how to use new controls when they are installed. Otherwise the most vulnerable residents will not use them, either switching the heating on and off on an ad-hoc basis, or potentially using other, less efficient forms of heating.

Under HHCRO there is a requirement that heating controls are installed alongside any new boiler. It is best practice in the Industry to ensure that TRV's are also installed to optimise the efficiency of the system, however we are aware that this is not a requirement in ECO, and is not standard practice across the industry.

Q6 What existing evidence should we consider in analysing the impacts of energy efficiency measures on health and/or social care service costs?

**No Comment**

Q7 How can we best support interventions to enable fuel poor people with existing health problems, or at risk of health problems, to benefit from energy efficiency measures? We would particularly welcome evidence on barriers you have encountered or examples of best practice.

**Comments and Evidence:**

We would support the submission from Leeds City Council Affordable Warmth Partnership that "A consistent offer in terms of assistance is essential. In order to maintain credibility amongst front line staff, it is vital that they can feel confident that there is assistance available to vulnerable people when they are referred.

Unfortunately, the current HHCRO is wholly inadequate for this. Not only is the funding highly intermittent, with large periods of time when HHCRO is effectively not available, but also the underlying market mechanism on which the system is based does not always target assistance towards those most in need. Specifically, households without central heating are often some of the most vulnerable, yet we have been informed by all of our ECO contractors that HHCRO rates are

prohibitively low where there isn't already an "eligible" boiler to be replaced."

Once a consistent offer is established we would recommend placing a requirement on public health to establish referral schemes for vulnerable clients, with a similar requirement on GPs. This would need to be centrally funded and backed by a capital budget to ensure that clients that are referred receive the energy efficiency improvements that they require.

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| Q8 | Do you think development of a system of 'mandated' health referrals – linked to eligibility for fuel poverty interventions – is feasible? Considering issues such as scope, verification or benefit to recipients, how might it work? |
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**Comments and Evidence:**

Given our experience of supporting the West Yorkshire Hotspots scheme until 2013 (a multi-agency referral programme which aims to combat Fuel Poverty and improve fire safety and benefit uptake for extremely vulnerable householders across the region), we would support the submission from Leeds City Council Affordable Warmth Partnership that:

"In our experience, front line workers do not always have a great deal of time to complete referrals or obtain a detailed knowledge of the benefits system, therefore it is better to allow front line staff to refer on a broad, medical/vulnerability based criteria, rather than expect them to find out the individuals benefit history. Also, it is inevitable that a number of vulnerable people will not be eligible for HHCRO, therefore a system such as Leeds City Councils Warm Homes Service, which will look at grant/ECO funding but will also look for other potential funding sources, would be more beneficial than basing referrals solely on receipt of HHCRO benefits.

Arranging heating improvements for a vulnerable individual is a time consuming administrative process. From our experience, this can involve contacting the client, arranging and undertaking a home visit, applying for grant and other funding sources, arranging contractors and resolving any issues. We believe that the third sector is well placed to provide this service, however such schemes require consistent and ongoing core funding to cover these administrative costs."

### 3.2 Supporting People

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| Q9 | Do you have views on how best to align the Warm Home Discount with the Low Income High Cost indicator? |
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**Comments and Evidence:**

The consultation document highlights the fact that a large number of working age households, particularly those with children, are fuel poor. We believe that the simplest and most effective way to improve the Warm Home Discount would be to extend the compulsory core group to working age households in receipt of income related benefits.

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| Q10 | In considering the reduction in means-testing for pensioners brought about by the Government's pension reforms, do you have views on additional ways to target direct payments and bill support to the fuel poor? |
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No Comment

**3.4 Improving Delivery**

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| Q11 | Do you have views on where we should focus future fuel poverty related behavioural research and do you know of any additional on-going work in this field? |
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**No Comment**

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| Q12 | To help inform development of the Community Energy one stop shop, what types of capacity support would help community groups increase their impact on fuel poverty (for example, information, training, mentoring, or local networking)? |
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**Comments and Evidence:**

Yorkshire Energy Services cic managed the Energy Saving Trust Advice Centre for South and West Yorkshire from 2008-12, and in this role provided extensive outreach, support and engagement with community groups across the region. We partnered with a number of community energy groups to support the installation of energy efficiency measures, as well as renewable energy installations. We were able to attend community energy events, as well as provide information and training services for free.

We have seen that Community Energy groups have a key role to play in helping to tackle fuel poverty at a local level, often having greater insight into local issues and a higher degree of trust from householders. They are also a potential resource of volunteers to support fuel poor householders in the home with basic energy saving measures such as draught proofing and support on fuel switching.

We are aware that since the closure of the Energy Saving Trust advice centre

network there has been little or no support for Community Energy groups in our region, and what support does exist is harder to access. The now centralised Energy Saving Advice Service (based in the South East) cannot provide the same level of support of community energy groups across the country, and neither does it appear to have a mandate to do so.

We believe that the re-establishment of centrally funded regional advice hubs providing independent and impartial advice would significantly help support the Community Energy sector. Such hubs would provide the 'one stop shop' for regional advice and expertise, as well as providing a networking facility for the sharing of best practice.

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| Q13 | What support would help to increase partnership working between community groups and other local level actors (ranging from Local Authorities to Health and Well-Being Boards and energy efficiency installers) in order to tackle fuel poverty? |
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**Comments and Evidence:**

In our experience, the re-establishment of centrally funded regional advice hubs providing independent and impartial advice would significantly help support partnership working between community groups and other local level actors.

What is also essential is a consistent idea of what sort of assistance will be available under what circumstances. At present the support available changes too frequently depending on the fluctuating rates of ECO available (which can also vary from Installer to Installer), and the availability of other funds such as Green Deal Cashback and the Green Deal home Improvement Fund.

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| Q14 | How can Government support a collaborative approach to developing the fuel poverty evidence base? What are the best ways to communicate priorities? What tools would be useful to ensure a quality approach consistent with the low income high cost indicator? |
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**Comments and Evidence:**

In relation to the last question 'What tools would be useful to ensure a quality approach consistent with the low income high cost indicator?' We would support the submission from Leeds City Council Affordable Warmth Partnership that:

"It is relatively easy to identify a household which is on a low income, just as it is relatively easy to identify which of these households are likely to have high heating costs, for example if they are hard to treat, or have an obsolete heating system. The best way that Government can ensure a quality approach to such households would be to ensure that when such properties are identified, funding is in place to ensure that these issues can be rectified. Unfortunately, the intermittent nature of funding for HHCRO, together with low ECO rates available to improve heating in households that don't already have an "eligible" boiler, mean that appropriate assistance is not

always available even where such households present themselves to us, let alone those who are hard to reach.”