

London Borough of Tower Hamlets



Fuel Poverty Strategy & Action Plan

2013 - 2016

Providing Energy Efficiency and Affordable Warmth for All

www.towerhamlets.gov.uk/energy

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For many years, energy prices have continued to increase whilst the income for most residents in this borough has remained static or has fallen. Residents have indicated that they are concerned about paying their fuel bills. In the 2012/13 Annual Resident Survey residents listed increasing prices / interest rates as an area of concern for them.

The council sees the devastating effects fuel poverty has on our communities and how it undermines our effort to improve the health and quality of life for our residents. Local Authorities have a duty to lead on initiatives to tackle fuel poverty in its area working with local partners and voluntary and community agencies combining local intelligence with practical projects that make a real difference to people's lives.

Under the amendments of the Home Energy Conservation Act 1995 the council is required to develop and publish a plan that works towards improving the energy efficiency of the housing stock in the borough. Furthermore this strategy will allow the council to work with Tower Hamlets Homes and other Registered Providers in the borough and delivery agents to bring in much energy investments as possible through the Energy Company Obligation (ECO) funds and promoting the new Green Deal Plan.

This fuel poverty strategy brings together and promotes a number of initiatives and projects aimed at tackling fuel poverty in the borough. The purpose of this strategy is to provide a framework for a partnership approach to addressing the causes of fuel poverty.

Tower Hamlets Council has developed a unique and innovative way of tackling fuel poverty in the borough. The councils Energy Co-operative; Tower Hamlets Energy Community Power will be the delivery mechanism for promoting and implementing the initiatives and projects.

This Strategy has five key aims to tackle fuel poverty in the borough;

Key Aim One

To establish the Energy Co-operative to provide cheap energy to residents and to progress the Fuel Poverty Strategy as a Community Strategy, ensuring its development and implementation is a corporate priority.

Key Aim Two

Provide access to cheap energy for council tenants and residents living in the borough and ensure that homes in the borough are affordable to heat for all including those reliant on state benefits.

Key Aim Three

To Empower, Educate and Inform the resident about how to achieve Affordable Warmth

Key Aim Four

Actively seek and access funding to deliver energy efficiency projects

Key Aim Five

Promote Good practice demonstrations and deliver innovative pilot projects

3.0 Introduction

The Council continues to be committed to tackling fuel poverty, recognising that many residents on low incomes face living in cold and inefficient properties. Many households are facing real dilemmas about how to pay for energy bills that have risen faster than inflation since 2009 pushing even more households into fuel poverty.

London Borough of Tower Hamlets is unique compared to most of the other London Boroughs, the boroughs population is growing rapidly and so is the boroughs new build development sector, however Tower Hamlets still has some of the most deprived wards in the country.

The council has made good progress in reducing the number of fuel poverty households in the borough through new build, regeneration, refurbishment and decent homes works, the council was also successful in leveraging in many million pounds of external funding to carry out home energy efficiency works.

Tower Hamlets was also the first local authority in the country to set up an energy co-operative collective energy switching scheme to bring cheaper energy to the residents.

This fuel poverty strategy aims to build on this success to continue its work and further develop the energy co-operative and look for ways to further reduce the household's energy bills and maximise the amount of Energy Company Obligation (ECO) funding coming in to the borough. This fuel poverty strategy also meets the obligation of the Local Authority under the Home Energy Conservation Act 1995 to develop and publish a plan that improves the energy efficiency of the dwellings within the local authority.

3.1 What is Fuel Poverty?

Households are considered by the Government to be in 'fuel poverty' if they would have to spend more than 10% of their household income on fuel to keep their home in a 'satisfactory' condition.

Fuel poverty is caused by a convergence of three factors:

- Low income, which is often linked to absolute poverty
- High fuel prices, including the use of relatively expensive fuel sources
- Poor energy efficiency of a home.

Fuel poverty is almost unique in the UK - a result of the high proportion of older housing stock, built to very low energy efficiency standards.

This standard definition is based on the heating regime required by the average working household to stay warm and healthy. The national standard is:-

An internal temperature of 21° C in the main living room and 18° C elsewhere over a period of:-

- 9 hours each weekday (2 hours in the morning and 7 hours in the evening) and
- 16 hours a day each Saturday and Sunday.

Economically inactive people who spend longer periods at home during the week will need a longer heating period - of nearer to 16 hours every day of the week. These people are at risk of fuel poverty since their energy costs need to be higher than the average and their incomes are likely to be lower.

3.2 Fuel Poverty Perspectives

Tackling fuel poverty offers a multiple payoff: better living standards and conditions for people with low incomes, an improved and more energy efficient housing stock, fewer winter deaths and reduced costs for the Health Services.

Fuel poverty is a distinct and serious problem from several perspectives.

- **From a poverty perspective:** the households with high energy costs living in poverty or on its margins face extra costs to keep warm above those for typical households with much higher income. These costs are largely outside the control of those households – given the capital investment that would be required to reduce them – except through trading off the temperatures at which they live against other necessities, exacerbating the difficulties faced by all on such low incomes.
- **From a health and well-being perspective:** living at low temperatures as a result of fuel poverty is likely to be a significant contributor not just to the excess winter deaths that occur each year (a total of 27,000 each year over the last decade in England and Wales), but to a much larger number of incidents of ill-health and demands on the National Health Service and a wider range of problems of social isolation and poor outcomes for young people.
- **From a carbon reduction perspective:** not only is the energy inefficiency of the homes of those living in fuel poverty a direct concern in terms of reducing carbon emissions, but fuel poverty also acts as a barrier to the implementation of other policies to mitigate climate change, since those on low incomes are least able to afford any increase in prices that may result from them.

The core problem from all three perspectives is one of the overlap between low income and the energy inefficiency of the homes people live in, and therefore the precise problem and effects of fuel poverty is “living on a lower income in a home that cannot be kept warm at reasonable cost.”

3.3 Government Responsibilities

The UK government has a legal duty to eradicate fuel poverty in England by 2016. Under the Home Energy Conservation Act 1995; Local Authorities are required to take action and monitor its progress in improving the energy efficiency of the housing stock in the borough. The 2012 amendment of the act requires the local authority to develop an action plan and make it publically available; the act also requires the local authority to report its progress on an annual basis to the secretary of state for Energy and Climate Change.

The Hills Fuel Poverty Review published in March 2012 investigated;

- Whether 'fuel poverty' is, in fact, a distinct problem, or simply a manifestation of more general problems of poverty.
- If it is distinct, how it is best measured and whether the current approach to doing this captures the problems most effectively.
- The implications of measurement for the way we understand the effectiveness of the range of policy approaches to reducing it.

Key findings;

Fuel poverty is a serious problem from three main perspectives (poverty, health and well-being and carbon). The evidence confirms that as set out by the Warm Homes and Energy Conservation Act 2000, the heart of the problem is the overlap of facing unreasonable energy costs and having a low income.

This overlap is not what the current official indicator of fuel poverty captures. While it has some strength, this indicator also has serious weaknesses. It can misrepresent trends and encompass households that are clearly not poor. Although a single indicator, it attempts to reflect both the extent and the depth of the problem.

An alternative measurement framework focused directly on the overlap of high costs and low income. This contains twin indicators: a Low Income High Costs indicator (which measures the extent of the problem) and the fuel poverty gap (which measures its depth).

This framework is designed to help identify the people at risk of fuel poverty and those with the greatest difficulties, and to compare the effectiveness of different policies.

Using this framework, projected future trends in fuel poverty are profoundly disappointing. In our central projections, the key fuel poverty gap indicator will rise by more than 50per cent between 2009 and 2016. There is no sensible way of measuring fuel poverty which shows the problem will be eliminated on current trends by 2016.

However, the framework shows that interventions targeted at the core of the problem –especially energy efficiency policies focused on low income households –can make a substantial difference.

The Government should set out a renewed and ambitious strategy for tackling fuel poverty reflecting the challenges we lay out and the framework we propose for understanding them.

3.4 Poverty in Tower Hamlets

The high levels of poverty and deprivation in Tower Hamlets mean that many residents experience, or are at risk of experiencing, financial exclusion. The Indices of Multiple Deprivation score shows Tower Hamlets as the 7th most deprived borough in the country. 44% of households are in income poverty, the highest rate nationally.

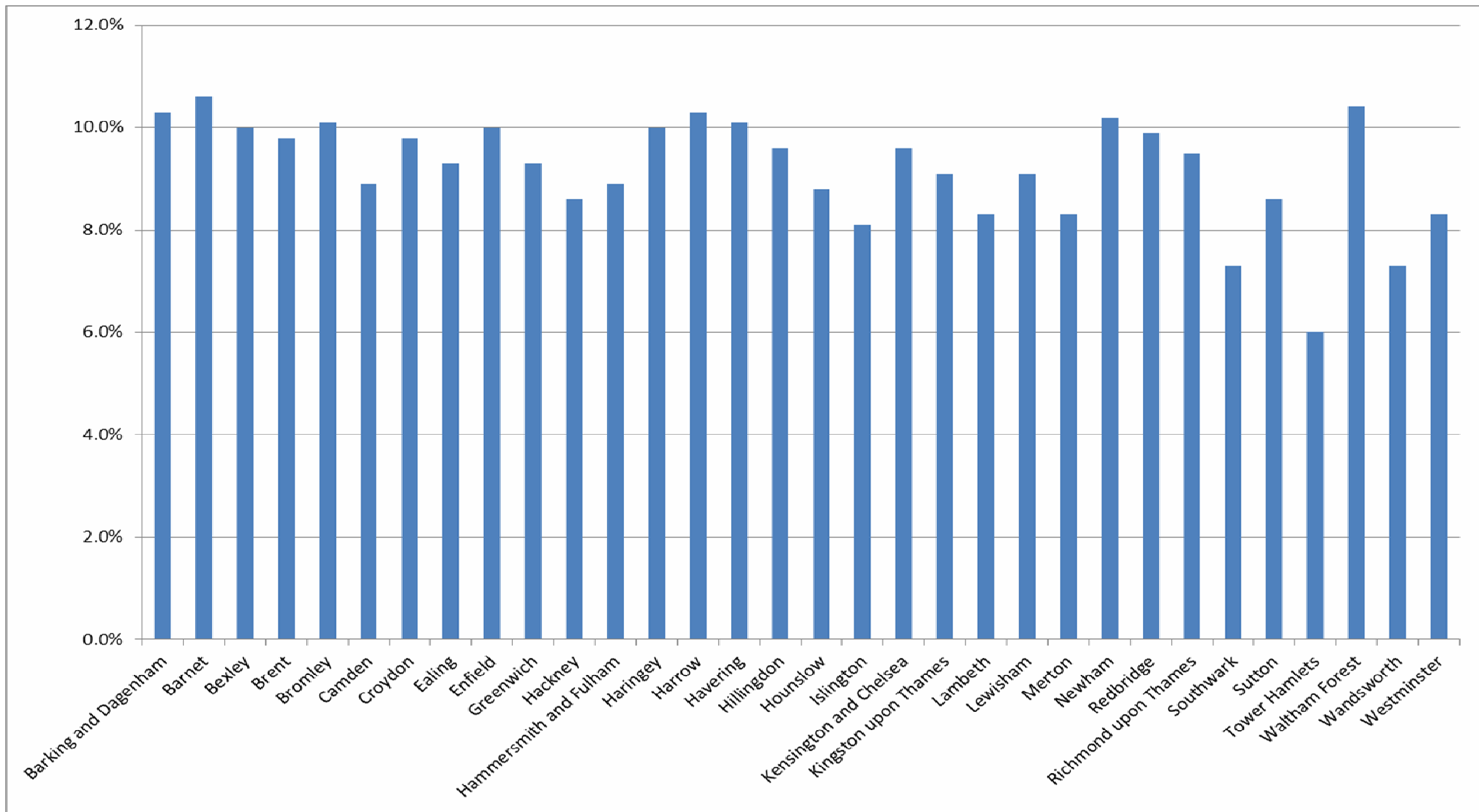
Income poverty: In Tower Hamlets, it is estimated that 44 per cent of households are in income poverty – defined as those living below 60 per cent of the median (or ‘middle’) UK household income, after housing costs. This is the highest rate of income poverty across all local authorities in England and Wales and double the national average (22 per cent).

Pensioner poverty: Tower Hamlets has a relatively small pensioner population compared with other areas: nine per cent of the borough’s population are aged 60 and over compared with 22 per cent across England. Despite the fact that proportionately fewer pensioners live in the borough, those that do, are likely to face high levels of income poverty.

Child poverty: The latest HMRC data (for August 2009) show that 29,680 children in Tower Hamlets live in poverty this represents 53 per cent of all children in the borough and is the highest child poverty rate in the UK. All wards in Tower Hamlets have child poverty rates well above the national average; the rate ranges from 38 per cent in St Katharine’s & Wapping ward up to 59 per cent in East India & Lansbury ward.

3.5 Fuel Poverty in London and Tower Hamlets

The sub regional fuel poverty levels, England 2011 is a data set published by the Department of Energy and Climate Change, which shows the level of fuel poverty at a local authority level. The graph below shows London Borough of Tower Hamlets has the lowest percentage of fuel poverty compared to any other local authorities in Greater London region.



Although Tower Hamlets may have the lowest levels of fuel poverty despite being the 7th most deprived borough in the country, it must still be recognised that fuel poverty still exists. The data also indicates that the borough is doing well in delivering initiatives and projects to tackle fuel poverty and it must continue to do so to ensure there is a year on year decrease in the levels of fuel poverty in the borough.

3.6 Making Fuel Poverty a Corporate Strategy

The Community Plan is an ambitious strategy for an aspirational borough. It outlines how borough will continue to reduce inequality and poverty, particularly among the most disadvantaged in the borough, to ensure that everyone has the opportunity to achieve their full potential.

The Community Plan aims to make Tower Hamlets a better place to work, live or visit and has four Themes;

- A Great Place to Live
- A Healthy and Supportive Community
- A Prosperous Community
- A Safe and Cohesive Community

The Tower Hamlet Partnership gives residents more powerful input in the way services are provided and ensures that all aspects of the community work together to achieve the objectives of our Community Plan.

The Theme 'A Great Place to Live' includes an Objective 'Improving and maintaining the quality of housing, including maximising energy efficiency'. This Objective should be reworded or a new Objective should be added (e.g. 'Providing Affordable Warmth for All and Maximising Energy Efficiency')

4.1 Energy Markets

Retail energy prices have risen sharply over the last ten years. Fuel costs are now one of the biggest financial outlays for households and increased prices disproportionately hit poorer families. In 2004 the annual average dual fuel bill for a household stood at roughly £600. By April 2013 the average annual dual fuel bill was a staggering £1,400.

These shifts in fuel prices are largely driven by forces beyond the control of ordinary households, but people can make a difference to their energy bills by switching suppliers. The problem is that very few of us do switch, and poorer families are least likely to do so. In a 2008 Ofgem-commissioned study it was found that those who are confident consumers in the energy market (sourcing the best deals, trusting information, confident that switching will cause little to no problems) are in the minority, whilst most consumers, both vulnerable and non-vulnerable, lack knowledge or confidence. Specific barriers to switching supplier noted by the report were 'fear that something may go wrong' and 'loyalty to existing provider'. A high level of passivity or laziness was noted as a barrier, meaning even a small degree of effort in sourcing a better deal would be seen as too much. Combining the likelihood of rising prices with citizens' sometimes limited ability to acquire the best deal, fuel poverty will become a more acute problem. Government responses to rising fuel prices in the past have been simple: give citizens money to cover the cost, for example through the winter fuel allowance. But the pressures of deficit reduction mean that the state will struggle to find this additional money. This problem creates an opportunity for local government to step in and support households in confronting rising energy prices. By stepping up to support citizens in new ways, local government can start to show how the public sector can embrace radically different approaches to tackling public policy problems.

4.2 European Co-operative models

An initiative from The Netherlands, known as Met de Stroom Mee – roughly translatable as 'go with the flow' - has saved consumers significant sums of money on energy bills by bringing them together to bulk purchase energy.

Met de Stroom Mee sought the registration of 10,000 households who agree to let Met de Stroom Mee negotiate on their behalf, directly with the energy companies. Using the bulk purchasing power of so many households, Met de Stroom Mee then went about securing bids from energy companies at much lower than the average cost of bills that households were paying. Once Met de Stroom Mee had decided on the most favourable bid, it was then sent to those who had registered for their approval. There was no legal requirement for the individually registered households to accept the bid and they could still choose to continue with their own arrangements. However, out of the 10,000 registered households, a total of 6,630 decided to take up the bid and saved an average of 300 Euro per annum on their household energy bills.

When one considers the average annual dual fuel bill in the Netherlands is 1520 Euro per annum, the saving delivered by *Met de Stroom Mee* represents a reduction in the average annual fuel bill of approximately 20%. It is estimated that even if local authorities in the UK were able to achieve a 10% reduction on average annual dual fuel bills this would result in a saving of £125 per household per annum.

4.3 Tower Hamlets Energy Co-operative Model

In the United Nations Year of the Co-operatives 2012 it was desire of the council to establish an Energy Co-operative to bring cheaper energy to the residents. The Council established the Tower Hamlets Community Power Energy co-operative and developed a model for collective energy switching.

A collective energy switching scheme is where a group of consumers' band together to negotiate a better deal with gas and electricity suppliers. Schemes are facilitated by a third party (e.g. a local authority) with the help of a specialist switching partner. Typically, a local authority will take the lead and procure a specialist switching partner who negotiates a tariff on behalf of the consumers they represent. The offer is then presented back to the group for the householder to decide whether they want to switch or not. In the UK this is termed 'collective switching'. The main objective of such schemes is to increase public awareness of the potential for reducing energy bills through switching.

A collective switching scheme involves 4 parties;

- A local authority as lead,
- An expert switching negotiator,
- Energy suppliers,
- Consumers.

Local authorities play an important role as they are in a position to promote the scheme with local residents and can be viewed as trusted and independent.

The specialist switching partner works with the council to run marketing/communication campaign to collate details of interested residents. The switching partner then negotiates the best price through an energy auction. It then supports the resident to switch to the new provider.

Residents / consumers need to provide details of their fuel bill including current tariff and annual expenditure and consumption via a switching website. In the case of vulnerable, hard to reach consumers, the council can complete this task through drop in sessions or via telephone.

The negotiator analyses all consumer data and undertakes an auction with pre-registered energy suppliers. The suppliers then present a set of tariff prices for different groups e.g. direct debit group, dual fuel group. This is then analysed and the offer with the greatest saving for the majority of the residents will win the auction.

The negotiator then presents a one year energy tariff to each customer (resident) via email or letter which highlights their individual savings that would be achieved through the switch. It is important to note there is no guarantee the offer made to the customer would be the best on the market. There would also be no guarantee of tariff reduction as it depends on the consumers starting point.

If the resident accepts the offer the switch is initiated and the consumer assisted in establishing the contract with the energy supplier. After the one year contract the resident will be put onto a flexi price tariff; there is no guarantee this will be the best tariff for the resident. It is the responsibility of the resident to switch if desired.

This supported journey is suited for 'sticky customers' (those who do not regularly switch providers). It empowers the consumer with all the support and information they need to understand their bills, energy consumption and tariffs. It could be argued that it is less attractive to those who regularly switch providers because they already search out the best deal.

4.4 Tower Hamlets Progress so far

London Borough of Tower Hamlets was one of the first local authorities in the country to set up a collective energy switching scheme in the country. Since Tower Hamlets launch of the scheme many local authorities and community organisations have set up similar schemes. In November 2012 the Department of Energy and Climate Change recognised the need to bring competition in to the domestic energy markets through consumer power and acknowledged collective energy switching was a mechanism to do this. It made available a fund of £5m to help local authorities and voluntary organisations to set up schemes.

A consortium of 21 London Local Authorities set up the Big London Energy Switch and managed to secure £680,000 to develop a London wide scheme, in addition to this Tower Hamlets managed to secure a further £37,000 for the borough.

The first collective energy switching auction took place in April where more than 166,000 households participated around the country including 25,000 households from London. The average household's energy savings were £122 per annum a further auction took place in June 2012 with further auction planned for October 2013 and January 2014.

5. To Empower, Educate and Inform the resident about how to achieve Affordable Warmth

5.1 To Empowering, Educating and Informing the people about how to achieve Affordable Warmth

It is understood that there is a clear link between fuel poverty and financial exclusion, it is important to explore household's experience of fuel poverty and examine the circumstances in which fuel rationing, fuel debt, feeling cold and condensation occur. Looking at the energy efficiency of people's homes alongside the impact of their beliefs, behaviour in relation to their fuel use, and their financial behaviour.

There was little correlation between a property's level of energy efficiency and levels of satisfactory heating; many residents in energy efficient properties still rationed their heating, and experienced cold rooms, mould and condensation. People's heating-related behaviour, such as how households used their heating system, or their preference for higher or lower heating levels, showed a stronger correlation with indicators of fuel poverty than the energy efficiency of the property. Many households could have made significant savings by switching energy supplier, they generally had a negative perception towards switching and a low propensity to switch. Discord between a household's financial cycle and their fuel bill cycle often result in greater fuel rationing or an increased likelihood of fuel debt. For example, fuel debt is likely more common in households who paid their bills quarterly but received their income weekly or fortnightly.

Structural interventions, such as energy efficiency measures and income maximisation, are unlikely to significantly reduce the number of households rationing their heating or experiencing fuel debt. Fuel rationing is more closely linked to underlying behavioural traits and the method of payment. Fuel debt is more closely connected to the length of the billing cycle, budgeting and problems with estimated bills than to the annualised fuel cost.

It is therefore important for policy and interventions to also focus on heating behaviour, financial capability and financial behaviour, in order to tackle the underlying problems of households living in cold properties or struggling to pay their bills.

Fuel poverty policy must closely link into financial capability policy in order to engage households in their finances and ensure appropriate payment methods and billing cycles are being used. Simply focusing on energy efficiency measures is unlikely to significantly reduce the occurrence of fuel debt and fuel rationing.

Any installation of a significant energy efficiency measure should be accompanied by a substantial behavioural advice and support programme, including follow-up in-home visits to check heating is being used appropriately. Repayments due to debt caused as a result of an underestimated meter reading or an underestimated direct debit amount should be calculated, communicated and scheduled sensitively by suppliers.

Fuel poverty is recognised as an important public health issue. Many fuel-poor households are particularly vulnerable to cold-related ill health, including older people, families with young children and those who are disabled or have a long-term illness. There is strong evidence

suggesting a strong link between health, fuel poverty and cold homes and an estimated 2,700 people die each year in the UK because of health conditions, such as respiratory infections or cardiovascular problems, linked to fuel poverty (about one tenth of all excess winter deaths)

It was recognised that community service providers such as GPs, social workers, housing managers, meals on wheels/Home Care workers probably see the effects of fuel poverty on a daily basis. But perhaps they don't have the time or the awareness to properly identify the cause of the problems they deal with? So a doctor will carry on prescribing medication to a patient with circulatory/coronary disease without being able to find anyone to deal with the fact that the patient's home is cold and contributing to their ill-health. A hospital will carry on re-admitting patients whose recovery is hampered by living in fuel poverty for the same reason.

Aside from changing the way community services are planned, it should be recognised that people needed better information about how to stay warm and healthy. The Council and other key service providers are well-placed to include information about energy efficiency and affordable warmth to the public within their existing information services.

Front line staff, such as social workers, meals on wheels workers, health visitors, GPs, environmental health and housing officers need a way to refer clients at risk of fuel poverty to someone who can make sure that the help needed is provided. This facility exists already, but needs to be better resourced to include a wider range of skilled persons ready and willing to solve each client's individual problem.

A Fuel Poverty Referral Mechanism and Affordable Warmth surgeries were piloted last winter by the Energy Efficiency Unit. Take-up was relatively low, but the comments made by the people who used the service and whose homes were made more energy efficient show that offering access to quality, tailored, energy advice in the main community languages is an effective way of helping people to get better value from their fuel budgets.

It is important to provide good information and advice on getting the best value out of people's expenditure on fuel. People often have misconceptions about how much appliances cost to run and there are fears associated with the cost of running individual central heating systems. Householders need to be provided with quality, tailored, energy advice in the main community languages which is an effective way of helping people to get better value from their fuel budgets.

There needs to be a clear desire to ensure that services to the community are planned jointly and staff awareness increased to avoid 'blind spots' in dealing with fuel poverty in the borough. Actions to increase access to good energy efficiency advice and make it easier to claim energy grants through an income maximisation service also needs to be considered.

The sub-regionally funded Affordable Warmth Project facilitates joint working on the emerging public health, localism and 'Big Society' agendas delivering a major outreach programme to identify and mitigate risks due to cold weather. The Affordable Warmth project is a training and marketing programme designed to support volunteers and front line workers to be Affordable Warmth Champions.

5.2 Health & Well-Being

The main effects of fuel poverty are health-related: Those who necessarily spend a good deal of time in the home (such as the elderly, children, people with disabilities or the sick) are worst affected. In colder temperatures blood pressure increases and the risk of heart attacks and strokes rises dramatically. Aside from the tragedy to individual lives, the cost of fuel poverty to the local health service is alarming:-

Damp, under-heated homes are common in Tower Hamlets. Low incomes and the fear of the cost of running central heating systems together with the lack of adequate insulation, heat recovery ventilation and good energy habits are the causes. When insufficient heat is put into a home the risk of condensation from normal habitation is increased. Condensation also occurs through inadequate ventilation, creating ideal conditions for the dust mite – a direct trigger of asthma. Condensation features strongly in the many Disrepair claims received by the Council each year, causing property decay and making estates unpopular.

6.1 Energy Companies Obligation (ECO)

The ECO was introduced in January 2013 to reduce the UK's energy consumption and support people living in fuel poverty. It does this by funding energy efficiency improvements worth around £1.3 billion every year.

Parliament passed the Electricity and Gas (Energy Companies Obligation) Order 2012 on 4 December 2012 and it is now in effect. The ECO will run until March 2015, supporting the installation of energy efficiency measures in low-income households and areas, and in properties that are harder to treat. It works alongside the Green Deal to give consumers support and funding for energy efficiency improvements in their homes.

The Green Deal and the ECO will help reduce carbon emissions from the UK's domestic building stock, which is an essential part of the UK's plan to meet its statutory domestic carbon emission reduction targets by 2050.

There are 3 obligations under the ECO.

Carbon Saving Community Obligation - This provides insulation measures to households in specified areas of low income. It also makes sure that 15% of each supplier's obligation is used to upgrade more hard-to-reach low-income households in rural areas.

Affordable Warmth Obligation - This provides heating and insulation measures to consumers living in private tenure properties that receive particular means-tested benefits. This obligation supports low-income consumers that are vulnerable to the impact of living in cold homes, including the elderly, disabled and families.

Carbon Saving Obligation - This covers the installation of measures like solid wall and hard-to-treat cavity wall insulation, which ordinarily can't be financed solely through the Green Deal.

The ECO will be funded by energy suppliers. Energy suppliers obligated under the scheme will determine how much subsidy they provide to each consumer. This may depend on consumers' individual circumstances and the amount of Green Deal finance being used.

The ECO is worth around £1.3 billion every year. The ECO Affordable Warmth and Carbon Saving Community obligations will provide support worth around £540 million per year to low-income households. The ECO Carbon Saving Obligation is worth around £760 million per year.

Energy suppliers will provide the ECO directly to customers, or it will be provided by organisations working together through pre-approved arrangements, such as Green Deal providers.

6.2 Winter Fuel Payments

Winter Fuel Payment helps older people keep warm in winter. The Winter Fuel Payment is a tax free payment to help older people keep warm during winter. It is provided by the government to those who are eligible. Most payments are made between mid-November and December every year where over twelve million payments are made each year.

6.3 Cold Weather Payment

A Cold Weather Payment is intended to help towards extra heating costs during very cold weather. A payment of £25.00 is paid automatically for each seven day period of very cold weather between 1 November to 31 March.

Cold Weather Payments help people, who get certain income-related benefits, with their increased heating costs caused by periods of very cold weather during winter.

6.4 Warm Homes Discount

The Warm Home Discount scheme is a four-year scheme that runs from April 2011 to March 2015 to help low-income and vulnerable households with energy costs. The scheme is worth up to £1.1bn and expects around 2 million low-income and vulnerable households to be assisted annually.

6.5 RE:NEW

RE:NEW is a London wide homes retrofitting scheme aimed at reducing carbon dioxide (CO₂) emissions from the residential sector. This is an area-based, whole house approach that includes a range of free-of-charge, easy-to-do measures, from changing to low energy light bulbs to installing stand-by switches and giving energy saving advice.

The aim is that more substantial steps such as loft and cavity wall insulation will involve no upfront costs, be free for those on qualifying benefits and subsidised for those who are able to pay. RE: NEW is a collaborative programme between the Mayor of London, the London Development Agency (LDA), London Councils, the Energy Saving Trust (EST) and London's boroughs. On-the-ground delivery is led by the boroughs

6.6 Feed In Tariffs

Feed-In Tariffs were introduced on 1 April 2010 and replaced UK government grants as the main financial incentive to encourage uptake of renewable electricity-generating technologies. Most domestic technologies qualify for the scheme, including:

- solar electricity (PV) (roof mounted or stand alone)
- wind turbines (building mounted or free standing)
- hydroelectricity
- anaerobic digesters
- micro combined heat and power (CHP).

6.7 Renewable Heat Incentives (RHI)

The Renewable Heat Incentive (RHI) is a UK Government scheme set up to encourage uptake of renewable heat technologies among householders, communities and businesses through the provision of financial incentives. The UK Government expects the RHI to make a significant contribution towards their 2020 ambition of having 12 per cent of heating coming from renewable sources. The Renewable Heat Incentive is the first of its kind in the world.

There are two phases to the introduction of the RHI:

- **Phase 1:** the introduction of the RHI for non-domestic installations in the industrial, business and public sectors.
- **Phase 2:** the domestic element of the RHI, is expected to be introduced in spring 2014 following the consultation published in September 2012 and more recently the UK Government Heat Strategy

6.8 Tower Hamlets success so far

In 2011 the council ran the first RENEW pilot project in the Bow West ward assisting over 1200 households, from the success of the pilot the scheme has now been rolled out borough wide.

In 2012 the council secured £240,000 from the ODA to deliver an energy efficiency programme providing energy efficiency measures to households in the Bethnal Green Wards, the project reached over 1,000 households achieving a cumulative household energy saving of £45k per annum.

In November 2012 the council secured £2.25m from DECC, this money will be added to £1.86m of ECO money to deliver energy efficiency projects in two Tower Hamlets Homes Estates.

6.9 Carbon Mitigation Fund

The new build domestic sector plays a key role in tackling fuel poverty by developing new housing at the current high standards of environmental sustainability. The council requires all new build housing to be built at code level 4 Code for sustainable homes with step increases to code level 6 by 2016 to meet the government aspirations of zero carbon homes. Tower Hamlets is leading the way in this sector and currently builds the highest number of code rated homes in the country and has recently won a national award.

The UK government has high aspirations to reduce carbon emissions and this is translated in to local planning policies where developments are required to achieve carbon savings better than that is required by current Building Regulations. Carbon Offsetting is a mechanism where a development is not able to achieve its carbon reduction target on site, it can make a financial contribution in to a carbon mitigation fund to cover the carbon shortfall. The financial contribution is calculated per tonne of carbon shortfall.

The carbon mitigation fund which is estimated to be worth £750k to £1.0m per annum could be used to fund energy efficiency projects to tackle fuel poverty and reduce carbon emissions.

7.1 Total Community Retrofit

The Total community Retrofit project is a partnership approach to delivering range of activities that will support people and allow them to benefit from the transition to a low carbon community. The partnership is implementing a number of projects including;

- **Closed Loop Community** – Project steering group is shaping the business case and developing detailed project plans. Food waste pilot will be the first activity to be trialled for Poplar HARCA and Tower Hamlets Homes. Bulky waste pilot projects are being explored working with Emmaus for use of underground garages owned by THH. The team is working with Veolia to determine new ways of subcontracting and/or developing a local social enterprise model to employ local people. Veolia is planning focus group sessions over the summer around barriers, incentives, motivations for waste reduction.
- **Retrofit research project with WHISCERS pilot** – WHISCER (Whole House In-Situ Carbon and Energy Reduction Solution) is a process for Internal Wall Insulation (IWI) of hard-to-treat housing that uses laser technology, enabling residents to continue to live in their homes throughout the refurbishment works.
- **HEMS trials** – 16 home energy management systems were trialled in Poplar to engage occupants in managing their home energy use a further 80 installations is now planned with a focus on pre-paid meter customers who typically pay more for their energy than those who are on traditional systems.
- **3D visualisation & investment support tools** – a tool in real world applications (e.g. community engagement, asset mapping, and “what-if scenarios” linking different types of data to inform investments) with the local partners, including investment options for the Community Energy Co-operative.
- **Jobs and Skills Programme** – The Institute and local partners had begun discussing a borough-wide co-ordinated jobs and skills programme primarily building on the low carbon construction and retrofit projects.
- **Connected Community** – An expression of interest focussing on vulnerable customers related to the energy aspect of this project concept has been approved by OFGEM and the Institute will be helping UKPN develop a full proposal.
- **Optimised Energy District** –TSB Better Buildings Connected feasibility study on waste heat from the Telehouse data centres was submitted on 1 May.

7.2 Barkantine Heat and Power Company

The Barkantine **combined heat and power (CHP)** scheme began operating in 2001 providing heat and electricity to around 600 dwellings as well as to other buildings including a school, community hall and swimming pool. The scheme generates electricity on site and uses the waste heat generated to provide heating to customers making the system much more efficient than traditional power stations. The scheme provides heating and hot water to customers at a competitive rate and electricity at 20% lower in comparison to the six big suppliers in that area. The scheme is a private finance initiative between Barkantine Heat and Power Company and the London Borough of Tower Hamlets.

FUEL POVERTY STRATEGY – ACTION PLAN

Key Aim One

To establish an Energy Co-operative to provide cheap energy to residents, to progress the Fuel Poverty Strategy as a Community Strategy, ensuring its development and implementation as a corporate priority

	Key Actions	Timing
1.1 Establish the Tower Hamlets Energy Co-operative	<ul style="list-style-type: none"> • Set up the 'T.H.E Community Power' management board. • Establish 'T.H.E Community Power' as a legal entity. • Agree Implementation of the borough Fuel poverty Strategy. 	Completed April 2013 March 2014 October 2013
1.2 Make 'Providing Affordable Warmth for All and Maximising Energy Efficiency' a corporate priority.	<ul style="list-style-type: none"> • Sign up to Climate Local – Climate Local is the Local Government Association's initiative to help inspire action on climate change and share best practice. • Agree that the next revision of the Community Plan includes the revised Objective. • Integrate the Fuel Poverty Strategy with other strategic plans. • Ensure the progress of the Fuel Poverty Strategy - Action Plan is monitored by the Corporate Management Team and the Energy Co-operative Management Board. • Ensure adequate resources in place to deliver Energy Efficiency and Affordable Warmth activities. 	December 2013 December 2013 December 2013 April 2014 and on-going September 2013
1.3 Ensure all Housing Providers in Tower Hamlets adopt a strategic approach to Providing Affordable Warmth for All and Maximising Energy Efficiency.	<ul style="list-style-type: none"> • Ensure all social housing providers (including Registered Providers) prioritise providing Affordable Warmth and Maximising Energy Efficiency in all of their relevant strategies. 	March 2014
1.4 Work with Regional Bodies and neighbouring Local	<ul style="list-style-type: none"> • Ensure all future GLA programmes such as Re:New deliver the aim of this Boroughs Fuel Poverty Strategy. 	September and on going

Authorities to develop campaigns in partnership.	<ul style="list-style-type: none"> • Work with the sub region to develop campaigns in partnership. Identify opportunities for mutually-supportive actions and promotions. 	April 2013 and on going
<p>1.5 Ensure that a robust system is in place for gathering data relating to household fuel poverty (including energy use and SAP data in THH stock, Registered Provider stock and the Private Sector). Establish a common method to track progress and activity.</p>	<ul style="list-style-type: none"> • Investigate the use of UNO energy efficiency database to monitor RdSAP data. • Agree a method for tracking energy efficiency activity across Registered Provider housing stock. • Agree a cycle of housing stock condition surveys. • Agree a strategy for sharing Energy Performance Certificate (EPC) data. 	<p>Completed May 2013</p> <p>March 2014 March 2014</p>
<p>Key Aim Two</p> <p>Provide access to cheap energy for council tenants and residents living in the borough and ensure that homes in the borough are affordable to heat for all including those reliant on state benefits.</p>		
Objective	Key Actions	Timings
<p>2.1 T.H.E Community Power</p>	<ul style="list-style-type: none"> • Set up the collective energy switching scheme. • Hold 3 to 4 collective energy switching auctions per annum. • Establish a scheme for switching void properties to a preferred energy supplier. • Encourage developers to use the borough preferred supplier as the property initial supplier. 	<p>Completed April 2013 April 2013 and on going March 2014</p> <p>March 2014</p>
<p>2.2 Ensure all council policies, strategies and statutory powers contribute to providing access to affordable warmth.</p>	<ul style="list-style-type: none"> • Consider revising the Housing Allocations Policy to take in to account the energy efficiency of the property. • Consider a policy that takes in to account the energy efficiency of a dwelling before approving rent increases, with the aim of linking higher rents with lower energy running costs. • Use enforcement powers to remove damp and mould growth, excess cold and excess heat hazards recognised in the HHSRS. 	<p>March 2014</p> <p>March 2014</p> <p>March 2014</p>
<p>2.3 Ensure all housing providers improve the energy efficiency of their properties.</p>	<ul style="list-style-type: none"> • Produce regular promotional leaflet containing information about the landlord benefits of energy efficiency, with guidance on grants, loans and relevant Council services. 	September 2013

	<ul style="list-style-type: none"> • Include a basic energy efficiency check-list as entry criteria to the Council's Landlord Accreditation Scheme. • Adopt a policy to ensure no property in the borough has a SAP rating of less than 40. 	<p>September 2013</p> <p>March 2014</p>
2.4 Reduce the number of pre-payment meters in the borough.	<ul style="list-style-type: none"> • Identify the number of pre-payment meters in the borough. • Provide support to those who are on pre-payment meters as result of fuel debt. • Provide energy monitors to those who prefer to be on the pre-payment meters to better manage their energy budget. 	<p>March 2014</p> <p>April 2013 and on going</p> <p>September 2013</p>
<p>Key Aim Three</p> <p>To Empower, Educate and Inform the people about how to achieve Affordable Warmth</p>		
Objective	Key Actions	Timings
3.1 Establish Affordable Warmth champions and a Referral Mechanism.	<ul style="list-style-type: none"> • Establish a network of affordable Warmth champions. • Provide refresher training to existing champions and train new champions. • Revisit and refresh the existing Referral Mechanism. 	<p>October 2013</p> <p>October 2013</p> <p>July 2013</p>
3.2 Providing tailored energy efficiency advice.	<ul style="list-style-type: none"> • Establish an Energy Doctor's Scheme providing tailored energy efficiency advice in peoples home. • Provide free thermal surveys of homes to demonstrate the benefits of insulation. • Hold regular energy efficiency surgeries in idea stores and community centres. 	<p>October 2013 and on going</p> <p>October 2013 and on going</p> <p>April 2013 and on going</p>
3.3 Better promotion of the Energy Efficiency and Affordable Warmth Service.	<ul style="list-style-type: none"> • Ensure that every resident is aware of the Fuel Poverty Strategy and what it means to them. • Ensure that the council has clear signposting to, or provision of energy efficiency advice to householders. • Provide energy efficiency guidance and energy packs to households. • Deliver short energy efficiency courses for households through idea stores learning programmes. 	<p>April 2013 and on going</p> <p>April 2013 and on going</p> <p>April 2013 and on going January 2014</p>
3.4 Provide an income maximisation service.	<ul style="list-style-type: none"> • Provide energy budgeting advice and household energy plans to pay off energy debts. 	<p>September 2013 and on going</p> <p>April 2013 and on going</p> <p>March 2014 and on going</p>

	<ul style="list-style-type: none"> • Provide benefit entitlement check service. • Use the Energy Co-op to provide access to green jobs and apprenticeships. 	
3.5 Ensure households are claiming their entitlement.	<ul style="list-style-type: none"> • Run campaigns to publicise winter fuel payments entitlements, Cold weather payments and warm homes discount schemes. • Sign posting to other grants for home improvements. 	<p>October 2013 and on going</p> <p>September 2013 and on going</p>

Key Aim Four

Access to funding to deliver energy efficiency projects

Objective	Key Actions	Timings
4.1 Identify a range of energy efficiency projects.	<ul style="list-style-type: none"> • Identify a number of energy projects ready to be funded. • Identify groups and co-ordinators for the projects. • Identify projects by wards. 	<p>January 2014</p> <p>March 2014</p> <p>March 2014</p>
4.2 Actively apply for external funding	<ul style="list-style-type: none"> • European Funding – IEE, Life+, ERDF, ELENA • Regional Funding – DECC, LEAF, RENEW 	<p>April 2013 and on going</p> <p>April 2013 and on going</p>
4.3 Energy Company Obligations (ECO)	<ul style="list-style-type: none"> • Identify and implement projects to be funded through ECO • Maximise the boroughs access to ECO Affordable Warmth 	<p>April 2013 and on going</p> <p>April 2013 and on going</p>
4.4 Green Deal Plan	<ul style="list-style-type: none"> • Develop a strategy for the local authority to act as a facilitator for the Green Deal Plan • Marketing campaigns to make tenants aware of the Green Deal Plan opportunities. • Work closely with the private sector landlords. 	<p>October 2013</p> <p>October 2013</p> <p>October 2013</p>
4.5 Local Authority Carbon Mitigation Fund	<ul style="list-style-type: none"> • Complete the Planning Obligations charging schedule strategy • Deliver projects through this fund. 	<p>March 2014</p> <p>March 2016</p>
4.6 Maximising Renewable Energy	<ul style="list-style-type: none"> • Publicise Feed in Tariffs • Publicise Renewable Heat Incentives 	<p>October 2013</p> <p>October 2013</p>

Key Aim Five

Good practice demonstrations and pilot projects

Objective	Key Actions	When
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5.1 Total community Retrofit Project	<ul style="list-style-type: none"> • Implement the total community retrofit project showcasing community based approach to energy efficiency. 	March 2016
5.2 Area based approach	<ul style="list-style-type: none"> • Build up on the ReNew project and deliver further projects. 	March 2014
5.3 Undertake a review of opportunities for the implementation of Combined Heat and Power (CHP) and district heating for existing and dwellings.	<ul style="list-style-type: none"> • Promote Barkantine Heat and Power as a good practice case study • Map out existing heat networks • Identify new district heating schemes 	March 2014
		March 2014
		March 2014
5.4 Zero carbon Homes	<ul style="list-style-type: none"> • Require new build domestic developments to be zero carbon by 2016 in accordance with government targets. 	March 2016

Summary - Equality Analysis

Section 1 – General Information (Aims and Objectives)

Name of the proposal including aims, objectives and purpose:

(Please note – for the purpose of this doc, ‘proposal’ refers to a policy, function, strategy or project)

Fuel Poverty Strategy

Who is expected to benefit from the proposal?

Residents of Tower Hamlets

Service area: **Strategy Regeneration & Sustainability**

Team name: **Sustainable Development**

Service manager: **Jackie Odunoye**

Name and role of the officer completing the EA: **Abdul J Khan**

Target Groups	Impact – Positive or Adverse What impact will the proposal have on specific groups of service users or staff?	Reason(s) <ul style="list-style-type: none"> • Please add a narrative to justify your claims around impacts and, • Please describe the analysis and interpretation of evidence to support your conclusion as this will inform decision making Please also how the proposal with promote the three One Tower Hamlets objectives? -Reducing inequalities -Ensuring strong community cohesion -Strengthening community leadership
Race	Positive	Will the strategy have an adverse impact on specific ethnic groups?

		<p>No. Fuel poverty affects all sections of the community and the service provided is accessible by all sections of the community, language and communication barrier exists mostly in the Bengali community, the sustainable development team employ Bengali speaking energy advisors where any advice is available in the Bengali language.</p>
Disability	Positive	<p>Will the change in your policy/service have an adverse impact on disabled people?</p> <p>No. those who have a disability tend to spend a lot of time at home and during the winter months this would result in requiring the home to be heated for longer periods and thus result in higher energy bills, households with a disability have a higher likelihood of being in fuel poverty.</p> <p>A lot of the government funding is means tested and therefore households on a disability related benefit could receive extra funding towards making their home more energy efficient.</p>
Gender	Positive	<p>Will the change in your policy/service have an adverse impact on men or women?</p> <p>No. The fuel poverty strategy provides residents a home energy assessment and advice carried out in the home of the resident. Some female households prefer visits to be carried out by women officers; the sustainable development team employs women energy advisors who are able to carry out these visits when required.</p>
Sexual Orientation	Neutral	<p>Will the change in your policy/service have an adverse impact on lesbian, gay or bisexual people?</p> <p>No. the fuel poverty service provided does not have any impacts on sexual orientation.</p>
Religion or Belief	Neutral	<p>Will the change in your policy/service have an adverse impact on people who practice a religion or belief?</p> <p>No. the fuel poverty service provided does not have any impacts on religion or belief.</p>
Age	Positive	<p>Will the change in your policy/service have an adverse impact on specific age groups?</p> <p>No. Elderly households represent the highest portion of households in fuel poverty, this group is the most vulnerable group who are also most affected by the health impacts related of fuel poverty. Means tested government grants are available to elderly households such as pensioners which could be used</p>

		to improve the energy efficiency of their homes.
Other Socio-economic	Positive	<p>Will the change in your policy/service have an adverse impact on people with low incomes?</p> <p>No. households with a low income will qualify for grants to improve the energy efficiency of their homes. This strategy also provides income maximisation advice and will benefit low income households the most.</p>

'Full equality impact assessment available upon request

