

EAST AYRSHIRE COUNCIL

CABINET: 17 DECEMBER 2008

FUEL POVERTY & INCOME MAXIMISATION

Report by the Executive Director of Neighbourhood Services

1. PURPOSE OF REPORT

To inform Members of the activities underway across the Authority to tackle fuel poverty; to demonstrate the impact of rising fuel prices on the numbers in fuel poverty; to identify potential areas for growth in current services and activities; and, to seek approval to implement these where appropriate.

2. BACKGROUND TO FUEL POVERTY

2.1 Defining Fuel Poverty

“A house is in fuel poverty if, in order to maintain a satisfactory heating regime, it would be required to spend more than 10% of its income (including Housing Benefit or Income Support for Mortgage Interest) on all household fuel use.” (Scottish Fuel Poverty Statement 2002)

There are three principal factors that determine the number of households that are fuel poor:

1. Fuel prices;
2. Household incomes; and
3. The energy efficiency of housing

Fuel poverty is not a constant. People move in and out of fuel poverty, as their incomes go up and down and, importantly, as fuel prices fluctuate, making it difficult to measure.

The main source of information on fuel poverty in Scotland is the Scottish House Condition Survey (SHCS). In 2003, the new approach taken by SHCS lends itself to key high-level national estimates, rather than in-depth estimates for specific topics. Therefore, fuel poverty figures at Local Authority Level have not been updated since 2002.

At 2002, 11% of East Ayrshire households were recorded as being in fuel poverty, closely reflected the national figure of 13%.

Since 2002, national figures indicate that Fuel Poverty levels have increased every year, with a particularly large increase to 2005/6:

Year	Percentage households in Fuel Poverty
2002	13%
2003/04	15.4%
2004/05	18.2%
2005/06	23.5%

Assuming, East Ayrshire continues to mirror this national trend, we can estimate that in excess of 20% of the local population were in fuel poverty at 2005/06. However, due to its fluctuating nature, any attempt to measure fuel poverty can, at best, only provide a snap-shot at the point of measurement.

Energy Action Scotland's most recent estimate is that the current number of households in fuel poverty in Scotland is around 35%, and for every 1% increase in fuel prices, a further 8,000 households are brought into fuel poverty.

2.2 Fuel Prices

Fuel costs are a significant factor in determining whether a person is fuel poor.

Analysis undertaken for the National Review has revealed that fuel prices would need to fall by around 80% to eradicate only 80% of fuel poverty. Indeed fuel prices would need to fall to almost zero to eliminate fuel poverty entirely.

Since the publication of our last Fuel Poverty Strategy in 2004, 2007 figures from the Department of Business, Enterprise and Regulatory Reform indicate that UK;

- Gas prices have increased by 63%,
- Electricity prices have increased by 45%,
- Heating Oil prices have increased by 46%, and
- Coal prices have increased by 27%.

The first three commodities are heavily influenced by the price of crude oil which peaked this year at \$144 per barrel. Prices have fallen substantially to \$51 and although there is an inevitable time lag until these prices are passed on to consumers, we should begin to see complementary falls in the prices of gas, electricity and home heating oil.

Short term decreases notwithstanding, many experts still predict rising prices in the medium and certainly the longer term, therefore significant positive impact on fuel poverty is unlikely. On this theme, the Scottish Government's response to the Scottish Fuel Poverty Forum's October 2008 fuel poverty report, detailed below, should provide a helpful insight from which we can draw on.

A range of National Agencies continue to put pressure on the Government and Energy Companies to re-think their responses to fuel poverty and consider measures such as compulsory social tariffs for the poorest households. If such lobbying is successful, and recent reports from the UK Government suggest that it is, fuel prices may become more affordable for low income families in the coming months.

2.3 National Strategic Agenda

The Housing (Scotland) Act 2001 placed a statutory requirement on all Local Authorities to produce a fuel poverty strategy, setting out the Authorities Action Plan for tackling the issue within their local boundaries.

This was followed in 2002, by a Fuel Poverty Statement, which set the target of complete eradication of Fuel Poverty by 2016, “as far as is reasonably practicable”.

In May 2008, the Scottish Government published its review of Fuel Poverty in Scotland, examining the potential to improve and build upon current policies and programmes to attempt to halt the continued increase in the levels of Fuel Poverty recorded since 2002. The review admitted that the prognosis for achieving this target “was not good.”

After its publication, The Scottish Fuel Poverty Forum was established to consider the findings of that review, as well as any other available evidence, and were tasked to:

- advise Ministers on options for refocusing the policy and funding to better achieve the target of eradicating fuel poverty,
- recommend changes to be made in the short term, within current legislative powers and delivery mechanisms,
- recommend changes to be made in the longer term, which might require changes to legislation and / or delivery mechanisms, and
- recommend a long term role and remit for the stakeholder forum in monitoring progress on eradicating fuel poverty.

The Forum agreed their final report and recommendations on the 25 September and the report ‘Towards 2016 – The Future of Fuel Poverty in Scotland’ was subsequently published on the 10 October 2008. The report contains a series of recommendations including a new Energy Assistance Package including advice on tariffs, a benefits tax credit check and energy efficiency improvements for those struggling most to heat their homes and pay their energy bills.

In their report, the Forum recommends a redesigned future Fuel Poverty Programme – an ‘Energy Assistance Package’, aimed at helping the fuel poor in Scotland in a holistic way, building on existing advice networks, with greater integration of funding streams and with energy companies contributing to the package.

The Forum has however stressed that this recommended package which Cabinet Ministers have yet to take a view on will not achieve the 2016 Fuel Poverty Target on its own. In addition, it believes a step change in investment as soon as possible is required including partnership working between the UK and Scottish Governments, energy companies and others.

The Scottish Budget Spending Review had previously identified significant resources - £46m per annum for 2008-2011 – for programmes directly targeting Fuel Poverty.

However, following the review undertaken by The Scottish Fuel Poverty Forum, on 19 November 2008 a new Energy Assistance Package was announced by the Scottish Government. This package, the central recommendation of the Forum, will be introduced in April 2009 and will be backed by £55.8m per year.

The package will help increase incomes, reduce fuel bills and improve the energy efficiency of homes, offering an integrated package of:

- Energy, benefits, tax credit and tariff checks for a wide range of people,
- Standard insulation measures provided free for those most vulnerable to fuel poverty, and
- Enhanced energy efficiency measures - including central heating, renewable heating systems and insulation for hard to treat homes - for low income households including families living in homes with the lowest energy efficiency.

2.4 Local Strategic Agenda

Local Housing Strategy 2004-2009

In fulfilment of our statutory duty, East Ayrshire Council, in conjunction with a variety of partners, developed a Fuel Poverty Strategy in 2004 to form a core part of its Local Housing Strategy (LHS).

From the Action Plan that arose from the Fuel Poverty Strategy, 3 out of 21 actions have yet to be completed, as listed below.

1. Target those on low incomes by including advice with arrears letters / benefit advice / cheques.
2. Carry out an audit of what resources are available to all partners
3. Source and provide relevant Fuel Poverty training for front line staff

The production of a separate fuel poverty strategy is no longer required; however the scope of the LHS will be widened to include fuel poverty issues. Guidance published in 2008, sets out the requirements for Fuel Poverty's inclusion in the second round LHS to be submitted between 2009 and 2011.

Single Outcome Agreement (SOA) 2008-2011

There is no specific reference to *fuel* poverty in the SOA although local outcomes have been clearly designed to address poverty in a general sense. Outcomes include:

- Health and Wellbeing of the local population improved,
- Everyone within our communities can access the full range of services which help to combat poverty, and
- Financial inclusion within disadvantaged communities promoted.

East Ayrshire Community Plan

Fuel poverty prevents the fulfilling of our Community Planning vision, impacting on all six themes of the East Ayrshire Community Plan:

Promoting Community Learning

Fuel poverty is detrimental to the education of children who are unable to go to a warm quiet room to do homework. In addition, those in fuel poverty are likely to miss more schooling or work due to ill health.

Improving Opportunities

The opportunity for people to be active members of their community can be impeded by fuel poverty as they do not have the disposable income to participate in social activities.

Improving Community Safety

Older heating systems, as well as being more costly to run, are often associated with dangerous levels of carbon monoxide and can also be a fire hazard. For this reason, home safety and security measures are often integrated with energy efficiency.

Improving Health

Being in fuel poverty essentially leads to people living in cold damp homes. The most serious effect this has is on an individual's health. The cold is known to aggravate respiratory conditions and exposure leads to an increase in colds, flu and at worst, hypothermia. Heart disease, strokes and mental health problems are also worsened by exposure to cold. (General Register Office for Scotland, Occasional Paper 7, 2002)

Eliminating Poverty

Those in fuel poverty have to spend a higher percentage of their income on heating their home which leaves less disposable income for other essential items and exacerbates poverty.

Improving the Environment

Houses in poor condition, and with a poor energy efficiency rating, impact on the environment as they contribute to wasted energy and pollution.

The Community Planning Partnership's Eliminating Poverty Action Plan commits to 3 significant actions in relation to fuel poverty, namely to:

1. provide appropriate information, advice and assistance to individuals and families identified as being liable to disadvantage through fuel poverty,
2. promote and develop the provision of accessible welfare benefits advice, income maximisation and money advice services via partnership working to ensure capacity is available on an equitable basis to those most vulnerable, and
3. provide services to older people via a joint team involving the Council and DWP Pension Service.

3. HOW IS EAST AYRSHIRE COUNCIL ADDRESSING FUEL POVERTY?

3.1 Energy Advice Unit

The Energy Advice Unit works with internal and external partners to tackle Fuel Poverty across the authority. As well as responding to requests for advice made to the unit either directly or via referral from other agencies, the energy advice unit uses the East Ayrshire Fuel Poverty Mapping Indicators to identify areas at high risk of being in fuel poverty and pro-actively targets residents in these areas.

The unit's activities are centred on maximising fuel efficiency through both the provision of advice and assistance to individuals, and working directly with suppliers to undertake more practical activities centred on maximising fuel efficiency, ranging from simple measures such as distributing low energy light bulbs to offering insulation upgrades. Activities the unit are involved in include:

- Energy Advice Surgeries
- Community Groups visits/talks (from Toddlers Groups through to Elderly Forums)
- Schools Environmental Events & Eco Committees
- Council & National Events (awareness raising)

- Energy Advice Line (giving advice to residents on all fuel related issues, be they technical – e.g. condensation & ventilation issues, insulation, efficient use of equipment; financial – e.g. fuel debt tariffs, payment methods, running costs, monitoring consumption; behavioural – e.g. methods of reducing energy by low or no-cost measures, advice relative to the assessment of the individuals own house. Advice complies with the Domestic Energy Efficiency Code of Practice Standards.
- Home visits (advice specific to individuals and their lifestyles – same services as the advice line but delivered in the home)
- Publicity where possible – local newspapers, website, leaflets
- Issue of low energy light bulbs at all events.
- Sourcing of external funding
- Improving insulation and upgrading central heating systems in Council houses year on year (10 years progress to date). The Wise Group works across the Authority in a constructive manner to offer insulation, energy advice and income maximisation as well as following the capital programme for central heating installations.
- Investigating the possibility of installing renewable energy sources into Council Houses to reduce the burden on tenants living in off-gas main areas.

The unit also promote a wide range of grants and loans that are available from national programmes such as the Scottish Government's Central Heating Programme, the Warm Deal Initiative, and previously the New Boiler Grant Scheme, the Private Landlords Boiler Scheme and the Rural Communities Renewables Scheme.

From April 2005 to March 2007, it is known that the following works were carried out in East Ayrshire:

- 648 properties had central heating installed under the Scottish Government Free Central Heating Scheme.
- The Warm Deal Grant scheme funded 526 loft insulation installations and 126 cavity wall insulation installations.
- The New Boiler Grant Scheme funded 60 installations.
- The Private Landlords Boiler Scheme funded 36 installations.
- The Rural Communities Renewables Scheme funded 12 renewable energy systems and 24 insulation installations.

3.2 Joint Team

The East Ayrshire Joint Team was launched in December 2006 as a joint partnership with East Ayrshire Council Supporting People Team and Department of Work and Pensions – Local Pension Service, to identify local residents in East Ayrshire who were over 60 and may be entitled to extra benefits / income. The aim of the initiative is to increase the personal weekly income for residents over 60 years

within East Ayrshire. Similar partnerships are in place within all Scottish Local Authorities.

Nationally, the DWP estimates that up to 40% of eligible pensioners may not be claiming Pension Credit – a third of which are expected to be aged over 80. Further, it estimates that between 15 to 22% of the overall welfare benefits budget was left unclaimed in 2005 / 06.

As a result of comprehensive external training, the existing team members are able to identify where individuals are entitled to Pension Credit; Housing Benefit; Council Tax Benefit; Attendance Allowance; Disability Living Allowance, Carers Allowance; and Bereavement Benefits, and to identify referrals as appropriate to other services e.g. Aids and Adaptations; Energy Advice; Social Work; Care and Repair and other voluntary groups as required.

Vulnerable residents are visited in their own home, where team members are able to assist with the completion of all necessary application forms. The preview and preparation work undertaken prior to the visit ensures a quality outcome, and as a result of their accreditation and the authority to access DWP and Housing Benefit / Council Tax Benefit systems, team members are able to carry out required verification and track progress of claims once these are submitted.

Joint Team Outcomes for 07/08

- 966 claims were made resulting in 673 successful awards.
- £1.358m of extra income generated for pensioners, as detailed below:

BENEFIT	YEARLY AMOUNT GENERATED
PENSION CREDIT	£567,499.40
ATTENDANCE ALLOWANCE	£435,154.20
DISABILITY LIVING ALLOWANCE	£69,310.80
RETIREMENT PENSION	£105,080.56
CARERS ALLOWANCE	£1401.92
HOUSING BENEFIT	£100,767.68
COUNCIL TAX BENEFIT	£65,031.20
OTHERS	£14,417.00
TOTAL BENEFIT GENERATED 2007-2008	£1,358,662.76

- The Scheme is on target to deliver a similar figure in 2008/09, with figures for the period 1 April 08 to 30 August 08 showing £882,596.00 generated for East Ayrshire residents.
- Experience with the application and claims process, and familiarity with claim tracking and essential information requirements, have allowed the team to

increase the proportion of visits resulting in a claim to 90% with 94% of these claims resulting in an award.

The work of the Joint Team is due to finish at the end of March 2009 as the ring-fenced funding, linked to the Supporting People Grant which facilitated this work has ended.

Income maximisation work is also being carried out by the CAB, the benefits maximisation subgroup of the Eliminating Poverty Action Plan Group and The Wise Group, who also work with the Energy Advice Unit to provide energy efficiency measures.

3.3 Housing Stock – the Social Rented Sector

The ongoing work of the Council's Housing Improvement Programme is structured around meeting the Scottish Housing Quality Standard (SHQS) by 2015. The measures targeted at improving fuel efficiency of the stock are detailed below.

East Ayrshire Council stock- 13,300 properties as at August 2008

Condensing Boilers	EAC has been installing Grade A condensing combi-boilers in its stock since 2004, at the rate of over 1,000 annually. 4,300 have been fitted so far.
Wet Radiator Systems	For properties where mains gas is not available, a very efficient electric low pressure wet radiator system is being fitted and fuelled by an off-peak rate tariff provided by Scottish Hydro Electric.
Loft Insulation	There is a rolling top up programme which brings properties up to the current standard when properties are identified as not meeting these standards. This is an ad hoc programme linked to the heating programme, house condition survey work and void surveys. Contractors are in place to carry out the necessary works on identification.
Cavity Wall Insulation & external overcladding	Records indicate that 95% of properties with suitable cavity walls have had cavity insulation installed. All remaining properties will have insulation installed on an ad hoc basis as they are identified from the ongoing house condition survey work

	<p>and other similar survey programmes.</p> <p>Where properties have solid walls, external cladding has been fitted to some 100 properties since 2003. Overcladding works have also been carried out to some properties that have been identified as having particular dampness/water ingress problems due to their design and exposed location.</p>
Double glazing	<p>There remain some 5,300 properties with single 6mm glazed windows within our stock, 98% of these windows have UPVC frames. We are replacing single glazing with double glazing and with priority being given to those properties with problems arising from age or design issues or other fuel efficiency problems.</p> <p>Solar efficient glazing has been used for all window installations since 2003 and we continue to take account of any energy saving innovations as they are developed.</p> <p>600 properties are due to have their windows replaced in 2008/9. 200 are programmed to be replaced in 2009/10 and a similar amount in subsequent years.</p> <p>There may be scope for expansion of annual window replacement programmes depending on progress on other elements of our SHQS programmes.</p>
Properties not meeting SHQS	<p>Current estimate is that 5892 (44%) properties do not meet some element of the SHQS.</p>

3.4 Social Work Services

Social Work has the lead role in coordinating and reporting on the Eliminating Poverty theme of the Community Plan, within which there are Actions focusing on both fuel poverty and benefit take up.

The Benefit Take Up Group which operates as a sub group of the Eliminating Poverty Action Plan Group adopts a partnership approach to raising awareness of benefits and promoting take up. Increased awareness has been achieved through at least 12 events annually, a number of which have also had an Energy Advice / fuel poverty focus.

The Eliminating Poverty Action Plan Group will cease to exist in its current form from 1 April 2009. The amalgamation of the Improving Health and Eliminating Poverty Action Plans to form an Improving Health and Wellbeing Action Plan means that lead responsibility will sit with the Community Health Partnership/NHS Ayrshire and Arran.

A key role of the Team Manager (Financial Inclusion) is to ensure that the 6 in house Support Assistant posts specialising in the field of welfare rights or money advice within Social Work are aware of and have opportunities to access, specialist benefits training, including fuel poverty seminars, to maintain and develop their skills and knowledge base.

Further to the Fairer Scotland funding allocation (previously Financial Inclusion funding), arrangements are in place to monitor and report on the work of the two locally based Credit Unions in offering and raising awareness of low cost financial services.

Partnership work with North and South Ayrshire Councils in the development of the MacMillan Benefit Project (funded by MacMillan and hosted on an Ayrshire wide basis by North Ayrshire Council) aims to ensure that Ayrshire cancer patients are provided with the opportunity to have benefit income maximised.

3.5 Citizens Advice Bureau (CAB)

The CAB's funding streams are detailed below.

East Ayrshire Council (core funds)	£139,998
East Ayrshire Council (money advice)	£105,924
Community Planning Partnership (CPP)	£26,450
The Big Lottery	£36,067
Citizens Advice Scotland	£6,000
NHS Ayrshire & Arran (IASS Project)	£26,700
Total	£341,139

The CPP allocation will be £100,000 in the next two financial years as a reduced amount was requested in *this* financial year due to a carry forward of financial inclusion funding.

East Ayrshire CAB handled 391 utilities issues in the six months from 1 April 2008 – 30 September 2008 with over 80 per cent of the issues relating to fuel debt. The number of issues, handled by the CAB, relating to fuel debt is likely to be much higher as the figures referred to above relates to people who present with a fuel debt problem and does not include the number of people who present with a consumer debt issue and also have fuel debts.

Since 1 April 2008 the money advice assistants (funded by the CPP) have stopped 30 households being disconnected and payment arrangements made for these individuals. Over £5k has been realised in grants to pay off energy arrears and nearly £3k has been gained by revised or written off bills.

A further 53 households have received budgeting advice and repayments arrangements for current consumption with a small repayments towards the arrears.

Further assistance currently provided by the CAB:

- Income maximisation which includes identifying benefits to which the client may be entitled, assisting to complete the application form and representing at an appeal if the application is unsuccessful.
- Negotiating realistic repayments for any arrears with the fuel supplier.
- Obtaining grants from charitable organisations to help repay arrears.
- Assisting clients set up a payment method suitable to their particular circumstances.
- Helping to sort out confusing and inaccurate bills.
- Resolving any issues around which company is supplying the customer.
- Reading meters if required.
- Assisting with any other debt problems.
- Referring to EAC energy efficiency team to have property checked for insulation etc.

This focus on fuel poverty presents the opportunity to review our partnership working with the CAB to ensure that the current funding we are providing appropriately

matches our strategic priorities and that clear lines of reporting and sufficient monitoring arrangements are in place.

4. LOOKING FORWARD: REDOUBLING OUR EFFORTS

- 4.1.** Following a request by the Leader of the Council, the Chief Executive arranged a meeting of officers, on 11 November 2008, with a role to play in the Council's efforts to address fuel poverty. Representation was made from the Energy Advice Unit, Housing, the Joint Team, Social Work, Trading Standards, Benefits Section and Libraries, Registration and Information Services.

The purpose of the meeting was to identify measures being taken to address fuel poverty and develop recommendations to build on this good work, with very limited scope for new resources.

The 9 recommendations that were developed are listed below.

1. Review our partnership working with the CAB to ensure that the current funding we are providing appropriately matches our strategic priorities and avoids duplication. This review should clearly identify lines of reporting and outline sufficient monitoring arrangements.
2. Continue and extend the work undertaken by the Joint Team within Housing Services. Drawing on the positive work undertaken to date with the over 60 group, the Team should pursue opportunities to broaden their focus to include households who may be eligible for different benefits.
3. The Energy Advice Unit should review their fuel poverty information to ensure that it is as up-to-date as possible and that it takes account of the new ward boundaries. Data sources, both from within the Council (Benefits, SIMD) and from the major power companies (street level data), should be used to better identify those hotspot areas that require priority attention.
4. Establish and publicise a single phone number that can accommodate calls in relation to all aspects of fuel poverty including energy advice and income maximisation.
5. Initiate fuel poverty awareness training, in the form of a toolbox talk to appropriate frontline staff, including social work, housing and local office staff, to better equip them to identify households who may be fuel poor and take appropriate action in the form of an expeditious referral.
6. The Energy Advice Unit should seek to establish the cheapest social tariffs available in East Ayrshire and commit to widespread awareness raising with the intention of significantly increasing take up by eligible households.

7. Remit the responsibility of the lead officer for fuel poverty to the Head of Housing who should establish a regular reporting arrangement to both the Corporate Management Team and Cabinet.
8. As per the 2004 Fuel Poverty Strategy, the Energy Advice Unit should review the full extent of resources available to us from external sources to ensure that households in East Ayrshire are getting all the support available.
9. To maintain progress prior to the publication of a revised Local Housing Strategy in 2011, the Fuel Poverty Strategy Action Plan should be updated to include the 8 recommendations listed above. Consideration should be given to the revision the outgoing Fuel Poverty Strategy in 2009, despite the statutory obligation having been removed.

5. FINANCIAL / PERSONNEL IMPLICATIONS

Approximately £3,500 would be required to implement recommendation 3 and can be funded from existing budgets from within Finance & Asset Management.

Continuing and extending the work of the Joint Team, as outlined in recommendation 2 would cost £150k per annum. £100k will come from the existing Housing Revenue Account and it would be proposed that £50k would be allocated from the £1m freed up by the Review of Ringfenced Funding within the General Fund for complementary value to other services.

The fuel poverty awareness training, recommendation 5, can be funded from existing departmental budgets.

6. POLICY / LEGAL IMPLICATIONS

The Council has a statutory obligation, under Section 88 of the Housing (Scotland) Act 2001, to tackle fuel poverty in support of the published Fuel Poverty Statement, which set the target of complete eradication of Fuel Poverty by 2016.

Tackling fuel poverty supports the Community Plan aim of Eliminating Poverty and addresses those local outcomes from the SOA listed in section 2.4 of this report.

7. RECOMMENDATIONS

It is recommended that Members:

- (i) note the work currently being carried out to tackle fuel poverty,
- (ii) agree to the 9 recommendations as set out in Section 4, and
- (iii) otherwise note the content of the report.

William Stafford

Executive Director of Neighbourhood
Services

1 December 2008

LIST OF BACKGROUND PAPERS

1. The East Ayrshire Fuel Poverty Strategy 2004-2009
2. Review of Fuel Poverty in Scotland, May 2008
3. Towards 2016 – The Future of Fuel Poverty Policy in Scotland, September 2008
4. Home Energy Conservation Act, 5th Progress Report
5. Quarterly Energy Prices - September 2008, Department of Business, Enterprise and Regulatory Reform

Members wishing further information should contact:

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IMPLEMENTATION OFFICERS

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