

Report of the Strategic Director of Corporate Services to the meeting of Environment and Waste Management Overview & Scrutiny Committee to be held on 31 October 2017

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Subject:

Update on the Fuel Poverty Framework for Action for the Bradford District and the Better Homes Yorkshire Programme

Summary statement:

This report provides an update on the progress of the programme of Work for the Fuel Poverty Framework for Action for the Bradford District and an update on the Better Homes Yorkshire Programme

Stuart McKinnon-Evans
Strategic Director Corporate Services

Portfolio:
Environment

Report Contact: Pete Betts,
Sustainable Housing Officer
Phone: (01274) 432497
E-mail: pete.betts@bradford.gov.uk

Overview & Scrutiny Area:
Environment and Waste Management

1. SUMMARY

This report provides an update on the progress on the Fuel Poverty Framework for Action and the related Programme of Work since the previous report to the Environment and Waste Management Overview & Scrutiny Committee on 25 October 2016.

The report also provides an update on the progress of the regional Better Homes Yorkshire programme and related issues including the Tackling Fuel Poverty Programme scheme that has been delivered in the District, the new Bradford Healthy Heat Programme and the bid to the Government's Warm Homes Fund to provide first time gas central heating to households vulnerable to fuel poverty.

2. BACKGROUND

Fuel Poverty in the Bradford District Statistical Update

Fuel poverty is still a significant issue in the Bradford Metropolitan District. The latest figures available from the Department for Business, Energy and Industrial Strategy (BEIS) show that 30,380 households (15.0%) in the District were considered to be in fuel poverty in 2015 (an increase from 13.2% in 2014). Bradford has the twelfth highest level of fuel poverty of any local authority in England and has the highest in both the Leeds City Region and the Yorkshire and The Humber region.

Table 1: Fuel Poverty in England 2012 to 2015 (BEIS 2017)

	2015	2014	2013	2012
Bradford Metropolitan District	15.0%	13.2%	14.1%	14.2%
Yorkshire and The Humber	12.4%	11.8%	10.6%	10.8%
England	11.0%	10.6%	10.4%	10.4%

Bradford has a relatively high level of fuel poverty due to the high level of deprivation in parts of the District, low household incomes and the poor quality of the dwelling stock. The BRE Housing Stock Modelling and Database for the Bradford Metropolitan District (May 2016) showed that in 2013:

- the highest concentrations of fuel poverty were found in the inner-city wards of City, Bowling and Barkerend and Bradford Moor
- all fuel poor households in the District came from the bottom four income decile groups
- around 40 per cent of each of the bottom two deciles were fuel poor as was 13 per cent of the combined third and fourth deciles
- the depth and likelihood of being fuel poor increases markedly with lower EPC scores
- there were 31 per cent of households living in EPC 'G' rated properties in fuel poverty, with an average fuel poverty gap of £1,274
- this is compared to those households living in properties with EPC ratings 'A' to 'C' where just two per cent were fuel poor and there was an average fuel poverty gap of £370

Fuel Poverty Framework for Action for the Bradford District

The Fuel Poverty Framework for Action for the Bradford District and the related Programme of Work was adopted by the Council in September 2015. An updated work programme for the 2016 to 2018 period was approved by the Environment and Waste Management Overview & Scrutiny Committee in October 2016.

Work is on-going to complete the actions in the revised programme of work (2016-18) for the Framework of Action. Appendix 1 gives a progress update for each action. The actions in this document recognise that improving 'hard to treat' properties in relatively deprived areas and addressing fuel poverty in the private rented sector (PRS) are important challenges in the District, whilst also recognising that there are significant difficulties in addressing these issues.

Warm Homes Healthy People

The Bradford Council Energy Centre and Public Health teams work closely with local third sector partners in the Warm Homes Healthy People (WHHP) partnership to deliver a 'Keeping Warm' programme, which includes direct support to vulnerable households in relation to affordable warmth & food as well as a range of other practical support needs. There are a number of small scale initiatives across the District providing energy debt advice as well as home visits to give individual's home energy advice.

Work has begun on preparing material to be used in capacity building community based support e.g. developing training packages to support up-skilling stakeholders and other appropriate agencies on Fuel Poverty issues. Every year a pot of funding is made available to community groups to assist in creating community projects based on isolation and health and wellbeing.

The programme continues to see thousands of individuals through the programme, whether it is through the Warm Homes Discount, fuel poverty measures or fuel top-ups.

Better Homes Yorkshire

Bradford Council is part of a partnership of Leeds City Region local authorities that have entered into an exclusive contract with Better Homes Yorkshire (a consortium of Keepmoat and Willmott Dixon) for the period of 2015 to 2018 with an option to extend for a further five years.

The Better Homes Yorkshire programme offers advice, home surveys and a range of energy efficiency, heating and renewable energy measures to all owner occupier and privately rented homes across the participating Local Authority areas. It also offers householders' access to funding (where eligible) through the Energy Company Obligation (ECO) scheme and other sources, such as central government funding (Green Deal Communities Fund, Central Heating Fund, etc) and the Local Growth Fund.

3. OTHER CONSIDERATIONS

Anti-Poverty Group

An overarching multi-partner Anti-Poverty Co-ordination Group has been established that will implement a number of the recommendations from the Bradford Scrutiny Poverty Review and consider interventions that will help alleviate poverty in the district.

The group is currently developing its strategic framework and delivery plan. These will be framed on the Joseph Rowntree Foundation's Five Point Plan to solve poverty by: boosting incomes and reducing costs; delivering an effective benefit system; improving education standards and raising skills; strengthening families and communities and; promoting long-term economic growth benefitting everyone. The Joseph Rowntree Foundation is supporting the group to develop their plans and data sets.

The new strategy will be underpinned by existing strategies and frameworks that are aimed at alleviating specific aspects of poverty experienced in the District, including the Fuel Poverty Framework for Action. Mechanisms will also be described in the strategy that will enable issues to be escalated to the Anti-Poverty Co-ordination Group for its consideration and action.

Future of Public Health funding for Warm Homes Healthy People

Public Health grants from Central Government have been ring fenced in the past and this has enabled various fuel poverty projects to be funded, such as the Warm Homes Healthy People (WHHP) programme. However this ring fence has recently been lifted.

The funding for the WHHP programme in the budget of 2017-19 is £25,000 for 2017-18 and £40,000 for 2018-19, giving a total of £65,000 over the two year period. This represents a reduction of current base funding of 76% (please note that the previous funding was £115,000 per annum). There is currently no provision for funding the WHHP programme from 2019 onwards.

Previously, a Warm Homes Officer post was funded through the Warm Homes Healthy People programme. This officer undertook Home Energy Checks for vulnerable people, supported clients to access the Warm Home Discount schemes and coordinated community based fuel poverty projects. This post has been vacant since February 2017 and can no longer be funded by Public Health, highlighting the immediate impacts of the reduction in funding on the future of projects, programmes and officer time.

Energy Company Obligation transition scheme 2017-2018 (ECO2t)

The Energy Company Obligation (ECO) is a government energy efficiency scheme for Great Britain, administered by Ofgem. An extension to the obligation period for ECO2 was established under The Electricity and Gas (Energy Company Obligation) (Amendment) Order 2017. The extension to the obligation period runs from 1 April 2017 to 30 September 2018 and is referred to as ECO2t.

ECO2t has two distinct obligations:

- Carbon Emissions Reduction Obligation (CERO): the installation of carbon qualifying actions, such as wall and roof insulation measures, connections to district heating systems (DHS), and 'secondary' insulation measures
- Home Heating Cost Reduction Obligation (HHCRO): the installation of heating qualifying actions, including insulation and the repair and replacement of boilers and electric storage heaters, to reduce home heating costs for low income, fuel poor and vulnerable people

There is a change of emphasis for the HHCRO obligation, moving away from targeting gas boiler replacements to more off-gas heating solutions and long term energy efficiency solutions (such as insulation).

The ECO2 Order sets overall targets for each of the above obligations. These are 19.7MtCO₂ for CERO and £6.46 billion for HHCRO. It should be noted that there has been a significant reduction in scale of ECO2 and ECO2t compared to the ECO1 scheme and earlier initiatives (e.g. CERT & CESP, etc). The amount of funding available for heating and insulation under the ECO scheme has declined: from £1.3 billion per annum available in the first year of ECO1 (2013/14) to £640 million per annum committed for the 18 month ECO2T transition period (April 2017 to September 2018). This represents a reduction of more than 50% of the original target.

This means in practice that most ECO measures available to fuel poor households will no longer be fully funded and will either require a contribution from the resident, or will need additional funding from a third party.

This is a particular issue in Bradford as the 'hard to treat' dwelling stock prevalent in the inner-city and peripheral estates within the District is where there are the highest levels of fuel poverty. These types of properties are more likely to need more expensive measures to improve their thermal performance, but are more likely to contain residents who are unlikely to be in a position to be able to afford a significant customer contribution towards the costs of the work required.

ECO2t Flexible Eligibility

The new ECO2t Regulations have allowed local authorities to set their own criteria for eligibility for funding for domestic energy efficiency measures. Energy companies can spend up to a maximum of 10% of their full obligation within this local authority defined criteria. This funding is aimed at supporting residents within a local authority area who are most likely to be at risk of fuel poverty.

Bradford Council was one of the first local authorities in the country to publish an online Statement Of Intent to outline its approach for the new scheme, which will allow access to this new stream of funding if suitable initiatives can be identified. All ECO2t Flexible Eligibility work in the Bradford District will be delivered by Better Homes Yorkshire.

Progress of the Better Homes Yorkshire programme

The ability for schemes like Better Homes Yorkshire to deliver outputs has relied heavily on Government energy efficiency financial support regimes largely delivered by obligations imposed on the 'Big 6' energy companies but also with ad hoc Government led grant programmes. Following the changes over the past few years in national policy there has

been a significantly lower level of funding from the ECO scheme, which together with the closure of the Green Deal and Green Deal Home Improvement Fund schemes has had a considerable impact on the delivery of the Better Homes Yorkshire programme.

The KPIs for the Better Homes Yorkshire scheme were agreed for partner authority level and initially included targets of improving 229 homes in the Bradford District in year one, 601 in year two & 1,115 in year three. However, in light of the changes in policy and financial support the target in year two was revised to just 815 homes **across the whole** of the Leeds City Region (188 measures in the Bradford District). The target for the District in 2017/18 is for 83 homes to have an energy efficiency measure installed, which is part of an overall target for the Leeds City Region of 1,114 homes improved.

Table 2: Better Homes Yorkshire original and revised KPIs (Bradford)

	Year 1	Year 2	Year 3
No of homes to be improved in the Bradford District (original target)	229	601	1,115
Revised targets for Bradford	-	188	83
Actual outputs	55	158	-

These lower targets reflect the significant changes in the market since the original Better Homes Yorkshire contract was signed, including the considerable downturn in the availability of funding from the national ECO scheme.

Securing additional project funding apart from that from the Energy Company Obligation has been challenging, but Bradford Council has a successful track record of attracting funds within the Better Homes Yorkshire partnership. There are still considerable advantages to having the programme in place as a structure for alternative funding bids where capacity for scale of delivery can make a significant difference.

Tackling Fuel Poverty Programme

The Tackling Fuel Poverty Programme (funded by the Local Growth Fund) has delivered a total of 138 external wall insulation measures to 'hard to treat' private dwellings in the Thorpe Edge, Bierley, Delph Hill & Parkside areas of the Bradford District, with the original target to improve 120 homes initially stretched to 132 and then to 138 to take advantage of improved rates of additional ECO funding.

The scheme has been delivered by the Better Homes Yorkshire framework, with all work carried out by a local sub-contractor, Hamilton (Building Contractors) Limited.

Bid to the national Warm Homes Fund

Bradford Council has been working with WYCA and partner local authorities to develop a bid to the Warm Homes Fund. This new stream of funding from the National Grid and Community Interest Company, Affordable Warmth Solutions is designed to support local authorities, registered social landlords and other organisations working in partnership with them, to address some of the issues affecting fuel poor households.

A successful Bradford bid will provide first time gas heating systems to provide space heating and domestic hot water for households vulnerable to fuel poverty who do not already have gas central heating. The new scheme will also work in conjunction with the Bradford Healthy Heat Programme.

Bradford Healthy Heat Programme

The new Bradford Healthy Heat Programme was launched in June 2017 to provide heating measures (boiler repairs or replacements to a new heating system) to private sector households at risk of fuel poverty containing a person with a chronic cold related condition referred by a suitable health professional. Bradford Council is aiming to work closely with Public Health, GPs and other local health service agencies to generate suitable referrals for the scheme.

This new scheme follows a similar model to the previous Bradford Healthy Heat initiatives, which helped to establish that there is a demand for such a service.

White Rose Energy

On 10 January 2017, Council Executive Committee approved Bradford Council to become a partner of White Rose Energy. The partnership was then formalised on 01 March 2017.

White Rose Energy is a partnership between Leeds City Council and Robin Hood Energy endorsed by Bradford Council. It is a not-for-profit energy initiative supplying electricity and gas to homes throughout Yorkshire with the aim of providing fairer more transparent gas and electricity prices to help residents save money on their utility bills. The motive for creating White Rose Energy was primarily to tackle fuel poverty and to help people to stay warm and comfortable in their own homes. White Rose Energy offers consistently low prices regardless of tariff with a focus on customers and is open to all householders in Yorkshire.

As of July 2017, there were 332 homes within the Bradford District with a White Rose Energy supply.

Fuel Poverty in the Private Rented Sector

Fuel poverty is a significant issue in the private rented sector (PRS) in the Bradford District. The BRE Report published in 2016 found that 25% of households living in privately rented properties in the District were in fuel poverty.

Research from the Energy Saving Trust in 2013 has shown that tenants in private rented housing are the least likely to benefit from uptake of energy efficient, money saving upgrades to their homes provided by the Energy Company Obligation (ECO) scheme and various other initiatives that have operated over the past 14 years.

This has also been the experience locally where it has been difficult to get uptake from the PRS for various energy related initiatives, especially where a customer contribution is required. It is thought that this is partly because it is unclear who the main beneficiary of the work is, the tenant who benefits from lower bills or the landlord whose property is improved.

In addition, there have been some concerns about public funds going to private landlords to improve their properties. However, it should be noted that it can be difficult for private landlords to establish a business case to justify investing in stock at the lower end of the PRS market, as it tends to provide low yield rents and any energy efficiency improvements in the property are unlikely to attract a higher rent or significantly increase the potential

sale value.

4. FINANCIAL & RESOURCE APPRAISAL

Actions in connection with the fuel poverty framework for action for Bradford are funded from within existing approved resources. Opportunities for additional local funding are being sought through the national Warm Homes Fund being coordinated through WYCA. Also, some incentive payments are made to Bradford via White Rose Energy but this is dependent on homes taking up the supply.

5. RISK MANAGEMENT AND GOVERNANCE ISSUES

None

6. LEGAL APPRAISAL

The Home Energy Conservation Act 1995 (HECA) requires the Council to report on what is being done to improve energy efficiency in all residential accommodation in the District and to provide a report every two years to the Secretary of State on progress in implementing the measures.

A legal power under which the proposals as set out in the report is provided under Section 1 of the Localism Act 2010 described as "the general power of competence".

7. OTHER IMPLICATIONS

7.1 EQUALITY & DIVERSITY

None

7.2 SUSTAINABILITY IMPLICATIONS

None

7.3 GREENHOUSE GAS EMISSIONS IMPACTS

Domestic energy improvements carried out by Better Homes Yorkshire will help to reduce the District's carbon footprint and greenhouse gas emissions. The work of the programme has so far delivered a total of 12,911 tonnes of lifetime carbon savings (as of September 2017). It is anticipated that a further 892 tonnes of lifetime carbon will be saved if the 2017/18 KPI targets for the Bradford District are achieved.

7.4 COMMUNITY SAFETY IMPLICATIONS

None

7.5 HUMAN RIGHTS ACT

Not applicable

7.6 TRADE UNION

Not applicable

7.7 WARD IMPLICATIONS

The Better Homes Yorkshire programme operates across the whole of the Bradford District but individual component schemes may be targeted at smaller areas. Please note that the wards targeted will be determined by the funding streams available, the types of measures that this funding can support and the suitability of the stock within a ward as well as the level of fuel poverty.

8. NOT FOR PUBLICATION DOCUMENTS

None

9. OPTIONS

None

10. RECOMMENDATIONS

That the Committee comment on this report and that there is a further report on progress of the Programme of Work for the Fuel Poverty Framework in the autumn of 2018.

11. APPENDICES

Appendix 1: Fuel Poverty Programme of Work 2016/18

12. BACKGROUND DOCUMENTS

Fuel Poverty: A Framework For Action For The Bradford District (September 2015)
(link: <https://www.bradford.gov.uk/media/3182/fuel-poverty-framework-for-action-2015.pdf>)