



elmhurst
energy

Date: 13/09/2019

Elmhurst Energy's response to:

Consultation on the Fuel Poverty
Strategy for England

Prepared for: BEIS

1. Introduction

Elmhurst Energy is pleased that BEIS is seeking a consultation on updating the 2015 Fuel Poverty Strategy.

Elmhurst has provided an overview of the issues and our proposals, then responded to all the questions on which we have sufficient experience to comment.

We hope you find the responses constructive and useful for taking the changes forward.

2. Elmhurst Response

The key elements which influence our response are:

- The way fuel poverty is identified and measured, needs to be reviewed so that both high level government statistics can be calculated and it can be used to precisely determine whether a particular home is in fuel poverty to ensure that help and support is available where needed. The current complex calculation makes that impossible.
- We need to consider further ways in which the national housing stock can be improved, especially the owner occupied sector which accounts for 74% of our homes.
- 18% of our homes are in the privately rented sector and house a disproportionality high proportion of fuel poor households. Good progress has been made with PRS / MEES but this must be followed up with strict enforcement and effective policing of the 'Exemptions Register'.
- Direct support is needed for high cost (to heat) homes, homes off the gas grid and those occupants most vulnerable due to age or ill health, especially as other government strategies encourage use of low carbon, but frequently higher costs, fuels.
- Retrofit improvements should be managed on a deep retrofit / fabric first basis as described in PAS2035.

3. Questions and Answers

1. Do you agree with the Government's proposal to update the fuel poverty metric to Low Income Low Energy Efficiency? If not, which metric would you prefer and why?

Yes, agreed as LILEE will reflect the investment made to upgrade homes.

2. The proposed metric update – LILEE – would necessitate certain updates to the current methodology, namely as regards the high costs threshold, but the other aspects of the current LIHC methodology would not necessarily need updating. Do you have views or evidence on whether Government should update those other aspects of the methodology on the introduction of LILEE, including the following:

a. Household energy requirements calculation, including heating regimes

Yes, agreed. This will broaden the number of households captured.

b. Equivalisation factors, for fuel costs and for income

It is our opinion that the three key drivers of income, energy efficiency and fuel prices should all be taken into account. We support any programme which bases its outcomes on robust calculation/data collection methodology. Energy efficiency for existing homes should be based on RdSAP the national calculation methodology.

c. Income methodology

If the LILEE measure provides an absolute threshold it is a better way of measuring income as one of the three key drivers, but the banding for energy efficiency should be selected from an up-to-date Energy Performance Certificate (EPC).

d. Fuel prices methodology

Not every home currently has an EPC, but sufficient data already exists to apply average logic for most dwellings which have not been subjected to assessment. It should therefore be possible to extrapolate meaningful statistics in relation to the housing stock. The statistics will, of course, be more accurate if the figures extracted from those homes which have been assessed is taken from EPCs which are as up-to-date as possible.

3. Do you agree that Government should retain the current target and interim milestones?

The ultimate target should be “no fuel poverty”. We recommend an approach where the targets are clearly defined and we would like to see progress prior to deadlines. Policies should be introduced which work towards this goal and early adopters to improvement plans should be incentivised.

4. Do you have views or evidence on our proposal to add more detail on, and clarify, the meaning of the ‘Worst First’ principle, including the considerations raised above?

The aim of any Fuel Poverty Strategy should be to focus on fuel poverty. Health and the overall condition of our housing stock are in themselves problems that need solving, but should not become a distraction to the main aim. The Occupancy Assessment model provides details of room temperature in use. A system running higher than the default would increase predicted energy costs making it a useful indicator of fuel poverty even for occupiers with special needs.

Under the ECO scheme, limiting this to only one improvement measure may lead to additional costs in the long term. The whole house retrofit approach is considered a sensible way forward linked to PAS 2035. Both the Social Housing Sector, to great success, and the Private Rental Sector have been catered for with legislation aimed at encouraging energy efficiency (which in turn helps to reduce fuel poverty), but the private sector has not yet been mined. Data already exists which would identify households in need of improvement. Collation of indicators which include RdSAP scores, income and the circumstances which categorise the need for improvement (ill health, for example) would provide a meaningful set of data on which to target resources.



5. Do you have views or evidence on our proposal to add more detail on, and clarify, the meaning of the cost-effectiveness principle, including the considerations raised above?

We believe that the four factors listed in Q2 should all be taken into account but as outlined in Q4, rather than instigating an expensive exercise for lead generation, use of the data which already exists would expand the reach of resources. PAS 2035 and Every Home Counts should be coordinated to produce a medium-term plan for each home.

6. Do you have views or evidence on our proposal to add more detail on, and clarify, the meaning of the vulnerability principle and, in particular, on our proposed changes to the meaning of the principle?

Whilst we believe that an understanding of the thermal efficiency of dwellings must be the start of the fuel poverty assessment, we also agree to refining the meaning of the principle, in line with NICE guidelines, to clarify factors which govern defining a person as 'vulnerable' rather than an entirely property-based assessment.

The Clean Growth Strategy may be effective in reducing emissions from carbon fuels and should eventually be cost effective as replacing 'polluting' heating systems with cleaner alternatives; which in turn will improve air quality, which is the cause of some who would be considered, at the present time, part of the vulnerable sub-set on health grounds.

PAS 2035 deals with ventilation in buildings. People struggling with poor indoor air quality would benefit from an assessment in conjunction with this scheme.

7. Do you agree with our proposal to create a fourth principle on aligning fuel poverty strategy with current and future Government priorities? Do you have views or evidence that may be useful in creating this principle?

A definition of fuel poverty should be applicable at both a macro level (using Government-held data), and be able to determine whether a particular home is in fuel poverty. Something the current definition is unable to do. At an individual level whether a household is in fuel poverty could be determined by calculating the amount of money required to fuel the home to a comfortable level, based on the

current occupants, in relation to a given percentage of net income. Energy costs could be established with a joint RdSAP and Occupancy Assessment. This will provide information on the proportion of households in fuel poverty.

We need a clear definition of Fuel Poverty and joined-up thinking/true liaison between stakeholders rather than a scatter-gun approach. For example, changing oil boilers for air source heat pumps will lead to higher energy bills, which would result in more people falling into fuel poverty, but less carbon emissions. To be fully effective, a change such as the one described would also require an affordable supply of clean electricity.

8. Would you suggest any other guiding strategic principles? Do you have any other views or evidence on the guiding principles?

The circle of requirements of all the interested parties which make up ownership of the housing stock should need to be 'squared'. For example, protecting the rights of landlords to repossess properties in legitimate circumstances is the key to providing the confidence the PRS sector needs to offer longer tenancies.

9. Keeping in mind the strategy's guiding principles, what policies might be included in a policy plan to improve energy efficiency for households in fuel poverty?

At present, the lifespan of an EPC is ten years. Reducing this to ensure that the data being used is more up-to-date would provide accurate information to stakeholders. We live in times of rapid political, economic and technological change, any of which can impact on energy costs and energy efficiency irrespective of changes to the home.

The FPEER Table 16 (Fuel Poverty by Tenure) shows 45% of all households are owner-occupied. This sector has currently been missed and represents a major gap in the planning strategy. Owner occupiers should be incentivised to make improvements at an early stage (the effect of which will be to penalise late adopters). Methods by which to incentive households should be fully explored – a link to Community Charge banding and Stamp Duty rates being two examples.

While the implementation of the Minimum Energy Efficiency Standards should be effective in capturing those PRS homes which fall below the required standard, we believe the PRS Exemption Register should be more robustly monitored, as it can be used falsely by landlords who do not wish to spend money on their properties. At present, bad landlords are getting away without compliance.

10. What commitments, whether new or retained from the 2015 strategy, might supplement the policy plan in the updated strategy to improve energy efficiency for households in fuel poverty?

Maintaining a healthy PRS, robust policing of the PRS Minimum Energy Efficiency Standards and ensuring a programme of affordable new build would all be effective measures to reduce fuel poverty. We would welcome a commitment to make full use of PAS 2035 and up-to-date data.



11. Keeping in mind the strategy's guiding principles, what policies might be included in a policy plan to improve partnership and learning on fuel poverty?

Elmhurst feel what appears to be at present a scatter-gun approach, should be streamlined to ensure both those people in fuel poverty and the dwellings which are performing badly in thermal terms, have been identified accurately. Following PAS 2035 procedures would make use of the 'data warehouse' – a system for reporting and analysis of existing data. This is considered a vital component of business intelligence so it would make sense for the Government to also use it.

All agencies and participants involved should have access to the 'data warehouse' to ensure more effective spending. The aim should be the right measures going into the right homes to benefit the right occupants. Reading the Each Home Counts report, which identifies 27 recommendations, many of which are answered through the PAS2035 solution.

12. What commitments, whether new or retained from the 2015 strategy, might supplement the policy plan in the updated strategy to improve partnership and learning on fuel poverty?

To create cost-effective policies. Aim to create procedures where the fuel poor are effectively targeted and at the same time the housing stock is upgraded to alleviate the problem in the future.

13. Keeping in mind the strategy's guiding principles, what policies might be included in a policy plan to improve targeting for households in fuel poverty?

A commitment to make up-to-date and pertinent data available to stakeholders to assist with decision making. Ensure that the Central Register holds up-to-date information by reducing the intervals at which EPCs need to be renewed. A commitment to use the data already available to target those who need help.

Devise a strategy to encompass the owner-occupied sector, which is currently devoid of incentives.

Local Authorities surely have a key role to play? They know the locality.

14. What commitments, whether new or retained from the 2015 strategy, might supplement the policy plan in the updated strategy to improve targeting for households in fuel poverty?

If the future policies are likely to be an encouragement to move away from carbon fuel heating, commitments would be required to ensure both an affordable supply of electricity and incentives to both generate and store electricity not only for individual dwellings, but also for Social Housing developments. We suggest a commitment to expand the scheme to include the owner-occupied sector to include incentives and targets to measure progress.

15. Keeping in mind the strategy's guiding principles, what policies might be included in a policy plan to support households in fuel poverty in high cost homes?

Whilst evidence shows that non-gas households should remain priority for future support, it is surprising to read that the FPNES has a policy to extend a carbon fuel network when the Committee on Climate Change has recommended that new-build homes will not be heated by gas after 2025. The answer given in Q14 is also relevant here; ensuring a clean and constant supply of electricity and targeting improvement of the housing stock to achieve higher EPC bands would seem more forward-thinking.

If the Clean Growth Strategy is supported and all energy efficiency measures have been made and if the household is still in fuel poverty, the only remaining challenge is to look at income levels.

16. What commitments, whether new or retained from the 2015 strategy, might supplement the policy plan in the updated strategy to support households in fuel poverty in high cost homes?

Commit to ensuring cleaner energy production at affordable prices.

17. Keeping in mind the strategy's guiding principles, what policies might be included in a policy plan to improve support for low income households who are most at risk for adverse health outcomes from living in a cold home?

We suspect that poor quality PRS accommodation is often at the cheaper end of the spectrum and therefore more likely to house the fuel poor, and that robust monitoring of MEES compliance would force 'rogue landlords' to make improvements.

A policy to pinpoint those most in need by the most cost-effective methods is required. If all agencies can tap into the 'data warehouse' a medium-term plan can be instigated which takes ventilation, for example, into consideration as an improvement measure as part of a whole-house scheme.

18. What commitments, whether new or retained from the 2015 strategy, might supplement the policy plan in the updated strategy to improve support for low income households who are most at risk for adverse health outcomes from living in a cold home.

A commitment to build well insulated affordable homes with community heating plants so that those on low incomes are not faced with the choice of using their disposable income on heating fuel or other essentials. A commitment to upgrade those homes currently falling into the lower RdSAP bandings. A commitment to effectively use current data to identify those in need of help.

19. Keeping in mind the strategy's guiding principles, what policies might be included in a policy plan to decrease the financial burden of energy bills for households in fuel poverty?

We believe that the energy efficiency upgrades are an effective way, and although long term, should be implemented. A clean and affordable supply of electricity is required to make any future policies fully effective. Further, a more systematic dissemination of information about grants/assistance available would increase the uptake of measures to improve the housing stock.

20. What commitments, whether new or retained from the 2015 strategy, might supplement the policy plan in the updated strategy to decrease the financial burden of energy bills for households in fuel poverty?

Please see the response to Q18.

21. Keeping in mind the strategy's guiding principles, what policies might be included in a policy plan to create a fairer energy market for households in fuel poverty?

It is widely accepted across the spectrum of the population that making comparisons of tariffs provided by competing energy companies is difficult. Introducing a policy to simplify these further would be universally welcomed. In a fuel poor household, as opposed to helping, the introduction of a Smart Meter may increase the stress of the occupants as they strive to cut down on energy consumption. Upgrading the thermal properties of the dwelling must be considered as the primary long-term benefit to all, as well as introducing more stringent legislation relating to the consumption of fuel used by appliances.

22. What commitments, whether new or retained from the 2015 strategy, might supplement the policy plan in the updated strategy to create a fairer energy market for households in fuel poverty?

As well as the improvement to thermal qualities of the housing stock, a commitment to incentivise installation of renewables and local storage of energy.

23. Keeping in mind the strategy's guiding principles, what policies might be included in a policy plan to improve the evidence base on fuel poverty?

In the examples of 'current action that is helping to improve the understanding of fuel poverty' it is stated that the ECO impact assessment captured £177m of monetised health benefits. This figure appears impressive, but both ECO 1 and 2 schemes contained loopholes which led to corruption in the figures submitted for carbon saving, some of which were highlighted by Elmhurst's Quality Assurance checks. ECO 3 is to be structured differently which we are pleased to note. We would welcome recognition that a legitimate and relevant evidence base (such as the data warehouse, previously mooted) is essential to assist with forward planning and ensuring value for money.

24. What commitments, whether new or retained from the 2015 strategy, might supplement the policy plan in the updated strategy to improve the evidence base on fuel poverty?

Reduce the validity period of domestic EPCs are required to provide more up-to-date statistics and assessment of action needed relating to the housing stock. Improve monitoring of MEES exemptions; Landlords who are reluctant to fund improvements contribute to fuel poverty.

25. Are existing arrangements sufficient to meet our commitments to review and scrutinise Government action on fuel poverty?

The Government should strive to ensure that data on which they base their decisions is germane and up-to-date. Any strategy should continue moving forward taking into consideration the basis of the Hills Fuel Poverty Review.

26. Do you have any further views or evidence on how the 2015 fuel poverty strategy should be updated?

Yes. The PRS provides 4.53 m** of homes in England according to 2018 statistics. Media articles for some time have been reporting an exodus by landlords from the PRS sector due to a Stamp Duty surcharge when investing in a buy-to-rent property and changes introduced via HMRC. The proposed scrapping of Section 21 is predicted to further accelerate the off-loading of rental properties. Without a healthy rental sector, the housing crisis will deepen and the potentially positive impact of MEES will be diluted. A review of this proposal and liaison between Government Departments to assess the full impact of a shrinking PRS should be undertaken prior to planning a strategy on Fuel Poverty.

*English Housing Survey, July 2018

**Statista report 'Number of private rented households in England' – February 2019

4. Acronyms

CMA	Comparative Market Analysis
ECO	Energy Companies Obligation
EPC	Energy Performance Certificate
FPEER	Fuel Poverty Energy Efficiency Rating
FPG	Fuel Poverty Gap
FPNES	Fuel Poor Network Extension Scheme
HIDEEM	Health Impacts of Energy Efficiency Model
LIHC	Low Income High (Heating) Costs
LILEE	Low Income Low Energy Efficiency
LIVC	Low Income Vulnerable to the Cold
MEES	Minimum Energy Efficiency Standards
PAS	Publically Available Specification
PHE	Public Health England
PRS	Private Rental Sector
RdSAP	Reduced Data Standard Assessment Procedure
SHINE	Seasonal Health Interventions Network
WHD	Warm Home Discount



Contact Details

Should you require any further clarification please contact us at:



Elmhurst Energy,
16 St Johns Business Park,
Lutterworth, Leicestershire,
LE17 4HB



01455 883 250



enquiries@elmhurstenergy.co.uk



www.elmhurstenergy.co.uk