



2019-
2023

Warmer Homes: A Fuel Poverty Strategy for Rhondda Cynon Taf



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INTRODUCTION & BACKGROUND

What is Fuel Poverty?

In Wales a household is defined as being in fuel poverty if it would be required to spend more than 10% of its income (including housing benefit, income support for mortgage interest or council tax benefits) in order to maintain a satisfactory heating regime. Households who are required to spend more than 20% are considered to be in severe fuel poverty.

This definition of fuel poverty does not however capture families that 'under heat' their homes due to the inability to afford a comfortable heating standard. These families can be at greater risk of suffering further consequences of cold related illnesses from living in cold homes. A lack of heating can also have a significant impact upon damp and mould conditions in the home, which can cause or exacerbate health problems especially respiratory conditions for the young or the elderly.

The three main factors which influence whether a household is in fuel poverty are;

- 1) Household income
- 2) Energy prices
- 3) The energy efficiency of their home

When faced with fuel poverty households often react in the following ways;

- They use less energy than they need, potentially making existing health problems worse and making them more vulnerable to other cold related illnesses
- They try to meet their energy needs by rationing other essential items such as food
- They borrow money to pay their energy bills and/or fall into debt

A report produced by the Department of Energy and Climate (May 2015) highlighted that the following groups of people are at the greatest risk of fuel poverty;

- Low income households
- Those living in homes built before 1964
- Those without access to main gas
- Those using pre-payment meters
- Elderly or disabled residents

Figures released by WG highlights that 12% of households in Wales are in fuel poverty and that 20% of households living in houses built pre 1919 are in fuel poverty. In RCT the majority of housing types are pre 1964 and 73% of homes are D rated or below on their Energy Performance Certificates. This highlights the poor energy efficiency of some of the homes in the county borough. This coupled with rising energy bills for households presents a high risk of fuel poverty for some our residents. Tackling fuel poverty remains a grave issue when there are still 1,800 Excess Winter Deaths (EWDs) in Wales with 540 of these being due to people living in cold homes.

In RCT we are continuing to respond by targeting homes that are more at risk of fuel poverty i.e. pre 1964 housing types, those that are less energy efficient and houses located in areas with higher levels of income deprivation.

Achievements from the last Affordable Warmth Strategy

It has been 10 years since the Council and its partners launched the first Affordable Warmth Strategy for Rhondda Cynon Taf (RCT), and during this time there has been significant progress. Since 2007 there has been a total of **£26.4 million** of external investment levered into the borough for energy efficiency and fuel poverty schemes (£8.8 million of Welsh Government funding via Arbed, Warm Homes and Vibrant & Viable Places and £17.6 million through external energy company obligations).

This has enabled the installation of over **8,000** energy efficiency measures to over 7,000 homes in both private sector homes (owner occupied and private rented) and social rented homes across the borough. These energy efficiency measures have potentially saved residents over **£1.6m** on energy bills per year over the lifetime of the measures (based upon average savings by the Energy Savings Trust). However, as 73% of homes still remain rated D or below on their energy performance certificates, further action is still required to continue to make progress towards mitigating the effects of fuel poverty for residents.

An Energy Advisor post was created to provide energy advice as a joint initiative with Care & Repair and this has continued to be funded by the local authority. The Energy Advisor role provides assistance to the most vulnerable households including assisting with debt write off, tariff switching and referrals to other sources of assistance. This role has helped households to save over **£500,000** per year on energy bills based on advice and assistance given to date (based upon average savings by the Energy Saving Trust). Energy advice is also offered to homes when receiving energy measures to help residents maximise their savings, but is also provided as a stand-alone service for households to save money on energy bills and make savings through behavioural changes.

The Annual NEST Reports show that RCTCBC is always one of the top areas in Wales in terms of referral rates, but also more importantly has very high installation rates compared to other areas. This indicates that eligible households are being referred successfully.

WHY SHOULD WE ACT?

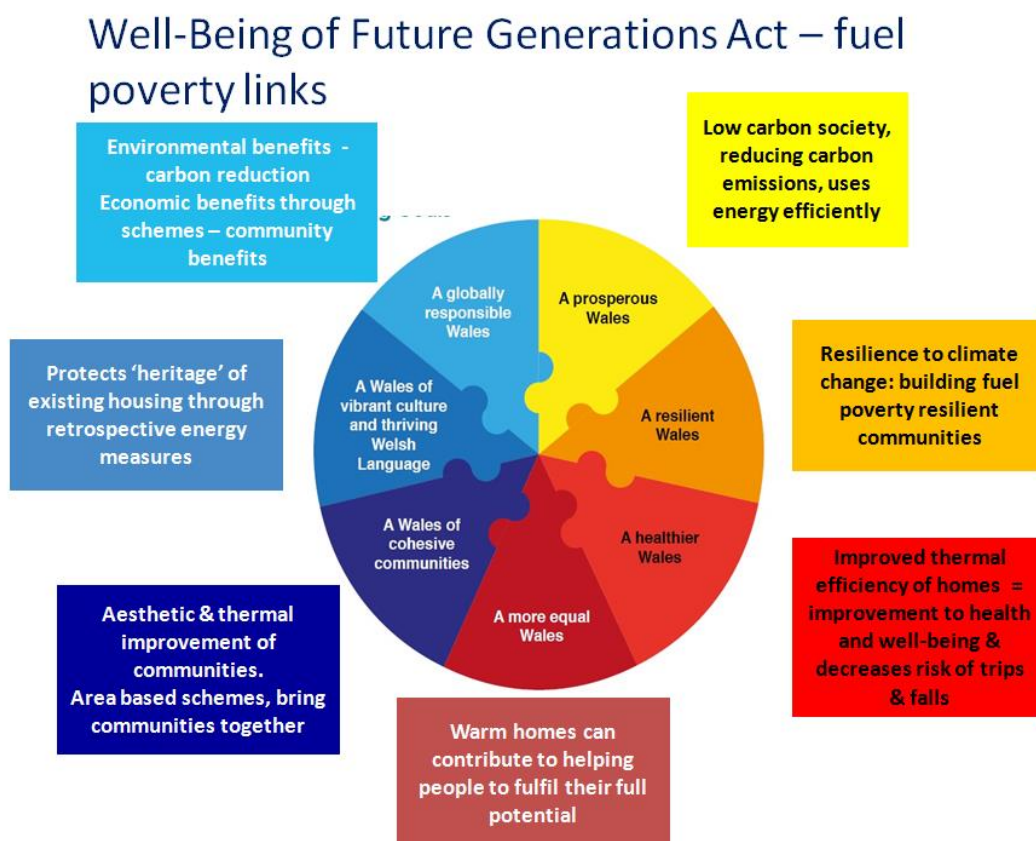
Statutory Responsibility

Fuel poverty cannot be tackled in isolation and is integral to the delivery of other objectives including building prosperous and resilient communities, improving health and well-being of residents, regenerating communities and improving property conditions as well as reducing carbon emissions.

The domestic sector largely contributes to the level of carbon emissions and actions to tackle fuel poverty has the potential to help deliver other Government and Council strategies around achieving zero carbon and the decarbonisation of homes.

Many households are not aware they are in fuel poverty, or how to access advice and support and some vulnerable households disengage from all services and can become hard to reach. The full list of relevant statutory plans, policies and regulations are shown in *Appendix 1*.

Tackling fuel poverty is also a key factor which contributes to the delivery of the 7 wellbeing goals of the future Generations and Well Being Act as follows;



Improving Health

Living in a cold home has a direct impact upon health conditions, especially for households that contain elderly people, children, particularly those under five, disabled people and people with limiting long terms health conditions. Within RCT 11% of households contain

a child under 5 with a total of 30% of households with a dependent child. 40% of households have an occupant over 65 years of age with 45% of these being over 75 years old. This shows that in RCT there are a large proportion of residents that are more likely to be in fuel poverty and more vulnerable to the effects of living in a cold home.

Creating Prosperous & Resilient Communities

Tackling fuel poverty in RCT has the potential to regenerate communities by supporting and/or creating local employment in the energy efficiency sector for the local supply chain, creating economic growth in RCT. Energy efficiency schemes improve conditions creating a healthier living environment, whilst also potentially increasing the life span of homes. In addition to this, delivery of capital energy schemes have achieved further community benefits such as apprenticeships, training schemes and digital inclusion projects all helping to improve employability and access to work.

Reducing money spent on energy bills creates more disposable income that can be spent in the local economy and is an effective and sustainable way of lifting a household out of fuel poverty. Improving the energy performance of homes is an effective way of making communities more resilient by fuel poverty proofing homes for current and future generations.

Type of Housing

The majority of housing stock in the borough is pre 1920 traditional terraced housing, followed by pre-fabricated post war housing. These housing types are considered to be 'harder to treat' compared to other homes in the area with cavity walls.

Many of the 'hard to heat' homes, are also located in areas with lower income levels and/or higher levels of residents with disabilities/health conditions meaning a greater risk of fuel poverty and related health issues from living in cold homes. 'Hard to heat' homes are also some of the most difficult to treat due to the nature of the expensive energy measures and enabling works required.

In the last 10 years there have been 4,816 new housing units completed in RCT (with a small proportion of these being conversions of existing homes) this equates to only 4.6% of all homes. Therefore, the majority of homes that still exist may require retrofitting projects to raise the energy efficiency and tackle fuel poverty.

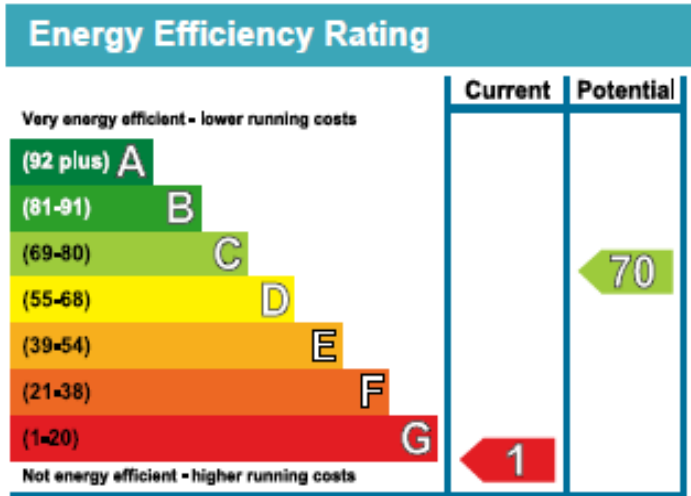
Energy Performance

All Energy Performance Certificates are required to be logged for homes upon sale or a change of tenancy for rented homes. The EPC gives you the Energy Efficiency rating of a property. The SAP is the Standard Assessment Procedure approved by the Government for assessing the energy performance of a home.

SAP ratings are recorded on a scale from 1 to 100 and calculates the Energy Efficiency Rating. The higher the SAP rating the more energy efficient the home is, which means that it will have lower fuel costs and lower carbon dioxide (CO2) emissions.

To date there have been approximately 68,000 EPCs logged in RCT, 73% of these homes are rated as having an energy performance of D or below, demonstrating the poor energy

efficiency of homes in RCT. It is appreciated however, that this figure only represents a proportion of homes in RCT.



Actual example of an EPC from a property in RCT

OUR PLAN TO TACKLE FUEL POVERTY

This strategy has identified three main strategic objectives to help mitigate the effects of fuel poverty for Rhondda Cynon Taf residents. These are:

1. Provide advice and assistance to maximise household disposable income
2. Reduce energy prices
3. Improve the energy efficiency of homes and decarbonisation

This strategy sets out the Council's objectives and actions for the next five years in order to have maximum impact for residents whilst also achieving value for money. The Council also intends to re-establish partnerships with local stakeholders including housing associations, and the voluntary sector to deliver actions in collaboration and create new innovative, bespoke approaches to achieving our strategic objectives.

The development of local area energy plans will play a vital role in identifying and developing cost effective low carbon energy systems to meet future energy demand and support **carbon reduction** objectives. It will also provide the opportunity for communities to benefit from and shape its future energy system to improve the area; generate economic growth; attract investment, and importantly create a better, healthier and cleaner environment for residents and future generations.

DELIVERY PLAN

To deliver the objections and actions, the Council has sourced data from the FRESH database, which brings together not just low-income information, but EPC data and also health data for certain households that are most at risk of fuel poverty. This level of data assists with evidence based pro-active targeting of interventions, tailored to the needs of communities, to achieve maximum outcomes as well as being cost effective. The data will also provide robust supporting evidence for external bids for both revenue and capital funding to deliver energy schemes.

The Strategy cannot be undertaken in isolation and there are many partners that are delivering other projects such as anti-fuel poverty and income maximisations projects. Identifying vulnerable residents who are at most risk is the first step to tackling fuel poverty, therefore working with other partners to target these groups is vital to identify those that are harder to reach. It is intended that a stakeholder group be established to bring partners together, develop a delivery plan and monitor and review the implementation of the plan.

STRATEGIC OBJECTIVE 1 – PROVIDE ADVICE AND ASSISTANCE TO MAXIMISE HOUSEHOLD DISPOSABLE INCOME

Understanding the financial difficulties and social welfare problems a household has helped discover the underlying causes of poverty and how to overcome the root cause. Increasing household disposable income is not only a key component of tackling fuel poverty but also for assisting households to be more resilient to increasing energy bills and poverty in general.

Actions

- Map current anti-poverty, resilience projects and income maximisation projects and services available both within the Council and its partners operating in the locality.
- Continue to expand the energy advice service to a one stop energy referral 'hub' to improve access to other services and link with the development of the Council's Community Hubs.
- Provide energy advice for behavioural change to residents, young people, community groups, schools and local forums.
- Provide Energy Champion training to professionals and residents in communities.
- Provide assistance for households with poor health and develop and deliver collaborative projects with health services – GP practices, prescription advice, Care & Repair and other relevant agencies.
- Launch a new advertising and marketing campaign to include social media and website marketing.
- Provide advice and support to private landlords to improve minimum EPC levels to a 'C' level by 2030 in line with Government's standards.
- Investigate and develop fuel bank projects (as required).

STRATEGIC OBJECTIVE 2 – REDUCE ENERGY BILLS

The price households pay for energy is a very important factor in determining a household's risk of fuel poverty especially when coupled with lower income and poor energy efficiency of homes. Even though there are over 60 energy providers in the marketplace many households still don't switch their tariff and are paying more than they need to for their energy. An impartial, trusted tariff switching service is a key factor in helping households reduce their energy prices.

Homes that are not connected to the gas network and/or are heated by other sources, such as oil, tend to be more expensive to heat and further compound the risk of fuel poverty. Therefore, renewable energy options are required to assist these homes in addition to connection to the gas grid.

Actions

- Expand the delivery of in house tariff switching service - 'RCT Switch'.
- Provide advice and support for utility debts including water assist (allowing people to switch supplier freely and/or debt write off).

- Identify households who would benefit from digital inclusion projects and refer to projects to assist in seeking cheaper online offers.
- Provide behavioural advice to householders and promote cheaper methods of energy bill payments (i.e. pre-payment to direct debit payments).
- Contribute to the delivery of smart meter roll out projects – to also assist with pre-payment households.
- Support communities to develop ‘Local Area Energy Plans’ to identify local innovative options for low carbon energy systems and/or reduce energy costs.
- Offer energy advice as part of any capital measures scheme.
- Seek funding options for properties off the gas network.

STRATEGIC OBJECTIVE 3 – IMPROVE ENERGY EFFICIENCY OF HOMES & DECARBONISATION

Heat accounts for over 40% of energy consumption from homes and making homes more energy efficient and cheaper to heat increases disposable income for the occupants. Interventions for homes not connected to the gas network need to include more renewable energy options in addition to gas connection projects.

Improving the energy efficiency of homes includes a range of factors but the main improvements are gained from thermal insulation and heating as well as options for renewable energy products. Although private and public grant funding along with loans can be sourced for certain energy measures there are still gaps in eligibility and funding resulting in many homes still finding these unaffordable. Therefore, a strategic approach to delivery is vital to source the best deal, bring funding streams together and maximise outcomes to meet local needs.

Increasing the energy performance of homes contributes to the delivery of the wider carbon reduction agenda along with achieving added value from schemes such as community benefits, which aim to leave a legacy in communities.

Actions

- Enable delivery of external capital grant schemes i.e. NEST, ECO funding, Arbed funding which mainly includes implementing insulation, heating, lighting and renewable energy measures where appropriate.
- Establish and deliver ECO flexible eligibility of ECO (ECO Flex) which allows the Local Authority to enable the delivery of discounted or free energy efficiency measures by accessing ECO flex funding.
- Investigate and develop energy projects that bolt on to other types of grant assistance available from the Council’s Capital Housing Programme i.e.

incorporate energy efficiency measures as part of any Disable Facilities Grant (DFG), Minor Repair Assistance Grants where appropriate.

- Seek options for private rented tenants/landlords where excess cold and/or damp & mould hazards exist.
- Consider creating a heating grant from within the Capital Grants Programme to target household who are not eligible for other types of grant assistance but may still be in full poverty i.e.no working heating systems.
- Investigate and develop projects for district heating systems and or other renewable energy sources in conjunction with other decarbonisation/net zero carbon projects.
- Create and develop options for off gas projects including gas connections and/or renewables (where possible).
- Investigate and develop options for park homes i.e. static caravan sites
- Assist with enabling communities to become more resilient (especially those at vulnerable and at risk through power cuts and flooding) and contribute to delivery of the wider anti-poverty agenda.
- Investigate planning gain options to deliver energy schemes
- Assist eligible households to access Home Improvement Loans.
- Research approaches for affordability and security of energy supply.

Appendix 1 Statutory Obligations

Wales

- Warm Homes and Energy Conservation Act 2000. Eradicate fuel poverty by 2018, as far as it is reasonably practicable in all households in Wales.
- Fuel Poverty Strategy 2010. A new Fuel Poverty Plan is currently under development by WG.
- One Wales: One Planet (2009). A vision where within the lifetime of a generation Wales will only be using its fair share of the earth's resources. Renewable energy plays an integral part in achieving this vision.
- Building Resilient Communities 2013. An anti-poverty strategy being trialled in the Cwm Taf and Aneurin Bevan Health Trusts and so this presents an opportunity for fuel poverty actions and services to link in with this area of work and provide tailored approaches to these households.
- Better Homes, Better Wales, Better World: Decarbonising existing homes in Wales July 2019

UK

- Housing Health & Safety Rating System (HHSRS) is a risk assessment procedure and does not set a particular standard. It takes into account potential hazards of a dwelling in relation to any persons using it and hazards relating to fuel poverty are excess cold and damp & mould. Both hazards can be related to the poor energy performance of homes.
- Energy Efficiency Policies including Energy Performance Certificates (EPCs), Feed in Tariffs (FITs), Value Added Tax concession from 20% to 5%, Energy Company Obligations and The Green Deal Programme.
- Energy Company Obligation (ECO) energy efficiency policy (DECC 2014) a carbon reduction target placed upon the biggest energy suppliers, resulting in funding available for energy efficiency measures. The current ECO3 period runs from October 2018 until 2022.
- The Green deal Programme, a government initiative that enables households to install energy efficiency measures with no initial outlay and which are paid back through savings on energy bills subject to them meeting the 'golden rule'. At present there seems to be no finances available through the scheme but the funding model/mechanism is still in place.
- Business, Energy & Industrial Strategy (BEIS) ['The Clean Growth Strategy: Leading the way to a low carbon future'](#) October 2017 sets out how the whole country can benefit from low carbon economic opportunities through the creation

of new technologies and new businesses, which creates jobs and prosperity across the UK, while meeting targets to tackle climate change.

- The Bonfield Review December 2016 undertook an independent review into consumer advice, protection, standards and enforcement for energy efficiency and renewable energy in existing domestic homes.
- The State of the Energy Market report 2017 (Ofgem) also assesses the UK's progress towards reducing emissions overall. The report also examines the overall cost of energy bills, and identifies which customers are struggling to pay them.
- The Kyoto Protocol ensures that the UK is committed to reducing its greenhouse gas emissions by 80% of 1990 levels by 2050, to around 170 megatonnes of carbon dioxide equivalent gases
- Net Zero: The UK's contribution to stopping global warming. Committee on Climate Change May 2019
- Clean Growth – Transforming Heating. Overview of Current Evidence December 2018