

TONBRIDGE & MALLING BOROUGH COUNCIL
COMMUNITIES and HOUSING ADVISORY BOARD

14 November 2016

Report of the Director of Planning, Housing and Environmental Health

Part 1- Public

Matters for Recommendation to Cabinet - Non-Key Decision (Decision may be taken by the Cabinet Member)

1 ENERGY EFFICIENCY UPDATE

Summary

This report seeks Members endorsement of the Kent wide Fuel Poverty Strategy. It also updates Members on the Energy Deal collective switching scheme initiative and seeks support to continue the initiative.

1.1 Fuel Poverty

- 1.1.1 Living in fuel poverty is where a household has fuel costs which are above average and were they to spend the amount required to heat their home adequately they would be left with a residual income below the official poverty line. This model of fuel poverty is known as the Low Income High Cost model.
- 1.1.2 The average level of fuel poverty across the Tonbridge & Malling borough is 7.3 percent, which is lower than the Kent average of 8.6 percent and the South East average of 8.1 percent (DECC Fuel Poverty Statistics 2013).
- 1.1.3 The main causes of fuel poverty include poor energy efficiency of dwellings, low income households and the high cost of fuel.
- 1.1.4 Levels of fuel poverty across an area may vary for a number of different reasons including higher proportions of households on a low income, higher proportions of older housing, higher proportions of rural housing or more homes off the mains gas network. Rural properties are often older with solid wall construction and more difficult to insulate resulting in the property having poor energy efficiency.
- 1.1.5 Those most vulnerable to fuel poverty and the impacts of having a cold, energy inefficient home are:
- Older people, particularly those living on their own or in a large family home
 - Lone parents with dependent children
 - Families who are unemployed or on low incomes

- Children and young people
- People with a disability
- People with an existing illness and long term health condition (physical and mental)
- Single unemployed people

1.1.6 Living in a cold home can have a negative impact on the health of the occupants and can increase demand on the National Health Service. Living in fuel poverty can also lead to social isolation and may reduce children's educational attainment. Tackling fuel poverty and cold-related health problems is important for improving health outcomes and reducing health inequalities in Kent.

1.2 Kent Wide Fuel Poverty Strategy

1.2.1 The Home Energy Conservation Act 1995, Warm Home Energy Conservation Act 2000 and the 'Cutting the cost of keeping warm: A fuel poverty strategy for England' published in 2015 place both a statutory duty on local authorities and an expectation to take action to reduce fuel poverty levels.

1.2.2 'Delivering Affordable Warmth - A Fuel Poverty strategy for Kent' has been developed by the Kent Energy Efficiency Partnership (KEEP) in partnership, for and on behalf of the Kent Private Sector Housing Group, and the Kent and Medway Sustainable Energy Partnership. A copy of this strategy is attached at **[Annex 1]**.

1.2.3 This strategy and the associated action plan outlines the key issues and sets out a series of objectives with the aim of reducing the negative impact of fuel poverty and cold homes on the health and well-being of Kent residents. It also sets out the important role the Council has in working in partnership with other statutory organisations and partner agencies across Kent in addressing fuel poverty.

1.2.4 The key priorities of the strategy are based on the need to fully understand who the vulnerable residents in fuel poverty are; to target them with interventions that address the three main causes of fuel poverty namely

- Improving energy efficiency of the home
- Reducing fuel costs
- Maximising income.

1.3 Energy Deal Collective Switching Scheme

1.3.1 The Council joined the existing Energy Deal collective switching scheme partnership with Dartford District Council, Dover District Council, Gravesham Borough Council and Tunbridge Wells Borough Council in December 2014. A

collective switching scheme is where a third party negotiates a better energy tariff on behalf of a collective of residents. Such schemes enable residents to register an interest in participating in a 'reverse energy auction' and to subsequently receive a new energy tariff offer. The energy providers that offer the best deal on the auction day for the majority of residents will be selected. There is no obligation on registrants to accept the offer.

- 1.3.2 The benefit of collective switching schemes are they can help residents to obtain a saving on their energy costs, assist in maximising household income and help to alleviate fuel poverty. It should be noted that the amount of household savings are influenced by many variables including their existing energy tariff and their energy consumption. Savings also depend on the success of an individual 'reverse energy auction'. The Energy Deal scheme does not guarantee each resident will save on their current energy costs but it does enable residents without internet access to have the opportunity to register their interest in hearing about a cheaper energy tariff. Tariffs secured under the Energy Deal collective switching scheme are guaranteed for a one year period.
- 1.3.3 To date the Council has run two winter campaigns (Feb auctions) and taken part in a Spring and Autumn auction round each year. The table below shows the outcomes from each auction. We are awaiting final figures on the May 2016 and October 2016 auctions.

Tonbridge & Malling Energy Deal Collective Switching Scheme					
Auction date	No. of registrants	No. switching	Percentage switching rate	Sum of £ savings for those switching	Average saving per household of those who switched
Feb 2015	263	114	43%	£33,135.75	£290.66
May 2015	65	16	25%	£3,805.78	£237.86
Oct 2015	63	27	43%	£6,497.49	£240.65
Feb 2016	475	223	47%	£68,784.17	£308.45

- 1.3.4 The table above demonstrates a total saving of £112,223.19 for Tonbridge & Malling residents for those who switched energy supplier under the Energy Deal scheme for the period when the Council joined the Energy Deal scheme until February 2016.

- 1.3.5 The scheme generates a fee per switch which is shared between the appointed third party, in this case the company iChoosr, and the Council in whose area the switch has occurred. This fee is re-invested in schemes and projects to help reduce fuel poverty across the borough.
- 1.3.6 The current Energy Deal agreement with iChoosr comes to an end on 24 November 2016 and those councils involved in the Energy Deal scheme will now need to procure a new intermediary to provide a collective switching scheme, via a full OJEU process. Dover District Council will continue to act as lead authority and undertake the procurement process.
- 1.3.7 In the interim to ensure continuity of the collective switching initiative while the procurement process takes place, Energy Deal authorities propose accessing East Riding of Yorkshire Council's (ERYC) contract with iChoosr.
- 1.3.8 In liaison with Legal Services each Energy Deal authority will enter into a Memorandum of Understanding (MOU) with East Riding of Yorkshire enabling them to access the contract. Also to enter into a new MOU/Participation agreement to confirm our continuing partnership working with Energy Deal councils and to reflect the new arrangements accessing East Riding & Yorkshire Council's contract.

1.4 Legal Implications

- 1.4.1 The Council has a statutory duty under the Home Energy Conservation Act 1995 and the Warm Home Energy Conservation Act 2000 to take action to reduce fuel poverty levels. Also an expectation by Government under the 'Cutting the cost of keeping warm: A fuel poverty strategy for England' published in 2015.

1.5 Financial and Value for Money Considerations

- 1.5.1 None arising from this report.

1.6 Recommendations

It is therefore **RECOMMENDED TO CABINET** that:

- 1.6.1 Members **ENDORSE** the new Kent Wide Fuel Poverty Strategy.
- 1.6.2 Members **ENDORSE** the approach being taken to ensure our residents can continue to benefit from the Energy Deal collective switching scheme initiative.

The Director of Planning, Housing and Environmental Health confirms that the proposals contained in the recommendation(s), if approved, will fall within the Council's Budget and Policy Framework.

Background papers:

Nil

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