

► London Councils' Response

► London Assembly Environment Committee: Investigation into domestic energy & fuel poverty

London Councils represents London's 32 borough councils and the City of London. It is a cross-party organisation that works on behalf of all of its member authorities regardless of political persuasion.

Summary of recommendations

1. The Mayor should lobby nationally for a clear, long-term policy framework from the Government, to ensure policy certainty which will allow the energy efficiency market to develop.
2. The Mayor should run a public awareness campaign aiming to inform the public of the benefits of good energy efficiency practices and installations. This should also include a specific focus on renters and landlords, providing information on the relevant requirements and opportunities.
3. The Mayor should facilitate the sharing of information for residents on the opportunities for improving their energy use and encourage demand reduction, for example through the smart meter roll out.
4. The Mayor should work with the boroughs and energy companies to make the cheapest tariffs clearly available to London residents.
5. Work with boroughs to create a borough owned not-for-profit cooperative specialising in the procurement of district energy (especially heating) products, given London's leading role in this area.
6. The Mayor should promote an integrated fuel poverty action plan, linking borough housing officers with other relevant stakeholders, such as health professionals, third sector organizations, and independent experts.

Q1. As the Mayoral administration reviews the GLA's policies and programmes, what are the issues and challenges in seeking to reduce carbon emissions from London's homes and to ensure that all Londoners have affordable access to warm homes and domestic energy?

Retrofitting energy efficiency measures to existing homes

Increasing the energy efficiency of domestic buildings in London is central to jointly tackling fuel poverty and reducing their carbon emissions. London's 3.35 million homes account for 36 per cent of its CO₂

emissions¹, ramping up its efforts to retrofit homes in the capital will play a massive role in helping it reach its target of becoming a zero-carbon city by 2050, and make a huge contribution to the UK meeting its legal commitment to reduce greenhouse gas emissions by at least 80 per cent on 1990 levels by 2050.

Research by the Association for the Conservation of Energy (ACE) shows that the UK has among the highest rates of fuel poverty and one of the most energy inefficient housing stocks, compared to European countries of similar prosperity and heating needs. There are a number of differing challenges across the different housing sectors in London, the main ones being: private rented sector; owner-occupied; housing association; and local authority. Arguably the key sector in London is the private rented sector, where there is a problem with split incentives. 27 per cent of all households in London are in private rented accommodation. It is therefore very important that this sector is addressed with regards to reducing carbon emissions from homes and reducing fuel poverty in London.

The Government has announced the introduction of the Minimum Energy Efficiency Standards (MEES) for the private rented sector, which we welcome. However, they do need further amendments to be more effective;

- Originally this was largely to be met through funding from the Green Deal. Given the Green Deal has been scrapped, the government needs to provide alternative funding; especially seeing that many private landlords will be unable to access funding through other sources, such as ECO (given its new focus) either.
- Landlords with properties rated F and G rating, i.e. the worst offenders, will not have to comply with regulations, which we believe should be changed. This is due to the fact that any potentially excessive costs which might be imposed on some landlords who own E-rated properties are likely to be mitigated by a cap of £5,000 on renovations. The disadvantage of having a cap on retrofit costs is that it means that those properties which are more expensive to treat are exempt and these are also often the properties most in need of improvements.
- There is a need for a more flexible energy assessment tool to enable energy assessments for HMOs, a realistic occupancy assessment and therefore realistic energy savings estimates. Currently the model is too generic meaning energy savings are often over estimated leading to a rebound effect. This is critical in households affected by fuel poverty. Government figures from 2011 show that in London there were estimated to be approximately 160,200 HMOs².
- An aspect linked to this is the lack of clarity on enforcement. The current regulations need enforcement officers, but there is little information on potential penalties or how this is to be enforced. If it is down to the boroughs, the necessary funds need to be provided.

It is important to remember that landlords face a lack of information and understanding on the issue of energy efficiency of properties, and regulations, as well as access to funding with the demise of the Green Deal. There is a role for the Mayor to do more to provide this information, in the form of support for landlords and tenants, and make it clear that it would be beneficial for all parties if there was an aspiration to get all properties as energy efficient as realistically possible.

Local authorities are best placed to tackle fuel poverty. They know their properties better than central government and can identify and target fuel poor households more efficiently. This would allow more

¹ Association for the Conservation of Energy (2016) Energy Efficiency in London

² <https://data.gov.uk/dataset/estimated-total-number-of-houses-in-multiple-occupation-in-area>

area-based approaches to energy efficiency retrofitting schemes³. The Government should therefore draw lessons from the local area-based approach of the Home Energy Efficiency Programme (HEEPS) in Scotland and implement a similar approach in England. There are obvious capacity issues for local authorities. Central Government needs to make energy efficiency a priority and provide local authorities with more financial support for enforcement of current policies, or administration costs of future energy efficiency programmes, alongside more data to effectively target fuel poor & energy efficient areas. Evidence from a recent Committee on Climate Change (CCC) report shows that 'what works' is contingent on socio-economic circumstances, indicating the value of local and regional decision-making. Well-managed area-based social housing programmes potentially make improvements more affordable (by reducing unit cost), highly visible and desirable⁴.

The Mayor should work with local authorities to support SMEs and the supply chain with stock knowledge of localities in London to develop a customer offer and support package to encourage uptake of measures. There is currently a lack of trust amongst customers, which this could address.

Promoting energy-efficient behaviours and choices

The smart meter roll-out is seen by some as a potential 'catalyst' to promoting energy-efficiency behaviours, and also a key intervention point to gain more information about the efficiency of the UK's homes. But people need to be informed and educated on how to use them; otherwise the information available will be useless. The GLA could help the London boroughs in this area, by providing more information and facilitating the sharing of information for residents on the scheme through Smart Energy GB, and other key stakeholders.

Advice and information should also feed into developing public awareness and social norms around energy efficiency in London's housing. The GLA should run a public awareness/marketing campaign to influence these social norms, and promote and encourage behaviour change (which would include tangible examples of energy saving and efficient lifestyle choices) to make people more accustomed to energy efficiency measures and make them come to expect their homes to be of a certain standard. This should be coupled with an awareness campaign directed at and for the benefit of landlords and tenants specifically, to promote awareness of healthy housing, EPC, MEES etc. There is a need for independent advice services for residents to ensure that good information is available as misinformation on heating and insulation can be a barrier to behavioural change. It can be challenging for a customer to assess the relative benefits and dis-benefits of energy efficiency measures so technical customer support is needed to ensure homeowners are being supported to make well informed decisions that do not lock in unintended consequences. These campaigns could include support, advice and guidance through a trusted independent professional, such as, for example, a Retrofit Coordinator – as seen with the London borough of Haringey's Smart Homes project.

Low-carbon and/or affordable energy generation at the domestic or community scale

There needs to be a serious focus on 'decarbonising buildings'. A holistic approach would allow local authorities to address fuel poverty, decentralised renewable energy generation, resident happiness and environmental and public health (such as through improved air quality) more effectively. London has a lot of old housing stock, and retrofitting this is the most effective way of decarbonising. Work in this area would be even more effective if it is coupled with the development of low carbon power and heat provision.

³ House of Commons, Energy & Climate Change Committee (2016) Home energy efficiency and demand reduction

⁴ Committee on Climate Change (2016) Heat and Energy Efficiency: Making Effective Policy

Support for community energy groups is something that is crucial for improving London's performance for domestic renewable energy. The London 'Zero Carbon Homes Standard' is a tool that can help implement more solar energy, which could be done in collaboration with community groups. When the mayor reviews the use of GLA land, he should give a consideration to community energy groups and facilitate dialogue with developers, boroughs and energy groups.

The Mayor's pledge to set up a not for profit energy company for London under the Energy for Londoners banner is a good opportunity to promote community and decentralised forms of renewable and low carbon energy for London. This could also provide a domestic and commercial solar offer to encourage the further uptake of solar. Another opportunity could be to work with boroughs who are keen to set up 'white label' energy companies. This would allow them to develop energy supply arrangements that could provide more flexible and appropriate tariffs for their residents, whilst providing energy suppliers with an easy route to a large group of customers.

Given the issues London has seen with solar installations over the last few years, it is vitally important that demand reduction is promoted prior to installing solar on all available roofs spaces. There is a risk that a solar only scheme will continue a business as usual scenario for energy and carbon without behaviour change and energy reduction. This is a space the Mayor and the GLA could play a big role, again through sharing best practice, public awareness campaigns, and providing frameworks for local authorities, private sector and third sector organisations to work together.

Household energy prices and tariffs, and support to find affordable tariffs

348,000 London households are considered to be fuel poor³. In addition to being below the poverty line, each year, they are estimated to have to spend £336 more on their energy than a typical household needs to. There is a need for energy suppliers to make their cheapest tariffs clearly available to the public, and to actively identify those who might be fuel poor. There is a unique role for the Mayor and boroughs to play in terms of raising awareness and promoting responsible tariff behaviour. This could be supported through borough and/or energy champions.

When identifying fuel poor households, it might not be effective to rely entirely on the Low Income High Costs Indicator method. It is argued that this methodology has an intrinsic bias against smaller dwellings, of which there are many in London. Due largely to dwelling size and density, London energy bills tend to be lower, but much of the gain from lower bills will be offset by the level of income deprivation in London and high rents.

Q2. How, and how well, do the Mayor's current policies and programmes help ensure that domestic energy needs are met affordably and with low carbon emissions? Are there policies that hinder these goals?

According to the Mayor's website, energy efficiency programmes in London have helped to insulate 350,000 lofts and 257,000 cavity walls in London homes. These numbers are positive, but loft and cavity wall are considered to be the 'low hanging fruit' when it comes to insulation measures, as they are cheaper and easier to install. According to figures from 2003, 40% of London homes were solid wall properties; this is due to many neighbourhoods in London still being predominantly made of Victorian terrace housing. This type of home, considered to be hard to treat, needs to be focused on, given its volume in London⁴.

³ Association for the Conservation of Energy (2016) Energy Efficiency in London

⁴ <https://data.london.gov.uk/dataset/solid-wall-and-off-gas-network-properties-lsoa>

The uptake of solar in London is low. The solar installs that do take place in London are overwhelmingly on new builds. There are a number of factors that have contributed towards London's poor solar implementation. These include: the city's transient population - people don't live here long enough to feel the benefits of such investment (and increasingly are renting, meaning they don't have the authority to install solar panels or similar measures); London's rich are simply too wealthy to care about reducing their energy bills.

The Decentralised Energy Programme Delivery Unit (DEPDU) had helped bring 13 District Energy projects to market and attracted over £100m worth of investment by the end of July 2015. It has been a great example of the Mayor (and the GLA) acting as a central co-ordinator to help boroughs, private and third sector organisations work together to deliver projects, and develop learning and understanding on implementing many district energy schemes. The London Heat Map is an excellent manifestation of this, allowing boroughs to identify where market-competitive heat networks could be located. The Mayor should:

- a) work with the successor to DEPDU to also focus specifically on solar deployment, such as maximising implementation on the GLA estate
- b) Ensuring that mapping data and tools are available for data crowdsourcing platforms, to complement existing GLA efforts to map street-by-street potential, and to feed data into new planning decisions to ensure set levels of PV take-up.
- c) Working with universities, industry, SMEs and community groups to provide innovative financing and local levies, expertise and planning assistance to new and existing PV projects, drawing on the successful model of New York's Solar Partnership.
- d) Using the mayor's platform to communicate the socioeconomic and environmental benefits of local solar energy projects, including through community engagement and education programmes.

Q3. What new or different ideas and approaches could improve the Mayor's policies? Are there examples from other parts of the country or the world?

Energy Efficiency

The Mayor should look further at the possibilities to encourage an 'Energiesprong' approach to energy efficiency installation in London. The Energiesprong project, developed in the Netherlands, has aimed to develop a marked transformation in the energy efficiency market and offer whole house retrofits to net-zero energy levels. The project has initially focused on the social housing sector with the aim of achieving an early market on the basis of a long term asset management approach.

It includes four main elements: an energy performance guarantee by the contractor, a ten day delivery timetable, investment that is financed by energy cost savings and a guarantee that the refurbishment package improves residents' quality of life and the appearance of the house. It can also work in modified forms for the private rented and owner-occupied sectors, though is much less viable while the upfront costs are still high. For social housing, Energiesprong offers net-zero energy retrofits, with thirty or forty year performance and maintenance guarantees. This is paid for upfront by social housing providers who then recoup the money through energy plans which tenants pay on a monthly basis instead of energy bills⁵.

⁵ Warmer & Greener (2016) Westminster Sustainable Business Forum, *Policy Connect*

Energiesprong is ideal for a certain archetype and should be used in the correct areas. However it is unlikely to be fit for purpose for Victorian and Edwardian stock common across many parts of London. These would need a specific focus, and there are a number of examples from across Europe that London could look to learn from, including a range of financial mechanisms to improve for energy efficiency measures⁶.

Heat

Regarding heat provision, London has been good in the past, but needs to ensure it maintains its progress over the next 20-30 years to meet its 2050 targets. The London Mayor should look to the example set in Sweden with Värmek, a municipally-owned not-for-profit cooperative specialising in the procurement of district energy products. This body undertakes two main activities:

1. Putting together OJEU compliant frameworks of relevant technology suppliers
2. Undertaking OJEU compliant procurement activities on behalf of its members.

This second activity allows a core procurement team to develop commercial and technological expertise in district energy, driving a standardisation of processes and documentation. Together they have exerted a downward pressure on prices and terms and upward pressure on quality. Suppliers benefit as it reduces risk and transaction costs and provides them with a single point of contact and a competent negotiating partner. Framework membership badges them as a 'quality' supplier. Overall it balances out the negotiating power of the customers and the suppliers.

The Greater Manchester Combined Authority has been developing a version of this, to be known as the District Energy Procurement Agency (DEPA). This organisation, or a specific London version, could a) work with the touted successor to the Decentralised Energy Programme Delivery Unit (DEPDU), or b) form part of an expanded remit for the next stage of DEPDU.

Q4. How should the Mayor change policies or programmes?

The stated approach to break down policy siloes and address many issues in a more holistic way is a positive step when it comes to tackling fuel poverty and domestic energy emissions. The constituent parts that affect how a house performs interact with each other, and to focus on them separately is inefficient in time, cost and outcome wise. For instance, when considering the importance of heat decarbonisation and energy efficiency improvements, two distinct but related national infrastructure challenges emerge. Both are long term projects which will take decades to deliver. Local authorities will need to play a significant role in the delivery of both and it will be necessary for tailored, local solutions to develop in different areas of the country, and even across London. However, the physical infrastructure associated with the investment in building efficiency is different from the investment in wires, cables and pipes which will be required for the decarbonisation of heat. But the way they interact will be key - the relationship between energy efficiency and decarbonising heat and power is crucial. The substantial economic, social and environmental rewards mean that both energy efficiency and heat decarbonisation should be considered infrastructure priorities.

⁶<http://www.energy-cities.eu/Innovative-financing-schemes>; Brussels Green Loan - <http://www.maisonenergiehuis.be/fr/pr%C3%AAt-vert-bruxellois>; Refurbishment of 11 storey block in Portsmouth - <http://www.rockwool.co.uk/advice/renovation-and-new-build/wilmcote-house---preliminary-findings/>; UKGBC project investigating green mortgages - <http://www.ukgbc.org/news/lenders-green-mortgages-project-householder-survey>

As has been stated previously, there is a need to move away from a measure-based approach towards an outcomes-based approach which looks to reward an end goal of improved energy efficiency (for example, meeting an EPC rating of C or higher), without mandating how this is achieved, something the Mayor has power over through planning laws.

The public awareness campaign mentioned earlier could also help to deal with the issue of 'switching inertia' amongst the public. With energy suppliers required to make their cheapest tariffs clear and accessible, making residents understand the benefits of switching energy suppliers is something the Mayor jointly with boroughs as trusted bodies could provide advice on.

Another important aspect that needs to improve in London is the collaboration between the housing and health sectors when it comes to fuel poverty. There is a need to tackle homes of those where greatest health risks are present. This requires greater working with health professionals for referrals. This also requires boroughs to work together, and to share information, given that hospitals work across borough boundaries. The Mayor's future energy efficiency programme should provide transparent and consistent frameworks and encourage this kind of interaction.

One example of a project that is doing this is the Seasonal Health Interventions Network (or SHINE). This scheme, which is being ran by the London Borough of Islington, is looking to provide a single point of referral, bringing together dozens of existing services. It works by targeting those most in need through such actions as: mailings through GPs; targeted mailings of priority groups; Using 'hooks': small measures, bill discounts; door-knocking in key areas; and use of EPC data to target worst homes. The soon to be implemented ECO 3 and the current smart meter rollout both present opportunities to identify and deal with households suffering from fuel poverty.