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Item

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Sustainable Affordable Warmth Strategy

Responsible Officer:	Mark Barrow		
email:	mark.barrow@shropshire.gov.uk	Tel:	01743 258919
Cabinet Member (Portfolio Holder):	Dean Carroll		

1. Synopsis

The creation of this Council’s Sustainable Affordable Warmth Strategy is key to tackling inequality, an important outcome supported by The Shropshire Plan. The proposed Strategy sets out an action plan to tackle fuel poverty, inequality, and improve energy efficiency across all tenures of housing.

2. Executive Summary

- 2.1. The proposed Sustainable Affordable Warmth Strategy (“the Strategy”) which has completed an eight-week public consultation period, helps to deliver key aspects of the Healthy People and Healthy Environment priorities of The Shropshire Plan. Specifically, it seeks to tackle fuel poverty, this being when households must spend a high proportion of their income to keep their home at a reasonable temperature; and tackle climate change, through reducing carbon emissions from residential dwellings.
- 2.2. Cold homes can have negative impacts on both mental and physical health, directly contributing towards excess winter deaths. Health impacts of cold homes include increased risk of cardio-vascular problems; damp and mould exacerbating respiratory illnesses; poor diet due to “heat or eat” choices; mental ill health; and worsening or/slow recovery from existing conditions, for example, arthritis. Those

most at risk of ill health from fuel poverty include children, older people and people with disabilities.

- 2.3. Fuel poverty can be alleviated by improving a household's income, reducing their fuel costs, and improving the energy efficiency of their home, thus reducing the amount of energy needed to heat their home.
- 2.4. Sustainable affordable warmth is about improving the energy efficiency of homes, whilst also ensuring energy costs and the associated energy efficiency measures remain affordable. Reducing fuel usage, especially fossil fuels, helps to reduce carbon emissions. Moreover, it is also important to move towards using sustainable non-fossil fuels to provide heat and power, whilst ensuring these are affordable to the household.
- 2.5. Central government set out an expectation that by 2030 all social housing will reach Energy Performance Certificate (EPC) Band C and that by 2050 all domestic dwellings will have net zero carbon emissions. These targets require extremely high levels of investment to retrofit energy efficiency measures to existing stock. Whilst the detail of regulations are subject to change, such as the Government's recent announcements regarding private sector housing standards, the principles of reducing carbon emissions from homes, and making them more affordable for residents to heat, remain in place.
- 2.6. The Strategy summarises the challenges faced in Shropshire, including the estimated investment needs, the current approaches which seek to tackle fuel poverty and reduce carbon emissions, and contains priority actions which form an action plan.
- 2.7. The work of the Council's Affordable Warmth & Energy Efficiency Team has been recognised at the National Energy Efficiency Awards 2023. The team were named Council of the year and won second place for Insulation and Fabric Project of the Year. This provides a solid foundation to continue to achieve sustainable affordable warmth across Shropshire.

3. Recommendations

- 3.1. Cabinet is asked to approve and adopt the Sustainable Affordable Warmth Strategy, attached at Appendix I.

Report

4. Risk Assessment and Opportunities Appraisal

- 4.1. The Homes Energy Conservation Act 1995 (HECA) requires all local authorities in England to submit biennial reports to central government setting out the energy measures they have adopted to improve energy efficiency of residential accommodation. Although it is not a statutory requirement for a local authority to produce an actual affordable warmth strategy, it is good practice to do so. Such a strategy establishes the importance of tackling fuel poverty, improving energy efficiency and reducing carbon emissions from residential dwellings. It can then

set out the challenges faced by the local area and establish a plan of action to seek to meet these challenges.

- 4.2. Given the importance of the link between a household's health and being able to afford a warm home, and thus the need to ensure dwellings are energy efficient, it is important that Council sets out the work that it is currently undertaking to tackle fuel poverty and promote affordable warmth. In addition, it is also important to recognise the level of carbon emissions from domestic accommodation and how improved energy efficiency and the use of low-carbon heating measures reduce these.
- 4.3. An Equality, Social Inclusion and Health Impact Assessment (ESHIA) initial screening record has been completed; this is at Appendix II. The screening process ahead of the proposed consultation indicated a likely medium positive impact across the Protected Characteristic groupings as set out in the Equality Act 2010, particularly Age and Disability, Pregnancy and Maternity, and Sex (caring responsibilities). There are also anticipated medium positive impacts for those individuals and households who find themselves in circumstances where they may be considered to be vulnerable and at risk of social exclusion. This includes individual and households who present as homeless, and households living in fuel poverty, as well as intersectionality for individuals with regard to Age, for example young people who are care leavers and may also have a learning disability, and with regard to the circumstances in which people may find themselves, for example veterans and serving members of the armed forces and their families. For the groupings of Race and of Religion or Belief, the impact is anticipated to be neutral to low positive with outreach efforts to engage with those for whom English is not their first language, for example, refugee families.
- 4.4. Babies, children, older people, people with disabilities and those with pre-existing health problems are at greatest risk of health problems as a result of living in cold homes, and therefore are particularly at risk from the health consequences of fuel poverty. Households particularly at risk of fuel poverty include low-income households, households with dependent children, people living with disabilities and minority ethnic minority households, many of which already face many health inequalities.
- 4.5. A review of the Equality, Social Inclusion and Health Impact Assessment (ESHA) has been completed following consultation and remains unchanged from the initial screening process.
- 4.6. The main risk to Shropshire Council from adopting the Strategy would be from the commissioning of capital work programmes. This is in relation to arrangements where a contractor may fail to deliver against the terms of the contract for installing measures in the homes of residents. However, this risk is mitigated by the Affordable Warmth and Energy Efficiency Team working closely with Legal Services, Finance, Procurement and Risk colleagues to ensure that robust contracts, tendering processes and monitoring regimes are in place and that when an issue is identified rapid action is taken to ensure this is resolved. Additionally, this risk is an extremely low risk to the Council because of the financial controls around the funding regimes. The capital works programmes are externally funded Government grants, which have their own strict financial controls and monitoring processes to ensure that schemes are well managed and deliver high value outcomes to the residents of Shropshire.

5. Financial Implications

5.1. A number of the priorities in the proposed action plan are already taking place or have been agreed, therefore, will be funded by existing resources, for example, grant funding from central Government or through the HRA Business Plan. All others, for example, the proposed loan scheme, will be subject to business cases, availability of funding and appropriate approvals.

6. Climate Change Appraisal

6.1. The Strategy seeks to tackle fuel poverty through a range of sustainable measures to provide affordable warmth whilst increasing the energy performance of homes and reducing carbon emissions, with the ultimate aim of homes being net zero carbon. The strategy therefore aims to create a positive impact on the below areas:

Energy and fuel consumption (buildings and/or travel):

- Data clearly shows that the greatest challenge lies within our existing housing stock and there is a clear need to develop renewal programmes which adopt a retrofit fabric first approach, prioritising repairs, insulation, draught-proofing, and ventilation ahead of 'add-ons' such as solar panels.
- The Council will utilise 'Parity Pathways' to model carbon savings in dwellings for all of the schemes that the Affordable Warmth & Energy Efficiency Team are delivering. The team are confident that with some coordination, the Council can work with our partners like STAR Housing to make sure that all of the datasets are up to date and ensure that data is provided across all housing tenures.
- To measure the improvement in living conditions and on demand for Health and Social Care, the Affordable Warmth & Energy Efficiency Team have been successfully utilising the BRE Housing Health & Safety Rating System Cost Calculator. This system allows the Council to measure the cost benefits in reducing or eliminating Category 1 hazards for 'excess cold' in the home and calculating the potential savings to Health and wider Society from reduced visits to the Doctors or Hospital admissions.
- A fabric first approach has many benefits, making homes more comfortable and easier to keep warm and healthy, reducing the need for maintenance and protecting the building fabric. This can help reduce carbon emissions and improve energy efficiency.
- The Council has successfully secured significant amounts of private and public funds to deliver a fabric first approach across the private and social housing sectors. This has resulted in grant funding programmes for Air-source heat pumps, internal, external, and underfloor insulation measures, window, and door replacements.
- Moreover, the Strategy sets out how social housing is required to meet EPC Band C by 2030, and the challenges associated with this.

Renewable energy generation:

- Grant funding is available to assist in the installation of solar panels and battery storage systems to help make homes more sustainable and energy secure.

Carbon offsetting or mitigation and climate change adaptation:

- These relate to: the promotion of fabric first retrofitting and new build; the Passivhaus pilot planned by the Council's ALMO STAR Housing; and the London Road Innovation Low Carbon Development planned by the Council's housing company CDL.

7. Background

- 7.1. Unaffordable fuel bills can lead to choices such as heat or eat; and cold homes can both lead to and exacerbate health problems and health inequalities. In some circumstances, health problems may be exacerbated to such a degree that they may cause death. In addition, the use of fossil fuels as a form of heating results in carbon emissions which pollute the environment and cause climate change. By making homes more energy efficient and by using low-carbon heating measures, then homes should be more affordable to heat, with an associated reduction in carbon emissions.
- 7.2. Fuel poverty relates to households who must spend a high proportion of their household income to keep their home at a reasonable temperature. It is affected by a household's income, their fuel costs, their energy consumption, and the energy efficiency of their home.
- 7.3. The current central government definition of fuel poverty in England is 'Low Income Low Energy Efficiency' (LILEE). A household is fuel poor if:
- they are living in a property with an energy efficiency rating of band D, E, F or G, as shown by an Energy Performance Certificate (EPC); and
 - their disposable income (income after housing costs and energy needs) would be below the poverty line.
- 7.4. Fuel poverty can be alleviated by improving a household's income, reducing their fuel costs, and improving the energy efficiency of their home, thus reducing the amount of energy needed to heat their home. Therefore, the ability to keep a home warm becomes affordable, this being "affordable warmth".
- 7.5. Sustainable affordable warmth is about improving the energy efficiency of homes, which reduces energy consumption, whilst also ensuring costs for these energy efficiency measures are affordable.
- 7.6. Reducing fuel usage, especially fossil fuels, helps to reduce carbon emissions. Moreover, it is also important to move towards using sustainable non-fossil fuels to provide heat and power, whilst ensuring that the capital outlay for non-fossil fuel technologies is not prohibitively expensive and does not result in households facing higher fuel costs in the longer term.
- 7.7. Central government's 2017 Clean Growth Strategy sets out that by 2030 all social housing is expected to reach EPC Band C. In addition, the Climate Change Act 2008 requires all domestic dwellings to have net zero carbon emissions by 2050. These targets require extremely high levels of investment to retrofit existing stock.
- 7.8. The Council has an energy advice service, Keep Shropshire Warm. It also seeks to attract funding for energy efficiency and decarbonisation measures through the Energy Company Obligation and from central government grant schemes.

7.9. The Strategy helps to deliver the Healthy People and Healthy Environment priorities of the Shropshire Plan. The Strategy has three objectives:

- Raising awareness of the importance of tackling fuel poverty and improving energy efficiency – cold homes can worsen health problems and contribute towards excess winter deaths. It is estimated that in 2020 16.5% of households in Shropshire were in fuel poverty.
- Establishing a pathway to zero-carbon housing - the Climate Change Act 2008 set legally binding targets to reach net zero carbon emissions by 2050. It is estimated that it will cost over £4 billion for all Shropshire’s domestic dwellings to reach net zero; this includes an estimated £477 million to decarbonise all the county’s social housing.
- Attracting funding to deliver affordable warmth and improve energy efficiency- the Council provides an energy advice service, which includes provision of energy efficiency measures to eligible households; and seeks to access central government funding for energy efficiency and decarbonisation measures for eligible dwellings.

7.10. Each of the Strategy’s objectives contain “Priorities for action” which together form an action plan, allowing for monitoring and review of the Strategy. It is proposed that the Strategy is reviewed annually, to provide the opportunity to reflect changes in Government policy and funding streams.

7.11. The feedback from the public consultation was generally supportive of the Strategy. A summary of feedback received and subsequent proposed changes to the strategy to reflect comments received is provided at Appendix III.

8. Conclusions

8.1. The Strategy aims to set out the importance of tackling fuel poverty, improving energy efficiency and reducing carbon emissions from domestic dwellings. It seeks to establish the challenges faced in Shropshire, especially the estimated cross-tenure investment needs to reach net zero by 2030 and summarises the current approaches to tackling fuel poverty and reducing carbon emissions.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

- 30 November 2022 Cabinet Report: Draft Sustainable Affordable Warmth Strategy for Consultation

Local Member: All

Appendices

Appendix I: Sustainable Affordable Warmth Strategy

Appendix II: ESHIA

Appendix III: Responses to Consultation