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**Fuel Poverty and the New Local Authority Performance Framework:
An examination of the impact of NI187 on fuel poverty alleviation in London**

By

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**A report submitted in partial fulfilment of the requirements for
the MSc and/or the DIC.**

September 2009

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ABSTRACT:

This paper examines the impact that the new local authority performance framework, and in particular the NI187 performance indicator, is having on action to tackle fuel poverty at the local level. The 2001 Fuel Poverty Strategy made a commitment to eliminate fuel poverty in vulnerable households by 2010 and throughout the UK by 2016. However, due to various factors such as rising energy prices and the economic downturn, fuel poverty has increased on a yearly basis since 2003 and it is now estimated over 4 million households are affected. Clearly the 2001 targets will not be met. Yet despite the growth of fuel poverty only 40 out of 150 local areas in the UK have adopted the NI187 performance indicator set up with the new local authority framework to help monitor and alleviate fuel poverty. The ratio of uptake in London is even more nominal with only three local authorities adopting. Thus, it is at this critical juncture of growing fuel poverty and dramatic change in the nature of local governance that this timely study is conducted.

The study employs a multi-method approach, combining semi structured government and stakeholder interviews with statistical data analysis, in the pursuit of four key research objectives. Firstly, the views and rationales of LAs in relation to NI187 adoption and non-adoption are explored. Secondly, the first round of NI187 performance data released by DECC is analysed, with a key emphasis on comparative performance analysis. The report is one of the first to examine the new data. Following this, the impacts and underlying utility of the NI187 and the new performance framework on fuel poverty reduction is examined. Finally, the report concludes with a series of tentative policy recommendations aimed at improving the effectiveness of how fuel poverty is tackled.

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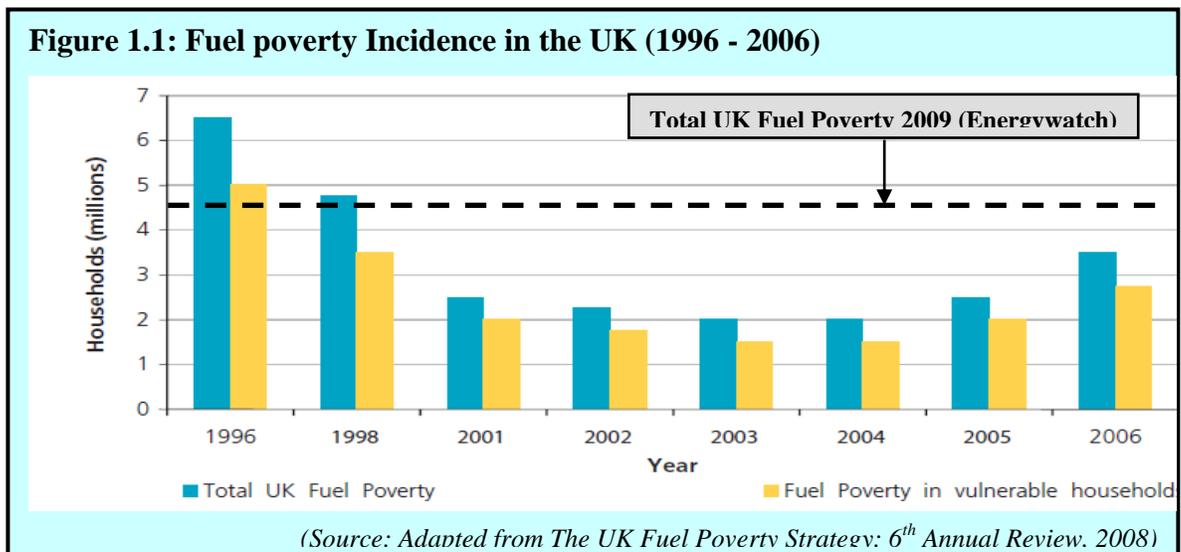
List of Abbreviations:

ACE - Association for the Conservation of Energy
CIEH - Chartered Institute of Environmental Health
CSE - Centre for Sustainable Energy
DCLG - Department of Communities and Local Government
DECC - Department of Energy and Climate Change
DEFRA - Department for Environment, Food and Rural Affairs
DMAG - Data Management and Analysis Group
DoH - Department of Health
DTI - Department of Trade and Industry
DWP - Department for Work and Pensions
EHCS - English House Condition Survey
EST - Energy Savings Trust
GLA - Greater London Authority
GO - Government Office
LA - Local Authority
LAA - Local Area Agreements
NEA - National Energy Action
NHS - National Health Service
ONS - Office for National Statistics
SAP - Standard Assessment Procedure

1. INTRODUCTION

1.1. Context:

The 2001 UK's Fuel Poverty Strategy made a commitment to eliminate 'the blight of fuel poverty' in vulnerable households by 2010 and throughout the UK by 2016 (DEFRA, 2001: 1). In doing so, the report raised hopes that fuel poverty would soon be a marginal problem on the political agenda. However, as the turn of the decade approaches, it is clear the optimism of the Strategy was misplaced. Incidence of fuel poverty not only remains a significant problem in the UK, but is a growing one (See **Figure 1.1**). Indeed, the most recent Fuel Poverty Annual Review states that in 2006 'there were approximately 3.5 million households in fuel poverty, an increase of around 1m households since 2005.' (DEFRA, 2008: 6). Moreover, it seems the recent economic downturn coupled with rising fuel prices have exacerbated incidence further, offsetting progress made by government and energy supplier energy efficiency investment programmes and initiatives such as winter fuel payments. This has led statutory consumer organisation Energywatch to suggest fuel poverty is at its highest for a decade, with over 4.4 million affected households (Consumer Focus, 2009). Clearly, fuel poverty is a pressing issue in the UK and its significant ramifications across society; from rising healthcare costs (Friel, 2007; BMA, 2003) to increased cold induced elderly mortality (estimated to cause 30-50,000 deaths per year) (Ruth & Judge, 2005; Jones, 2001), necessitates further attention and study. Importantly, the rise of fuel poverty has come at a time of radical change in local governance, and it is at this critical juncture this specific study takes its place.



In brief, the 2006 Local Government White Paper, *Strong and Prosperous Communities*, promised a new era of freedom for local government offering: ‘greater flexibility to set priorities and greater discretion over how to meet them’ (DCLG, 2007: 3). In practice, this meant up to an estimated 1,200 national indicators (NI) previously used for assessing local authority (LA) performance was reduced to a single new framework of 200; from which the LAs would choose up to 35 local priority indicators upon which their performance would be assessed. Thereafter, binding targets relating to each of the chosen indicators were set in negotiation with Whitehall within a Local Area Agreements (LAA). Each LAA includes targets for up to 35 chosen indicators and 17 statutory indicators relating to children and education (*ibid*). Importantly, there is currently no other way of setting targets, and so the new performance framework is now the only way Whitehall can assess local authority performance. Tackling fuel poverty (NI187) is one of the 200 indicators that make up the new performance framework. Intriguingly, despite the gravity of fuel poverty and its far-reaching consequences, only 40 out of the 150 UK LAs have chosen to adopt the NI187 as a local priority within their LAA. In London the ratio of uptake is even more nominal, with only 3 out of 32 LAs adopting. Consequently, this study explores the reasons behind the low uptake of NI187, with the underlying aim of the assessing the impact of NI187 and the new LA performance framework on how fuel poverty is tackled at the local level.

This is achieved using a multi-method approach (detailed in Ch. 2) in the pursuit of four key research objectives (**Figure 1.2**). Following the literature analysis (Ch. 3), the empirical chapters of the report are structured to mirror the research objectives: Firstly, the views and rationales of the LAs in relation to NI187 adoption are explored, (Ch. 4). Secondly, the first set of NI187 performance data (scheduled to be released by DECC in July 2009 but delayed until September) is analysed, with a key emphasis on comparative performance analysis between LAs who adopted the NI187 and those that did not (Ch. 5). The report is one of the first to examine the new data. Following this, the impacts and underlying utility of the NI187 and the new performance framework on fuel poverty reduction is examined (Ch. 6). Impacts are assessed in relation to LAs and also key stakeholders and local partners, in recognition of the fact fuel poverty is a highly complex problem that cannot be tackled by LAs in isolation. Finally (Ch.7), the report concludes with a series of tentative policy recommendations aimed at improving the effectiveness of how fuel poverty is tackled.

Figure 1.2: Research Objectives:

1. To examine the rationales behind NI187 adoption, with a view to understanding why LA uptake in London has been so low.
2. To compare and contrast the relative performances of local areas which have chosen NI187 as a specific performance indicator against those that have not.
3. To examine the impacts and utility of the NI187 in fuel poverty reduction both in relation to LAs and also key stakeholders and local area partners.
4. To critically assess the value of the new performance framework in tackling with fuel poverty, with a view to making tentative policy recommendations.

1.2. Why London? A Question of Vantage

London was chosen as the focus of this study primarily because it is a severely neglected area in fuel poverty research. Preference is often given to hotspots such as the North East, due to government statistics typically showing London as having the lowest rate of fuel poverty in England (See **Figure 1.3**). However, preliminary investigations showed the incidence of fuel poverty in London may be grossly underestimated by the crude nature of the government's total income definition. This full income definition identifies the fuel poor as households who spend more than 10% of their total income on energy bills for heating. In doing so, the definition fails to take into account the lower disposable incomes of London households due to significantly higher housing costs (See Ch. 3). Indeed, since this research began, the problem has been quantified in a recent report commissioned by GLA, which suggests that under a more appropriate residual income definition (that incorporates housing cost) 'up to 24 per cent of London's households were in fact fuel poor' (July 2009: 16). Thus, this important juxtaposition coupled with an exceptionally low uptake rate of the NI187 (See **Figure 1.4**), makes London both a pertinent and fascinating location from which to analyse fuel poverty and the impact of the new LA framework.

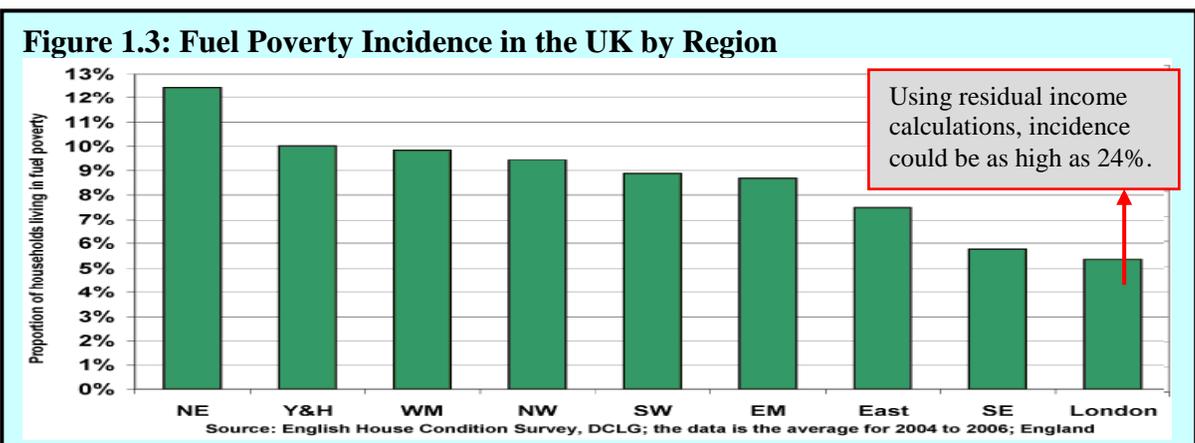
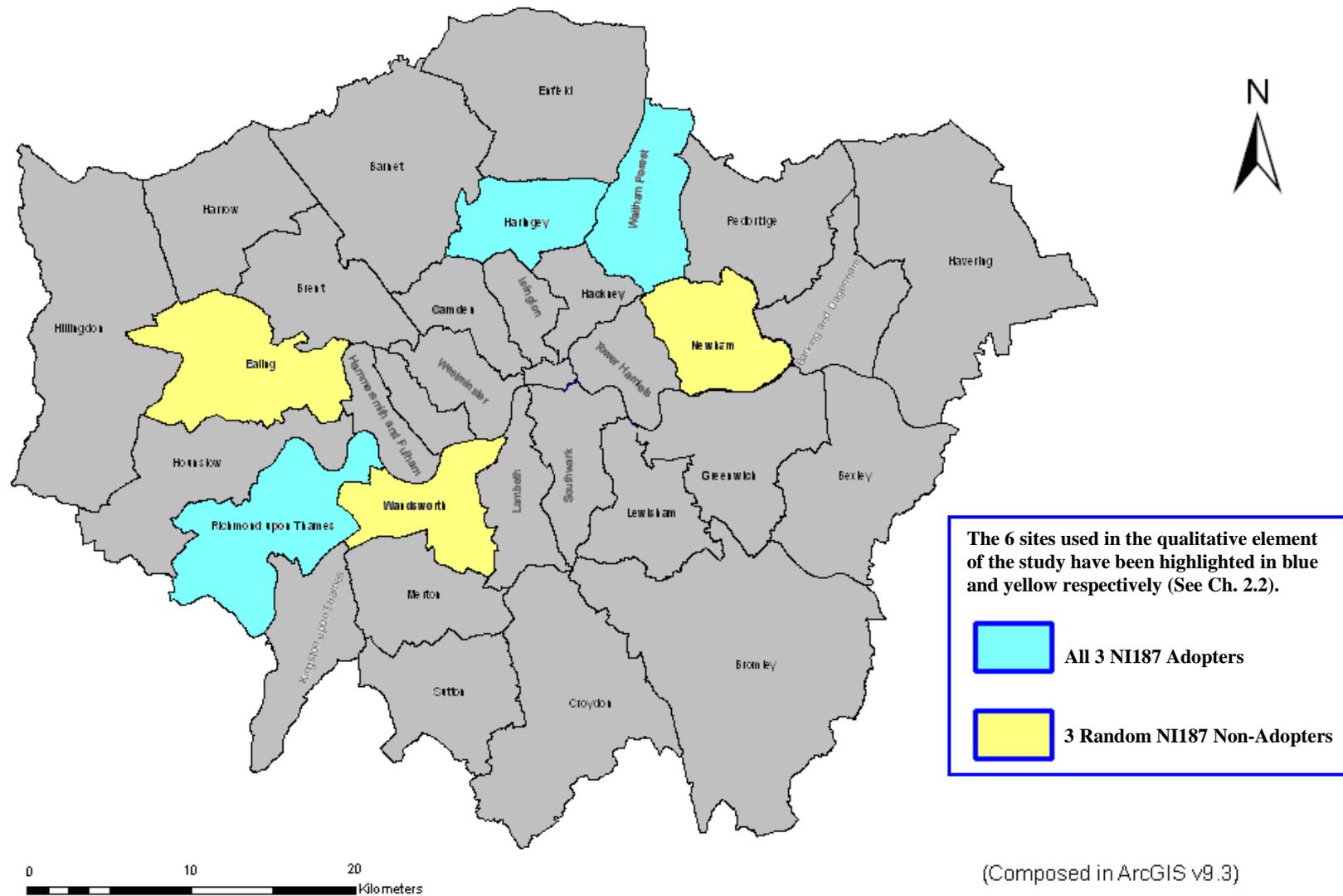


Figure 1.4. Greater London



2. METHODOLOGY:

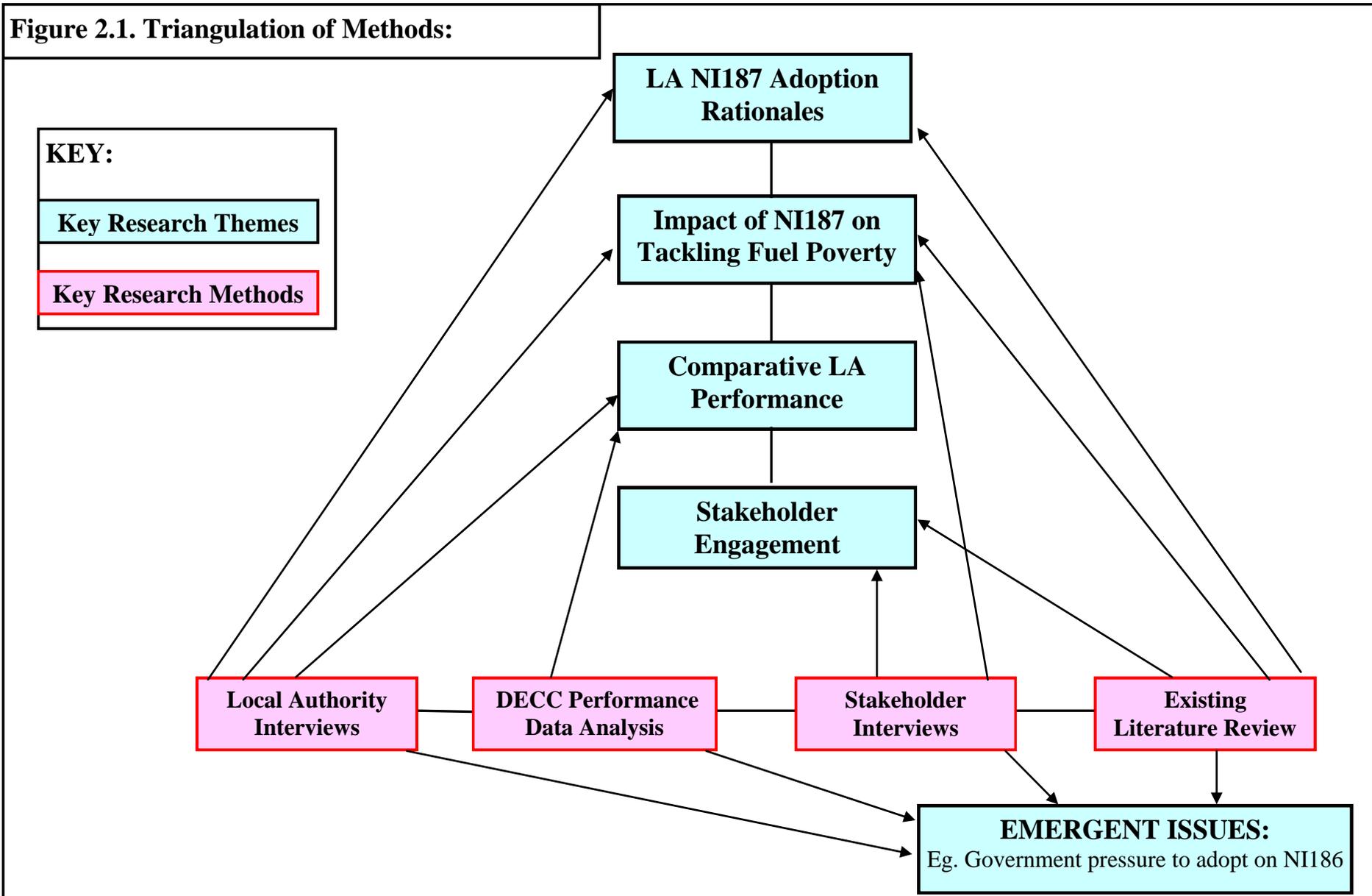
2.1. Research Design:

Research in fuel poverty, due to its emphasis on statistical and census data analysis, has usually tended towards an extensive positivist research design. However, Lindsay (1997) notes the fundamental limitation of this approach, suggesting whilst researchers may be ‘proud of their objectivity, elimination of observer bias, and academic rigour’ the emphasis on general principles, patterns and behaviour ‘...means paradoxically that the power of explanation is narrowly focused. There is no real attempt to explain individual behaviour or patterns of causality’ (1997: 13). However, as several of the research objectives in this study attempted to understand causality and rationale, a singular positivist research design was rejected in favour of a multi-method approach that contested the traditional dichotomy of quantitative and qualitative methods (Denscombe, 2003). It was thought that through the triangulation of various research methods, detailed case studies could be constructed and a fuller understanding of the impact of NI187 would be gained. This was achieved through a combination of DECC performance data analysis, as well as analysis of specific LA datasets, coupled with semi-structured interviews with expert respondents from LAs, central government and key local partners and stakeholders within LAAs (See **Figure 2.1**).

2.2. Scope & Taxonomies:

All research, and particularly qualitative research, is limited by time and resource constraints. This, coupled with the fact that the project objectives could not be achieved using a broad-brushed approach, meant important taxonomical choices regarding which LAs to examine needed to be made. Thus, while the statistical element of the project, based on DECC performance data, broadly considered all the LAs in London; the qualitative component of the report examined, in-depth, the situation within six LAs. Due to the limited qualitative sample size, the report aims to be illustrative as opposed to empirically conclusive. As the characteristic of study was known, and a geographical spread of case studies across London was desired, a disproportionate stratified sampling framework was employed. Consequently, the sample consisted of the only three LAs in London that adopted the NI187 (**Haringey, Richmond, Waltham Forest**) and three random but geographically dispersed samples from the 29 that did not adopt: **Ealing, Wandsworth and Newham** (See **Figure 1.4**). On a more holistic level, London was chosen for the ideological reasons elucidated in Chapter 1.2, as well as pragmatic factors such as geographical proximity and availability of existing contacts and networks.

Figure 2.1. Triangulation of Methods:



2.3. Research Methods:

2.3.1. Existing Literature Analysis:

The literature analysis entailed an examination of existing literature on an array of fuel poverty issues, which are discussed in the subsequent chapter. This not only provided essential insight on which to build the project but also (through omission) highlighted gaps and oversights in existing work that needed to be investigated further. To this end, the review was most formative in the planning and preparation stages of the project.

2.3.2. Qualitative Methods: Executive Semi-Structured Interviews:

While it has become somewhat clichéd, Eyles' classic explanation of interviews as conversations with purpose remains valid (in Valentine, 1997: 111). The purpose of these interviews was to gain an understanding of local perspectives and rationales on what impact the NI187 and new performance framework were having on action to tackle fuel poverty. Semi-structured interviews were used, as opposed to fully structured, as they ensured Objectives 1, 3 and 4 would be adequately addressed, yet were sufficiently reflexive to allow other important factors to emerge. Research ethics were considered throughout the process, as all qualitative research has the potential to be intrusive or sensitive (Lindsay, 1997). Consequently, all respondents were made aware of the aims of the interview before it began, and the option to terminate an interview always remained. Moreover, interview questions were constructed carefully and posed courteously, with anonymity assured to those respondents that desired it.

The interviews tended to last 30-40 minutes and, unless objected to, interviews were recorded and transcribed within 48 hours. The majority of interviews were conducted in person and where this was not feasible telecommunications were used. The transcripts were examined through content analysis, with statements that illustrated core views on relevant themes being noted, categorised and coded using Atlas-Ti. Importantly, the analysis adopted a criterion of actual verbalisation because, as the research was conducted independently, no consultation could occur, and thus the suspected saliency of an issue to an individual which was not explicitly iterated, would be too subjective a call (*ibid*).

The respondents can loosely be divided into two groups: Key Local Government Representatives from the six selected LAs (**Table 2.1a**) and Key Stakeholders and Local Partners (**Table 2.1b**). The first group consisted primarily of the fuel poverty and energy efficiency officers, who are arguably the single most authoritative figures on the impact of the NI187 within their respective LAs. To complement these local government perspective, James Tandy of DECC and Ross Hudson of the GLA were also spoken too. The second group reflects the fact LAs do not tackle fuel poverty in isolation; and consisted of experts and executives from various key organisations working closing with LAs to combat fuel poverty within a LAA. Respondents included energy suppliers, charities, and the NHS.

Table 2.1a Expert Government Respondents:

Respondent:	Position:
<i>James Tandy</i>	Head of Fuel Poverty Team, DECC (Central Government)
<i>Ross Hudson</i>	Project Manager. Energy, GLA (Regional Government)
<i>Colin Coomber</i>	Richmond LA Energy Efficiency Officer
<i>Fiona Fibson</i>	Wandsworth LA Fuel Poverty Officer
<i>John Mathers</i>	Haringey LA Fuel Poverty Officer
<i>Anthony Jones</i>	Waltham Forest LA Energy Efficiency Officer
<i>Nieema Alom</i>	Newham LA Senior Policy Adviser
<i>Matthew Do Rosario</i>	Ealing Parliamentary Researcher for Virenda Sharma MP

Table 2.1b: Executive Stakeholders and LAA Partners:

Organisation:	Respondent:	Position:
ACE (Association for Conservation of Energy)	<i>Pedro Guertler</i>	Head of Research
AGE CONCERN (In association with Help the Aged)	<i>Belinda Wadsworth</i>	Fuel Poverty Co-ordinator
EST (Energy Savings Trust)	<i>Andy Deacon</i>	Head of Local Authority Services
EST (Energy Savings Trust)	<i>Keith Von Tersch</i>	LA Fuel Poverty Central Support Officer
NHS (National Health Service)	<i>Anonymity Requested</i>	Local Council Liaison
SCOTTISH POWER	<i>Heather Watts</i>	Energy Efficiency Development Manager
WARMZONES	<i>Bob Carter</i>	Regional Director

2.3.3. Quantitative Methods: Secondary Data Analysis

The ERSC define secondary data analysis as ‘the further analysis of an existing dataset’ (2008). This research, in pursuit of Objective 2, proposed to further analyse the NI187 performance data scheduled due to be released by DECC on the 1st of July 2009 (but was actually released in September due to the failure of many LAs to report). This was to be analysed with a key emphasis on comparison between the LAs that adopted the NI187 and those that did not, using a range of analytical practices and statistical techniques, from investigating simple linear relationships to exploring more complex relationships that required significance testing and regression analysis. The latter statistical techniques were necessary to assert or allude to causality in relationships as opposed to mere correlation (Rigby, 2006), which would be important in assessing the impact of NI187 adoption. However, due to the three month delay and the project time constraints, as comprehensive an analysis as initially proposed was not feasible. Nevertheless, very useful comparative analysis was achieved (Ch. 5) and the study remains one of the first to have examined the performance data. Moreover, potentially salient areas that would benefit from further investigation have been noted in the suggestions for further work (See Ch. 7).

3. EXISTING LITERATURE ANALYSIS:

Despite being one of the four key policy goals outlined in the UK Energy White Paper (DTI, 2007) and a key EU energy policy concern (EC, 2007), fuel poverty remains a severely neglected area of energy research, particularly at the local level. Nevertheless, this chapter does not attempt to provide an exhaustive review on fuel poverty literature, but rather presents a concise appraisal of existing research and literature relevant to the key objectives of the project. In addition, relevant comments from certain expert respondents are included (*in italics*) where appropriate. As mentioned, particular stress is given to gaps and voids in the current literature, which the report consequently attempted to fill. Yet before these specific themes are explored, the broader importance and necessity of researching fuel poverty is discussed in relation to its socioeconomic impacts. First, however, the definition and demographics of fuel poverty are examined.

3.1 Fuel Poverty: Multiple Income Definitions

3.1.1. Full Income:

The government's official definition of fuel poverty is: 'A household that needs to spend more than 10% of its [full] income to provide an adequate standard of warmth defined by the World Health Organisation to be 21°C in living rooms' (DoH, 2009: 2). However, research has shown that a full income definition often belies true fuel poverty incidence levels (GLA, 2004). Consequently more sophisticated definitions have developed which are able to illustrate a more vivid and representative picture of actual fuel poverty (Whykey *et al*, 1997; Clinch & Healy, 2001; Impetus Consulting, 2008).

3.1.2. Residual Income:

Perhaps the most important evolution of the term is the residual income definition, which differentiates between total income and actual expendable income (Rudge, 2001; Stone, 2002; GLA, 2004). In economic terms the notion of residual income in relation to housing affordability is not new, having been developed in the USA in the 1970s. However, its emergence within UK fuel poverty research has been more recent (1990s) and debates of government adoption remain ongoing, with policymakers still favouring a full income definition (*ibid*). Residual income is particularly important to London,

due to significantly higher living costs than elsewhere in the UK. This is evidenced in a comprehensive economic study conducted by the GLA, which compared costs of living in London, Edinburgh and Manchester. The results were telling: ‘Based on the average composition of household spending across the UK, the cost of living in London is 17% higher than in Edinburgh, and 23% higher than in Manchester. As one might expect, the very high price of housing in London dominates the comparisons’ (GLA, 2003: 2).

3.1.3. Equivalised Income:

Building on the residual income fuel poverty definition, and emerging in prominence, is the use of an equivalised income definition (Saunders & Badbury, 2006). This incorporates relative income after housing but also weights income depending on the composition of the household. Typically, the weighting used is concurrent with the DWP’s Households Below Average Income equivalised financial index, which suggests the following ratio: 0.67 for the first adult, 0.33 for every other adult or child above 14 years of age and 0.2 for every child under 14 years of age (DWP, 2009: 184). Again, this seeks to paint a truer picture of actual disposable income and is especially pertinent in terms of fuel poverty. This is because larger households need bigger incomes than smaller households to maintain the same standard of living as due to the increasing propensity of household non-earners (children) compared to earners (ACE, 2009).

3.1.4. Definitions Used in Research:

The impact of the underlying definition cannot be overstated when studying fuel poverty as it dramatically changes extent of incidence. For example ACE suggests that under equivalised definition incidence of fuel poverty in London could be as high as ‘35.7%, as opposed to 6% and 23% under the full and residual income definitions respectively’ (2009: ii). Consequently, it is important to clarify what definitions are used in the project. Thus, unless stated otherwise, the project uses the official full income definition as default because (as the government is the main gatherer and issuer of fuel poverty data) the vast majority of data, including the NI187 performance data, is expressed in these terms. Nevertheless, constant reference is made to the residual and equivalised definitions where necessary.

3.2. Causes of Fuel Poverty:

This section briefly outlines the main causes for fuel poverty, as these are explored in more detail elsewhere in the report. Traditionally, three causes are cited: low household income, affordability of domestic fuels and the energy efficiency of a specific household (largely related to household age and type) (Lewis, 1982; Milne & Boardman, 2000; DCLG, 2002; Guertler *et al*, 2007; DTI, 2007). New research is also placing increasing significance on the size of a household and the nature of its occupancy (ACE, 2009). Interestingly, the most dramatic impacts are seen at the two ends of the occupancy spectrum: unaffordability caused by densely populated households with numerous dependants and unaffordability caused by under-occupied households (*ibid*; Clinch & Healy, 2002). Additionally, in an era of increased climatic variability, the nature and volatility of the external environment is anticipated to play an increasing role in causing fuel poverty (FPAG, 2008).

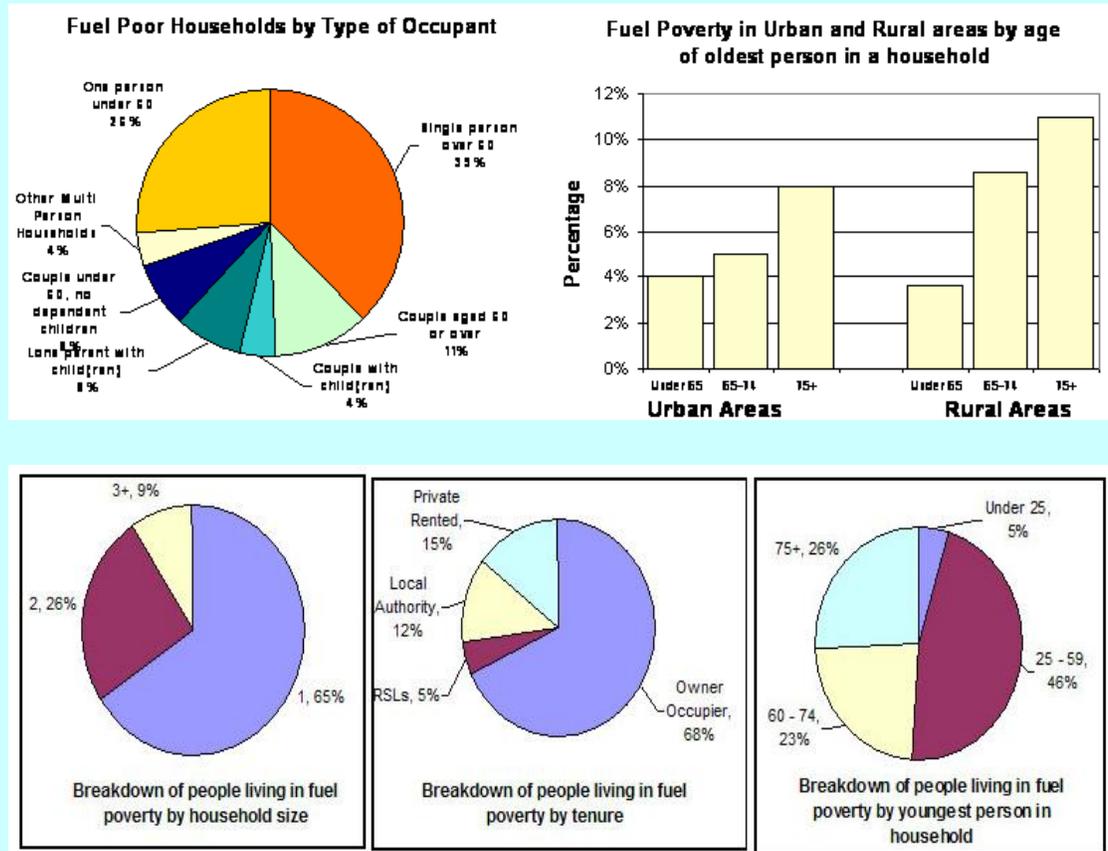
3.3. Measuring Fuel Poverty Demographics:

Fuel poverty in the UK has grown year on year since 2001 and is now estimated to impact around 4.4 million households (Consumer Focus, 2009) (and over 12 million under an equivalised definition). However, the indirect proxy methods through which fuel poverty is measured, makes it extremely difficult to accurately monitor who exactly are the fuel poor and where do they live (FPAG, 2008; Clinch & Healey, 2003). This is particularly true of higher spatial resolutions, due to increased local variance coupled with less sophisticated measurement capabilities at the local level (*ibid*). The difficulties of measurement are thus explored in relation to the NI187 uptake, particularly considering the complexities and accuracy of fuel poverty monitoring was a reoccurring theme throughout the semi-structured interviews. Nevertheless, ongoing research has been able to ascertain a generalised set of characteristics that typify the fuel poor (summarised in **Figure 3.1a & b**):

Figure 3.1a: Demographic Estimations: (*Sources: Friel, 2007; DCLG, 2009; DoH, 2009*)

- 1) Vulnerable households make up the biggest proportion of fuel poverty sufferers.
- 2) The largest group, accounting for over 55% of the fuel poor, are the elderly (60+).
- 3) The 2nd largest group are sick or disabled households and the 3rd single parent households.
- 4) Over 68% of households affected are thought to be single occupant households.
- 5) Over 83% live in privately owned or rented accommodation (See **Figure 3.1b**).
- 6) Rural areas are at greater risk of fuel poverty due to lesser gas infrastructure.

Figure 3.1b: Demographic Schematics:



(Sources: Adapted from DCLG; 2009; DoH, 2009)

3.4 Impacts of Fuel Poverty:

The previous section, in highlighting that the vulnerable (from the elderly to the sick and disabled) are the most affected and the most susceptible to fuel poverty, gave a face to the fuel poor. Indeed, it is the fact fuel poverty impacts the most vulnerable and marginalised within society; those ill-placed to enact or enforce change, that necessitates continued research and study of fuel poverty. This section seeks to outline some of the impacts fuel poverty has on people's lives, as well as some of the impacts it has on society more generally. In an energy research arena dominated by rigid statistics, these impacts are often overlooked. However, a substantial body of medical research exists that explores the impacts of fuel poverty as a function of cold induced excessive winter mortality (Walt, 2000; Collins, 2000; Rudge & Gilchrist, 2005).

3.4.1 Excess Winter Mortality:

The most documented impact of fuel poverty is that on excess winter mortality. In the same year the Fuel Poverty Strategy was published, The British Medical Journal suggested that in the UK ‘as many as 50,000 people die annually because they cannot afford to heat their homes properly’ (Jones, 2001: 510). The average is now thought to have lowered to approximately 30-40,000 annual deaths (Rudge & Gilchrist, 2005), yet the UK’s excess winter mortality ratio is still often greater than in colder Northern European countries (Wilkinson et al, 20004), and ‘much higher than in other European countries with similar or lower mean temperatures’ (Lawlor *et al*, 2000: 176). In real terms, as Belinda Wadsworth (Fuel Poverty Co-ordinator at Age Concern) remarks, this equates to ‘...at least 10 pensioner deaths per hour during winter months’ (2009).

In the past, it was thought that these exceptional levels of mortality were associated with deprivation and dilapidated inner city cores. However, several seminal medical papers rejected the link between deprivation and excess winter mortality (Aylin *et al*, 2001; Shah & Peacock, 1999). Findings indicated that deprived families living in social housing had similar levels of excess winter mortality as the England and Wales average (*ibid*). The implication being that, despite often being perceived as the archetypal representation of deprivation, the high SAP ratings (official measure of energy efficiency – See Ch. 3.4) of social housing meant that they are less conducive to excess cold (Clinch & Healy, 2000). Consequently, these studies have encouraged an aetiological reconsideration of winter mortality; and though the reconsideration is ongoing due to difficulties in direct causal link establishment, energy efficiency of housing is acknowledged to play an important role.

3.4.2 Further Health Implications:

For obvious reasons, excess winter is given the most attention when considering the impacts of fuel poverty. However, fuel poverty also has other profound health implications and associations have been found with respiratory disease, heart disease, reduced mobility and weakened immune systems (Thomson, 2001; Boardman 2000; 1991; Church & Whyman, 1997). Moreover, new research is also exploring the indirect health implications of fuel poverty such as poor mental health due to increased social isolation, or poor dietary habits as a result of other essential demands on income (DoH, 2009; Friel, 2007).

3.4.3 Wider Societal Ramifications:

Until now only impacts suffered by the fuel poor themselves have been considered, yet it is clear that fuel poverty also has much wider societal implications (NEA, 2009). The prime example is the enormous drain fuel poverty has on health services. For instance, bed blocking by moderately ill patients with mild hypothermia caused by (avoidable) exposure to cold results in a loss of NHS productivity and severe delays in treatment for other more serious or unavoidable conditions (DoH, 2009). Indeed, the holistic ramifications of fuel poverty are so widespread that James Tandy, Head of the Fuel Poverty Team at DECC, asserts ‘...it would be impossible to measure the total economic cost’ (2009).

However, when examined at a more sectoral level a greater understanding of the costs of fuel poverty can be achieved. As the cost of fuel poverty is felt most strongly by health sector, this would serve as the best point of analysis. Thus, using a somewhat crude yet useful NHS cost calculation model developed by The Chartered Institute of Environmental Health (CIEH) some interesting figures were derived. The CIEH model estimates the costs of various hazards and when the ‘excess cold’ variable (a useful proxy for fuel poverty) was run through the model, it estimated the costs to the NHS as a whole to be **£859 million**; and **£116 million** for the London Strategic Health Authority. Clearly, despite being only a minimalist and partial indication of the costs of fuel poverty, these are already very significant sums of taxpayers’ money being spent on a potentially avoidable problem.

3.5 Fuel Poverty Policy and Local Governance:

This section outlines the relevant government instruments used to deal with fuel poverty. First, the main central schemes and instruments are illustrated in **Figure 3.2**, although LAs often also have their own schemes in place as well. This is followed by a closer look at the intricacies of the new NI187 performance indicator (the new LA performance framework is not examined further as it has been explained in **Chapter 1.1**). Finally, the section explores the relationship between LAs and local stakeholders and partners on dealing with fuel poverty. These issues, despite the local level being widely viewed as one of the most important spatial levels at which to deal with fuel poverty, remains some of the most neglected aspects of the literature and as such forms the **central foci** of this research.

Figure 3.2: Key Fuel Poverty Policy Instruments:

1. Warm Front Scheme:

This is the government’s main fuel poverty instrument. Current budgets are around £350M per year, and it provides a range of appropriate insulation and heating measures to eligible households. The scheme is designed to assist the most vulnerable owner occupiers and people who rent from private landlords. In simple terms, the scheme provides: The maximum grant available per household is £2,700 (and up to £4,000 where oil central heating is required). Normally, the cost of cavity wall and full loft insulation comes from alternative sources of funding (CERT) and not out of the Warm Front pot. However, where heating works are required, as a significant proportion of jobs cost more than the remaining grant maximum, they require a contribution from the householder or other agency.

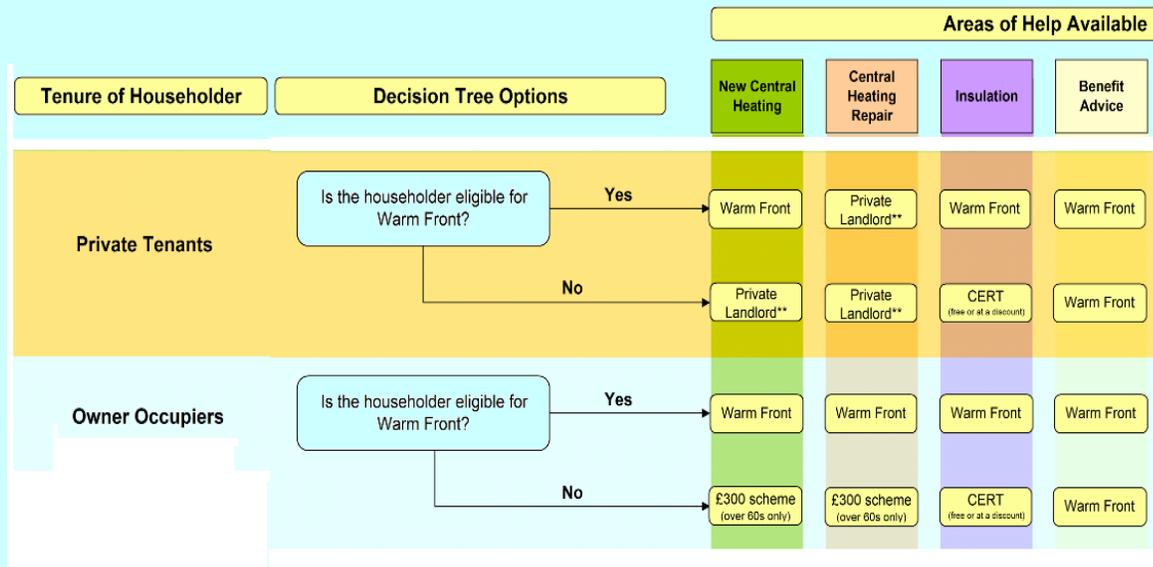
2. CERT (Carbon Emissions Reduction Target):

CERT is running from 2008 to 2011, and is an obligation on energy suppliers to deliver carbon savings through action in homes. The suppliers are expected to undertake 40% of this work in a ‘priority group’. This group requires a permanent resident in the property who is either over 70 or in receipt of specific benefits (which are very similar to the Warm Front eligibility). The majority of work provided includes loft insulation, cavity wall insulation and low energy light bulbs. There is no set scheme, and offers and prices vary – all 6 main energy utilities can offer assistance to any household. Normally cavity wall insulation and full loft insulation is free to households in the priority group, and loft top-ups may be free. Prices for those in the ‘able to pay’ group are currently in the region of £200 to £250 per measure.

3. £300 Heating Rebate Scheme:

This rebate is available to all householders aged 60 or over, who own their home or rent it from a private landlord, are not eligible for Warm Front and who either have no central heating system or one which is inoperable. A letter and voucher/claim form is sent to the customer detailing names of six registered installers working in their area. The householder should obtain more than one quote and then decide which installer they want to carry out the work. After the work, the signed voucher/claim form is given to the installer to enable the installer to claim the rebate.

Scheme Interrelations:



(Adapted from DoH, 2009: 15-17)

3.5.1 The NI187 Performance Indicator:

The success of the policies and schemes mentioned above are monitored at the local level within a Local Area Agreement (See Chapter 1.1), and the specific instrument introduced to do this is the NI187 Tackling Fuel Poverty performance indicator. Research on the NI187 is extremely limited due to a combination of the recentness of its implementation and the aforementioned general neglect of fuel poverty governance issues at the local level. Thus, this research aims to fill some of the gaping NI187 voids in relation to uptake rationale, on the ground impacts and underlying utility in terms of fuel poverty reduction. First however, an overview of the purpose and methods of the NI187 is offered. In relation to purpose, DEFRA have issued the following guidance (2009: 1):

‘The purpose of National Indicator 187 is to monitor the proportion of households containing someone on income related benefits that occupies either a dwelling with a SAP rating less than 35 or a SAP of a 65 or greater, this being used as a proxy for rates of fuel poverty in a local area. The desired effect over time will be to observe a decrease in the proportion with a SAP less than 35 and an increase in the proportion with a SAP of 65 or greater. All Local Authorities will be required to report on both of these measures as part of the national indicator set. Local Area Agreements (LAAs) that include NI 187 as one of the 35 local improvement targets will have a target set in negotiation with the Government Office (GO) that should be challenging yet achievable within the three year time period of the LAA’ (SAP is the government’s Standard Assessment Procedure used to measure energy efficiency within households).

Monitoring the NI187 is achieved using an annual telephone or postal survey in which the LAs are required to survey a minimum of 400 households using a stratified sampling framework, which reflects their individual housing tenures and low income benefit ratios (DEFRA, 2009). However, LAs can also use alternative survey techniques and methods in consultation with the regional Government Office. Again, proxies such as Council Tax Benefit data and to a lesser extent Housing Benefit are used to ascertain parameters for the low-income fuel poor (*ibid*). The NI187 methodology emerged to be a key point on contention for LAs and is examined in greater detail both in terms of uptake rationale in Chapter 4 and reduction impact in Chapter 6.

3.5.2 Stakeholder Engagement:

Stakeholder engagement is an equally ill-explored aspect of fuel poverty research. Despite the importance of partnerships between stakeholders and LAs emphatically stressed in the Local Government White Paper (DCLG, 2006) and the new LA performance framework (Homeless Link, 2007), research in local governance has rarely considered the roles and views of stakeholders and local partners; and this is especially true in a fuel poverty context. Thus, this study attempts to readdress this balance, by recognising the important role stakeholders play in combating fuel poverty within LAA. Moreover, the relative impartiality of stakeholder respondents in relation to the usefulness and utility of the NI187 is extremely useful in corroborating or contesting views expounded by LA representatives and respondents. An overview of some of the key stakeholders within the fuel poverty arena, many of which have been interviewed in this study, are outlined in the **Table 3.1**:

Stakeholder Type:	Roles and Points of Engagement:
Energy Trusts & Charities (ACE, EST, NEF, Eaga)	<ul style="list-style-type: none"> • Key consultation bodies in fuel poverty policy formation. • Offer advice and data to LAs on fuel poverty prevention. • Offer advice to fuel poverty sufferers. • Strongly involved in fuel poverty research and strategy.
Energy Utilities: (EDF, E.ON, RWE, SSE, Centrica, Scottish Power)	<ul style="list-style-type: none"> • Instrumental in setting affordable energy prices and using appropriate equity weights and CERT implementation. • Provide key energy usage and cost data needed for research. • <i>EDF was initially consulted for this study due to their prominence in London but they declined to co-operate. Thus, Scottish Power was chosen, due to their considerable experience in fuel poverty hotspots such as the North East.</i>
Elderly Charities: (Age Concern, Help the Aged)	<ul style="list-style-type: none"> • As the elderly are the single biggest group affected by fuel poverty, elderly charities play a significant role. • Can offer insight for the fuel poor's perspective. • Have a holistic understanding of elderly issues and traits that can exacerbate fuel poverty. • Usefully positioned to assess fuel poverty policy outcomes.
Fuel Poverty Organisations: (WARMZONES, NEA, Eaga)	<ul style="list-style-type: none"> • Important advisory function for all concerned with fuel poverty, from central government and LAs to the fuel poor. • Important in terms of funding allocations and promotion. • Collect own data on housing condition, fiscal expenditure • Key fuel poverty research partners and funders • Eaga administer the government's Warmfront Scheme
Public Sector Stakeholders: (NHS, Social Services)	<ul style="list-style-type: none"> • NHS is the primary body dealing with the consequences of fuel poverty, thus keenly aware of impacts and outcomes of policy. • Social services are a key point of engagement in ascertaining who the fuel poor are via benefit and housing checks are. • Can offer vital insight missed in statistical data collection.

4. NI187 ADOPTION RATIONALES

This chapter explores LA NI1987 adoption rationale. This is primarily achieved by using interview extracts from the LA respondents. This said stakeholder insights on pertinent factors the LAs were unwilling to talk about or did not mention is also drawn upon. For the most part, due to the 3:32 ratio of adopters to non-adopters, the chapter deals with factors resulting in non-adoption. However, it begins by first considering the factors that lead Richmond, Haringey and Waltham Forest to adopt. In terms of presentation, all quotes are italicised. Extended interview extracts are presented in text boxes, as are multiple arrays of short quotes regarding the same issue. Single short quotes, on the other hand, are incorporated within the main text. This structure is systematic throughout the report.

4.1 Adoption: Ideological Factors

Ideological reasons were the main factors first cited by the three LAs that adopted the NI187. The LAs postulated that as fuel poverty was a significant and growing problem that affected the most vulnerable within their communities they were obliged to combat it and choosing the NI187 as a local priority was a statement of intent and purpose (See **Figure 4.1**). In short, it was suggested that the gravity of fuel poverty struck at the core of local governance and the duty to serve and protect the community. It was an important issue and the LAs wanted to be seen to be doing something. These responses were in many ways the expected textbook response of duty and care, but with deeper probing other more practical and strategic considerations came to light. These are explored in the next section.

Figure 4.1 Ideological Adoption Rationales (Varied Extracts)

'We take the issue of fuel poverty very seriously and adopted the indicator to demonstrate our commitment to eradicating it within the borough.'

(John Mathers, Haringey LA Fuel Poverty Officer)

'Despite all the work over the last decade it's [fuel poverty] still rising...that's very worrying and we chose NI187 to continue the fight.'

(Colin Coomber, Richmond LA Energy Efficiency Officer)

'It ties in with the Government aim to ensure that, as far as reasonably practicable, people in England do not live in fuel poverty after 2016.'

(Anthony Jones, Waltham Forest LA Energy Efficiency Officer)

4.2 Adoption: Strategic and Practical Factors

Whereas the ideological factors for adopting were very similar amongst the three LAs, there was greater variance in the strategic and practical factors (See **Figure 4.2**). For instance, in Haringey fuel poverty measurement was an important practical factor in adoption. As mentioned, fuel poverty is a notoriously difficult problem to measure, and Haringey felt by adopting the NI187 a set procedure for collecting and quantifying the extent of fuel poverty would be introduced. This would not only enable the borough to gain a fuller understanding of the extent of its fuel poverty but also, in the longer term, help formulate better intervention strategies to maximise alleviation potential.

For different reasons Richmond and Waltham Forest also stressed the salience of measurement, yet Waltham Forest also stipulated a more unique strategic reason for adoption. The LA has undergone significant population change in the last decade due to immigration, economic migration and a rapidly expanding ethnic population. Moreover, the borough is one of the most deprived areas in the UK ‘with 10 wards in the top 10% and one in the top 5% of most deprived wards in the country’ (Waltham Forest Economic Profile 2004). This unfortunate combination has meant population expansion is largely occurring in vulnerable low income households highly susceptible to fuel poverty. Consequently, in response the borough took the strategic decision to incorporate the NI187 within its LAA to help deal with this change and raise the profile of fuel poverty within the borough.

Figure 4.2 Strategic Adoption Rationales (Varied Extracts)

‘We feel that we are doing a great deal to tackle fuel poverty and wanted to have some way of measuring the impact that we are having.’

(John Mathers, Haringey LA Fuel Poverty Officer)

‘NI 187 fits in with our key priority of managing population change and growth’ **(Anthony Jones, Waltham Forest LA Energy Efficiency Officer)**

‘Richmond has a pepper-pot spread (diffuse) of fuel poverty and we have real difficulties keeping track of where our fuel poor are...so any advancement in measurement is good.’ **(Colin Coomber, Richmond LA Energy Efficiency Officer)**

4.3 Adoption: Reputation and *Realpolitik* in Richmond:

Richmond also had some very unique reasons for adopting the NI187 but these related more to the borough's desired reputational conveyance, that strategic long term alleviation goals. Richmond prides itself on the notion that it is 'the greenest borough' in London, and thus Energy Efficiency Officer Colin Coomber suggests that the NI187 was adopted in part to '*maintain this image.*' Indeed, despite thinking the NI187 is flawed on various levels (this is discussed later), Coomber frankly propounds that when the 198 indicators of the New Local Authority Performance Framework were examined; the borough's policy unit found very few that '*...suited Richmond's ethos well*' and thus those that did loosely match '*...were often chosen out of default*'. This is a very interesting notion that offers some real and honest insight into *realpolitik* at work at in local governance. Furthermore, considering Coomber's critical view of the robustness of NI187 exactitudes, it is quite possible that the ratio of adoption could have been 2 out of 32 LAs had there have been another indicator with a more suitable ethos match. On this note, the report will now consider the various factors that contributed to this heavily non-adoption skewed ratio.

4.4 Non-adoption: Existing Schemes Work but the Baseline is Changing:

The primary reason given for the lack of uptake by the three non-adopting LAs was confidence in their existing schemes and procedures; and as **Figure 4.3** shows, Ealing and Newham were particularly adamant on the issue. This is not to say the LAs felt that their existing schemes and procedures were sufficient (without need for improvement) but there was a widespread consensus that adopting the NI187 would have little impact on fuel poverty alleviation and that it was not a necessity for improvement. Some examples of current schemes and work being done are included in the respondent extracts in **Figure 4.3**.

When questioned why, when existing schemes are 'working' has there been a continual increase in fuel poverty over the last decade, all three LAs cited that much of the positive inroads being made on fuel poverty within their constituencies are being masked by rising fuel prices and increases in the cost of living and a consequent reduced disposable income differential. Thus, without existing schemes far greater numbers would have fallen into fuel poverty, and rather than a case of nothing is being done, it is a case of a continually

changing baseline socioeconomic environment in which, currently speaking, the causal influences are changing unfavourably. Consequently, LAs such as Ealing felt that alternative performance indicators were more appropriate for their LAA in areas that had been neglected in the past and little inroads have been made, such as reducing ethnic educational inequalities within local schools (NI108).

Figure 4.3 No Real Need for NI187? (Varied Extracts)

'I think it [fuel poverty alleviation] can be done independently on the NI187 and I think that we have chosen performance indicators where we could see that we were making a difference perhaps where we were not before. With this we've been doing a lot of good work in the mean time so we don't really need it...we can continue without the support of a national indicator' **(Matthew Do Rosario, Ealing LA Researcher)**

'To be honest it's [fuel poverty incidence] remaining at about 6% even though we are doing this work ...the financial crisis has played a part in that and on top of that you've obviously got increased fuel prices. That's the kind of thing that's keeping it sort of steady at that kind of level ...we are often going out and doing the actual physical work for the property but even then with people's fuel bills rising you're getting more people falling into fuel poverty' **(Fiona Fibson, Wandsworth LA Fuel Poverty Officer)**

'We don't want people to be in fuel poverty but we are already doing a lot of good work already...we've always been at the forefront in trying to reduce fuel poverty...Newham was one the first LAs to pilot WARMZONES. And we are currently undergoing a £372 million refurbishment to renovate our existing housing stock which will increase energy efficiency and reduce fuel bills' **(Nieema Alom, Newham LA Senior Policy Adviser)**

Six out of seven stakeholders agreed with LAs acknowledging the negative masking effects of a changing underlying baseline environment caused by fuel price rise at a time of recession. However, Andy Deacon (Head of Local Authority Services at the Energy Savings Trust) suggested that the current economic climate could potentially have an inadvertent beneficial effect on fuel poverty alleviation greater than that of the NI187 itself. Deacon felt that rising fuel prices in financial straitened times would result in greater

consumer shrewdness regarding fuel bills, coupled with more considered fuel usage: *‘I think with other agendas like decent homes there are plenty of authorities doing good things outside NI187 like agendas such as Decent Homes. Also in the sense of the broader economic climate nationally...will mean that people are more worried about their energy bills. That’s going to be a greater driver than the fact that their local authority has or hasn’t adopted the NI187, I would argue.’* Which assertion is correct will not be known for at least several months and perhaps years, until economic growth picks up again. Yet, how incidence of fuel poverty behaves during various types of economic cycles is a very important issue that needs to be researched further.

4.5 Non-adoption: Taking the Least Cost Way Out?

Whereas the three LAs cited confidence in existing schemes as the key reason behind NI187 non-adoption, the majority of stakeholders felt costs were the most significant factor. For example, Pedro Guertler, Head of Research at ACE, suggests many LAs avoid NI187 due to the costs of its implementation and many LAs prefer to adopt easier, less expensive and more achievable target indicators (See **Figure 4.4**). The issue of cost relates to the fact that combating fuel poverty is one of the most expensive issues for LAs to combat and if they adopt the NI187, they are legally obliged to meet the targets or face budget penalties the following year. To achieve the agreed decrease in households with a SAP rating below 35 and an increase in households with a rating above 65 is an expensive undertaking. To achieve NI187 targets LAs would typically need to conduct both insulation works such as loft insulation, cavity wall insulation, draught proofing and also improve heating infrastructure improvements in households without central heating, such as boiler replacement. Alongside the cost of renovation, the survey and analysis costs of administering the NI187 are also considerable both in terms of working hours and actual fiscal expense. An indication of expenses is given by Anthony Jones, energy efficiency officer of Waltham Forest, who spent ‘£3500’ purely on *‘conducting the NI187 survey.’* Thus, Bob Carter (WARMZONES) reiterates Guertler’s thoughts offering frank insight into some of the simple pragmatic thought processes found within LAs. Keith Von Tersch (EST) offers a more measured assessment, suggesting while the actual funds are often there for LAs the problem lies in the complexity of pooling these disparate financial sources

resulting in NI87 avoidance. The disconnect between LAs and stakeholders with regards to emphasis on costs perhaps extends from the concern that desensitising fuel poverty alleviation to simple costs and benefits could be damaging to an LAs public image as they may be seen to be putting seemingly trivial values on people's health, lives and future. Again, this highlights the importance of involving stakeholders in fuel poverty research, as in many instances they can speak more freely and offer a more impartial insight. This said only Ealing declined to discuss cost, both Newham and Wandsworth acknowledged that it was a consideration, though its importance was played down (See Figure 4.4).

Figure 4.4 Comparative Views on the Importance of Cost (Varied Extracts)

Strong Stakeholders Views on the Role of Costs:

'There are many competing priorities in all LAs, and LAs are more likely to include indicators in their Local Area Agreements where they are likely to do well.'

(Pedro Guertler, Head of Research at ACE)

'Why choose a target you have no realistic chance of meeting? ...there is a financial and reputational hit if they fail to meet the National Indicators agreed in their LAA and they are generally strapped for capital funds for these types of measures.'

(Bob Carter, Regional Director, WARMZONES)

'We are trying to help LAs pool lots of currently quite disparate funding allocations into a more holistic one.' **(Keith Von Tersch, LA Central Support Officer at EST)**

'Just like the NHS, LAs have their budgets stretched thinly trying to deal with many important issues. So of course it's a major concern.' **(NHS, Local Council Liaison)**

LAs Played Down the Role of Cost:

'Cost is always an issue, however, I think when you look at things like fuel poverty and what we're doing in the private rented sector I would say that the mechanisms are already in place...we do have money available to help those in need so I don't think that cost is a major player.' **(Fiona Fibson, Wandsworth LA Fuel Poverty Officer).**

'In any LA there is always trade offs but fuel poverty is one of our main priorities so we have the money there...' **(Nicema Alom, Newham LA Senior Policy Adviser)**

4.6 Non-adoption: ‘Hard to Treat’ London Housing Stock

The role of costs as discussed in the previous section is applicable to LAs throughout the country, yet this does not explain the exceptionally low rate adoption ratio of NI187 uptake in London (3:32 adopters compared to approximately 40:150 nationally). However, a key adoption limiting factor emerged from both LAs and Stakeholders concerning the relatively distinct nature of the London housing stock (See **Figure 4.5**). The London housing stock has a far higher proportion of older pre-1920s solid wall dwellings than anywhere other major city in the country, which makes renovation, updating and retro-fitting especially expensive and complex to resolve. This phenomenon is known as ‘hard to treat homes.’ As traditional methods used to increase energy efficiency, such as cavity wall insulation, are inappropriate and more wholesale retro-fitting works are necessary. Indeed, the most recent ECHS survey quantifies the extent of the hard to treat problem, highlighting that over 60% of those in fuel poverty live in a ‘hard to treat home’ (BRE, 2008) (although this figure also includes homes off the gas network, which is not a pertinent problem in the London stock). Moreover, Andy Deacon (EST) suggests that many London LAs have limited data on the composition of their local housing stocks, which would make adoption all the more unlikely as the NI187 survey instructions require LAs to stratify their survey in proportion to their housing tenure types. Ultimately, these factors further reiterate the cost and complexity of adopting NI187 and help explain why uptake has been exceptionally low.

Figure 4.5 London’s Hard to Treat Housing Stock (Varied Extracts)

‘The nature, age and tenure profile of London’s housing stock is such that the ability to effectively treat homes to fuel poverty proof them will prove extremely expensive.’

(Bob Carter, Regional Director, WARMZONES)

‘There are problems with the nature of the stock that we’ve got...especially with our turn of the century buildings’ **(Fiona Fibson, Wandsworth LA Fuel Poverty Officer).**

‘It is difficult to deliver CERT measures within London due to the build form of the properties’ **(Heather Watts, Energy Development Manager, Scottish Power)**

‘There are some LAs who have very good house stock surveys because they’ve surveyed routinely over a number of years....but historically in London there’s been poorer coverage due to less CERT activity...’ **(Andy Deacon, Head of LA Services, EST)**

4.7 Non-adoption: Political Pressure and the Prominence of NI186

The previous sections have discussed factors directly related to the NI187 that have resulted in limited adoption. However, this section widens the discussion and looks at a key non-direct factor that has influenced adoption rationales. This is perhaps the most original finding to emerge from the study and relates to significant central government pressure for LAs to adopt NI187's sister indicator **NI186: per capita reduction in CO2 emissions**, and thus allying LAs with the government's key agenda of addressing climate change. This has not been overt as the fundamental purpose of the LA Performance Framework and the LAAs was to devolve power from central government and allow LAs greater choice and power in choosing and governing the most important issues that concerned them. Again the LAs were quiet on this matter but various stakeholders stipulated it has been an influential factor, as pressure to adopt NI186 meant LAs had already adopted a very difficult and expensive indicator, and hence reduced the likelihood of NI187 adoption. When James Tandy, Fuel Poverty Team at DECC, was asked about this, he accepted that NI186 may have played a role, remarking *'The indicator [NI186] had the biggest uptake of all and is a possible barrier as to why NI187 got a lower uptake. It is possible that some LAs who have taken up NI186 as a target...may have wanted to consider fuel poverty through this.'*

Figure 4.6 Central Government Pressure to Adopt (Varied Extracts from EST)

'There was a lot of pressure from the government to adopt NI186 in particular.'
(Keith Von Tersch, LA Central Support Officer at EST)

Extended Q & A Extract with Andy Deacon, Head of LA Services, EST:

A. 'The big drive from Government was adopt a carbon reduction target so NI186 or if they couldn't adopt NI185. So that's where they (LAs) were getting message that that's where the priorities were.'

Q. Over and above NI187? (Author)

A. 'Yes. I guess there just wasn't the same kind of push for NI187.'

Q. Why do you think that is because in the fuel poverty annual reviews 2008 the government made a commitment to abolish fuel poverty by 2016?

A. 'My impression is that with the climate change act coming along and carbon budgets coming along there is really a desire to be seen to get to grips with like carbon budgeting and so on. So that's where they are focusing their attention.'

This is a very important issue that raises some fundamental questions. First, it questions whether attempting to merge fuel poverty alleviation and climate change mitigation is necessarily a positive thing. While certainly there are overlaps (ie increasing energy efficiency in a household would simultaneously reduce the carbon footprint), climate change matters are clearly in the ascendancy within and central government, and the public imagination. This means that there could well be instances where local government funding is allocated with the primary aim of maximising carbon reduction rather than maximising fuel poverty reduction, which does not necessarily translate to the same course of action. Following on from this, it also raises the broader question of whether dealing with fuel poverty ought to be approached centrally as an energy matter. Currently, DECC has the sole jurisdiction but lucid arguments can be made on whether the DCLG (housing) or DoH (health) should take a prominent role (this is discussed further in Ch. 6 and 7). Finally, the use of central government pressure to help dictate LA performance indicator choices strikes at the very heart of the founding principle of the New LA Performance Framework and the essence of the DCLG's *Strong and Prosperous Communities* white paper.

4.8 Chapter Summary: An Unpopular Indicator that is Likely to Remain So

This chapter has discussed some of the key factors that impacted LA rationale in relation to NI187 uptake. Both the adoption and non-adoption rationales were considered. Clearly, as the adoption ratio indicates; the admixture of non-adoption rationales, from confidence in existing fuel poverty procedures to potential costs and complexities of adoption in the context of an ageing London housing stock, proved the more decisive factors. This said, the influence of central government pressure also cannot be underestimated. In subsequent chapters, recommendations are made to improve the attractiveness and utility of the NI187 in the next round of LAA decision making in 2011. Ultimately however, the key factors that initiated the negativity surrounding NI187 uptake in the first instance are unlikely to change drastically in the near future. Thus, as it is likely to remain an unpopular choice, various respondents have suggested it needs to be made mandatory. This notion is explored further in Chapter 6 but first the initial round of DECC NI187 performance data is examined to assess the impact of the NI187.

5. NI187 PERFORMANCE DATA ANALYSIS:

This chapter was initially intended to analyse the first round of NI187 performance data. However, as mentioned the results have been continuously delayed by DECC and has still not been released despite being scheduled for July 2009. The dataset is now scheduled to be released at the end of September 2009. Thus, whilst an analysis is conducted of the limited DECC NI187 data that is currently available, this chapter first continues in the reflexive vein of the project and examines more closely why there have been continuous delays in data release. Following this, the available data is analysed, first highlighting general London trends and then looking at the specific NI187 adopting LAs. At the moment the LA level is the highest spatial resolution of the data, so ward level analysis was not possible.

Analysis is typically divided into NI187a and NI187b:

- NI187a concerns households with a SAP lower than 35 (low energy efficiency)
- NI187b concerns households with a SAP higher than 65 (high energy efficiency)

5.1 Flawed Reporting Procedures:

DECC have said the continual delays in data release are due to untimely reporting by the LAs. After closer examination and consultation with various respondents, it emerged that part of the reason for this was the complicated and time consuming surveying required to report for the indicator. This was especially true for LAs who did not choose the indicator as a local priority and thus had little familiarity with the process or any real desire to complete it (See **Figure 5.1**). This was in part because several non-adopting LAs felt it was a very poor proxy for fuel poverty. These concerns are not without justification and the weaknesses of the NI187 as a proxy are discussed in the subsequent chapter concerning the impact and utility of the NI187. However, perhaps the most significant factor that led to the continuous delay, alongside the tepid reaction from many LAs, was the fact that there is no significant penalty for untimely reporting, and this needs to be addressed in the future.

Figure 5.1 Some Reasons for Reporting Delays (Varied Extracts)

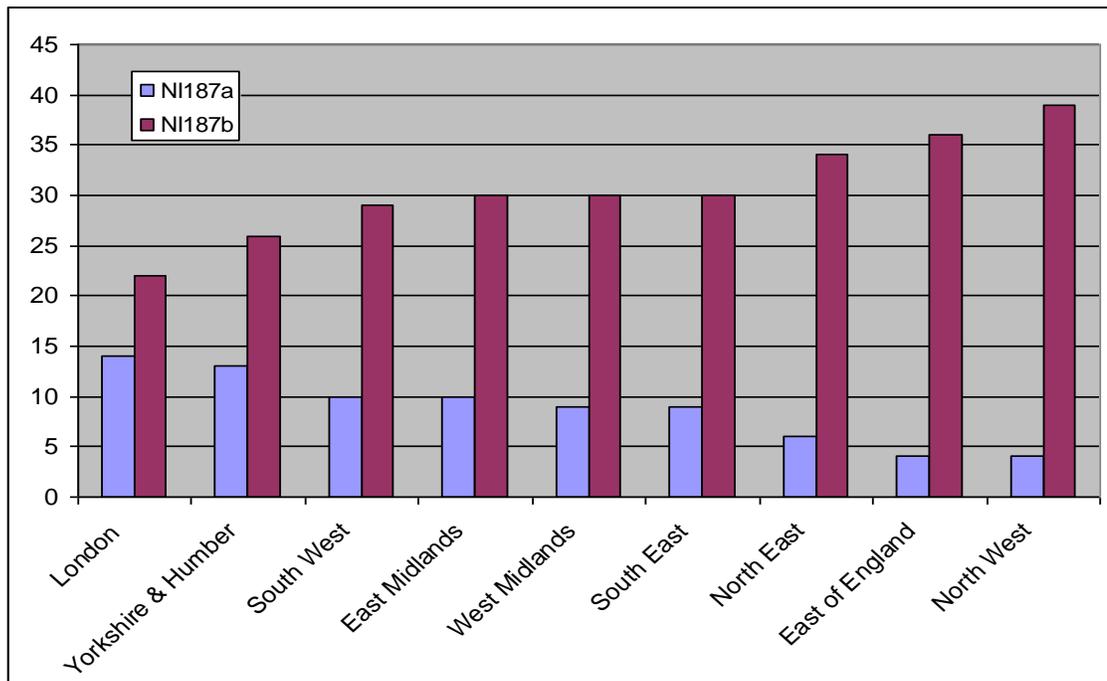
Confusion about NI187: *'The LA / LSP members who select the targets at local level may not understand it.'* (**Bob Carter, Regional Director, WARMZONES**)

Reluctant Adherence: *'So in terms of meaningful data I'm not quite sure what it has produced. But we will have to do that again...'* (**Fiona Fibson, Wandsworth LA**)

5.2 NI187 Data Analysis: London’s Regional Performance

The first round of DECC performance data highlighted that London was the worst NI187 performing region in the country by a significant margin (See **Figure 5.2**). London had both the highest proportion of people on income based benefits living in households with a SAP rating below 35 and the lowest proportion of people on income based benefits living in households with SAP ratings above 65. In terms of actual percentage figures, 14% of London’s benefit’s receiving population were living in housing with a SAP rating below 35, which was over 60% more than the national average of 8.7%. At the other end of the spectrum only 22% of the same population were living in housing with a SAP rating above 65 compared to a national average of 30.2%. The data highlights the distinct ‘*hard to treat*’ nature of London’s housing stock as discussed in the previous chapter. Moreover, it serves as a reminder that although London is often represented as having low levels of fuel poverty (see **Figure 1.2**); there are some critical underlying issues with regards to the efficiency of its ageing housing stock, which is often over-looked.

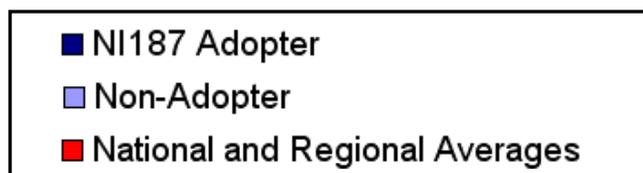
Figure 5.2 Some Reasons for Reporting Delays (Varied Extracts)



Source: DECC NI187 Performance Data, September 2009 – Composed in Excel

5.3 NI187 Data Analysis: LA Performance in London

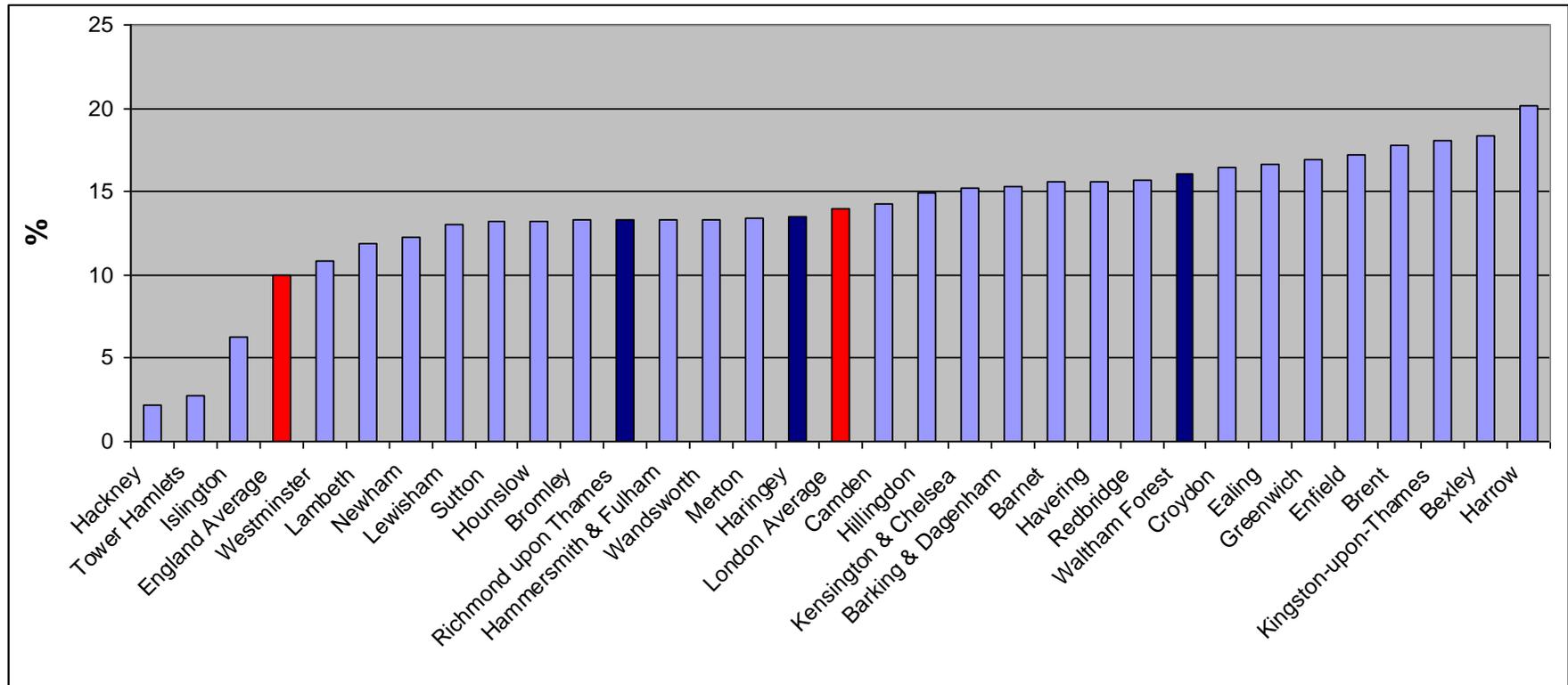
This section goes beyond the regional level to tease out the trends of the respective 32 LAs within London. The higher spatial resolution allows for the highlighting of the comparative performances between the three LAs that adopted the NI187 compared to the 29 that did not. Performance for NI187a and NI187b are analysed separately, although a standardised key was composed to enable cross-comparison across NI187a and NI187b performance schematics. This is shown below:



5.3.1 NI187a Performance:

With regards to NI187a, **Figure 5.3** shows significant variance in local authority performance across London. Surprisingly, the top performers are two of the most deprived LAs in London (Hackney and the Tower Hamlets) with only 2 % and 3% of the respective populations receiving benefits living in low energy efficiency housing, compared to the London average of 14%. There are perhaps two reasons why such a high performance was witnessed. Firstly, the two LAs are known to have a significant proportion of their housing stock comprising of social and council housing, which has been shown in various studies to typically have significantly higher energy efficiency ratings (See Ch. 3) than dwellings in the private sector. Alternatively, it is also possible that Local Authorities may have made mistakes in their stratified survey samples and conducted a disproportionately high percentage of their surveys in the social housing sector. Interestingly, neither are NI187 adopters. Nevertheless the NI187 adopters performed relatively well with regards to NI187a, with two (Richmond and Haringey) having lower percentage scores than the London average of 14%. However, to consolidate the findings of the previous section, only 3 out of all the 32 LAs had NI187a percentage scores below the national average.

Figure 5.3 LA NI187a Performance in London



- NI187 Adopter
- Non-Adopter
- National and Regional Averages

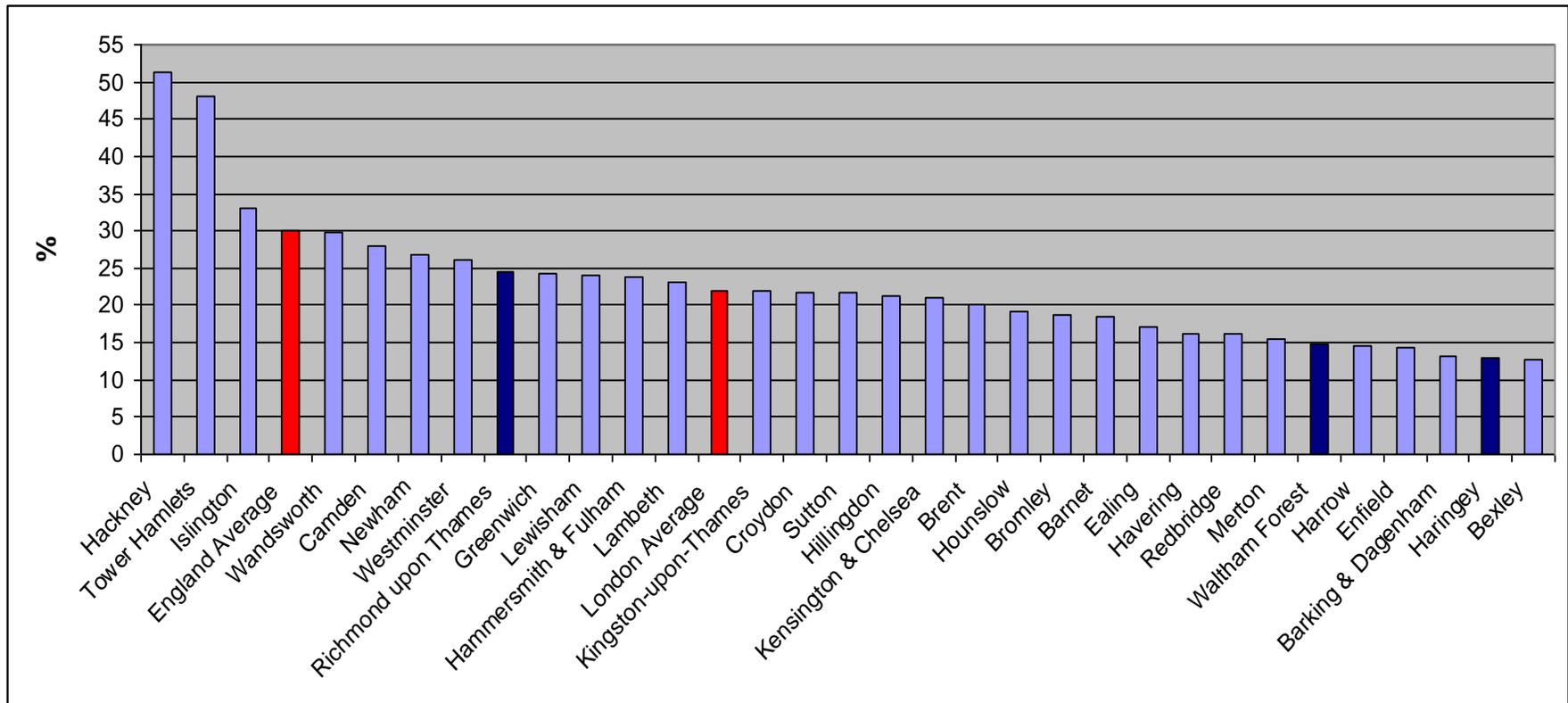
Source: DECC NI187 Performance Data, September 2009 – Composed in Excel

5.3.2 NI187b Performance:

The data for NI87b yielded some very interesting results (See **Figure 5.4**). Whereas the top performers remained the same (Tower Hamlets and Haringey), performance in relation to NI187b was far less satisfactory for the NI187 adopters than NI187a. Indeed, Waltham Forest and Haringey were amongst the worst performing boroughs, with the latter being the second worst performing borough in London in terms of increasing the number of low income households living in properties with a SAP rating higher than 65. Richmond, once again performed better than the London average, and thus proved itself to be the best performing LA out of the NI187 adopters. However, it seems across London, LAs had a more difficult time in increasing the proportion of SAP 65+ than reducing the proportion below SAP 35. This is evidenced by the fact that the mean average London results (central red bar) in **Figure 5.3** is preceded by 16 better performing LAs, whereas the mean average London results in **Figure 5.4** is preceded by only 11 better performers. This shows that the latter is more heavily skewed by the high performance at the top, which in part masks the typically poorer performance across London. Unfortunately, due to the low uptake of NI187 not enough samples are available to conduct sensitivity analysis or even statistically significant analysis.

Nevertheless, some assertions on causality can be made: The causal factors for this disparity are likely to be numerous, and will no doubt vary from LA to LA. However, a central general factor is likely to be the fact that due to the age and hard to treat nature of much of the London housing stock minor refurbishments works to bring a very energy inefficient property out of the sub 35 SAP level is likely to be more financially feasible than the more drastic and wholesale renovations needed to make a relatively efficient property into a highly efficient SAP 65 plus property.

Figure 5.4 LA NI187b Performance in London



- NI187 Adopter
- Non-Adopter
- National and Regional Averages

Source: DECC NI187 Performance Data, September 2009 – Composed in Excel

5.4. Further Research: Key Points of Investigation Upon Full Data Release

The previous sections have yielded some interesting and telling results, especially regarding London's regional performance (**Figure 5.2**) and the poor NI187b performance (**Figure 5.4**). Nevertheless, due to the limited data available analysis has been at a relatively crude level. Thus, the following three investigation avenues are recommended for further analysis when the full datasets are released:

1. Firstly, the previous sections have primarily discussed performance not progress. This is important as measuring progress is essential to understanding the actual impact NI187 adoption is having, yet the analysis of progress requires baseline figures for point comparison. Obviously, there are no specific survey results from the previous year as this is the first year of introduction. This said, equivalised estimations of 2007/8 SAP proportions have been gauged by Government Offices using ECHS data as this was necessary to set the initial targets for the LAs that adopted the NI187 adopters in the first place. Thus, when these figures are released a NI187 progress report can be composed, which would be more lucid in detailing the actual impact of NI187 in terms of the rate of change it has brought to SAP ratios.
2. Secondly, analyses stratified by housing tenure and type will also prove very useful, especially considering the specific significance of housing types in London. Again, this data has yet to be released. Moreover, this data is definitely available as the NI187 surveys were conducted using a disproportionate sampling framework stratified by housing tenure.
3. Finally, the highest current spatial resolution of the NI187 data is at the LA level. When the ward level data is released this would be important to analyse as it will help build a more complete spatial geography of SAP ratings within individual LAs. This is extremely important when considering localised intervention strategies.

5.5. Chapter Summary: Scratching the Surface

Alongside analysing the currently available DECC NI187 performance data, this chapter offered some interesting insight into the procedural issues that have resulted in the data release delay. Moreover, it suggested some tentative recommendations on how to help avoid future delays, as well as point of investigation once fuller data is released. It is safe to say there is wealth of invaluable information that needs to be analysed to assist our understanding of the impact of the NI187 indicator on fuel poverty alleviation. To this end, measuring progress is especially important. The performance analysis provided henceforth has only scratched the surface. Nevertheless, in the absence of the necessary data; coupled with the fact it will take several years of survey collection before authoritative statistical impact analysis could occur, the utility and impact of NI187 is discussed in the final chapter using insight from the expert local government and stakeholder respondents.

6. THE IMPACTS AND UTILITY OF NI187

This chapter builds on the previous chapters and discusses the impacts the NI187 has had and assess' its overall utility in terms of fuel poverty alleviation at the local level. Ultimately, the chapter ties the report together, arguing while the NI187 has had some beneficial ramifications, overall it has had a nominal impact on fuel poverty alleviation due to various severe limiting factors. These limiting factors are discussed and tentative recommendations are made. The chapter first examines the benefits the NI187 has brought, before going on to consider its limitations. Furthermore, this chapter broadens the discussion to consider the holistic positioning of the NI187 within the wider local authority performance framework, as well as reconsidering the positioning of fuel poverty firmly within the energy policy arena.

6.1 Positive Impacts: Raising the Profile of Fuel Poverty

Perhaps the most obvious impact of the NI187 is how it has raised the profile of fuel poverty in the LAs that have chosen it as a local priority (See **Figure 6.1**). Within these LAs increased resources are being devoted to helping monitor and measure fuel poverty, as well increased spending on full poverty alleviation measures such as cavity wall insulation work to help meet the binding targets. Even for the rest of LAs that have not adopted there has been a slight increase in the profile of fuel poverty as there is a tacit understanding that their progress will be measured year on year, and reputation damage could occur if SAP proportion stagnate or regress, despite the fact that no binding obligations are in place.

Figure 6.1 Raising the Profile of Fuel Poverty (Varied Extracts)

'The adoption of NI187 as a local priority within the LAA should bring additional fuel poverty interventions and accountability that come from the profile of a NI and the need to report to the LA Chief Exec (Bob Carter, Regional Director, WARMZONES)

For those LAs who have not yet focused much on fuel poverty the formalised approach of NI187 may get them to start thinking about and/or dealing with fuel poverty systematically. (Pedro Guertler, Head of Research at ACE)

'It's been positive because it has focused the LAs and others.'

(Heather Watts, Energy Development Manager Scottish Power)

6.2 Positive Impacts: Encouraged Cross-Departmental Interactions

The adoption of NI187 has resulted in increased cross-departmental activity within LAs departments, as well as with key external stakeholders. This is because the need to meet targets coupled with a raised fuel poverty profile necessitates a council-wide response. Thus, communications and partnerships are developing where they otherwise would not have, and lessons are being learnt and a best practice is developing. This is exemplified in the words of Anthony Jones, Energy Efficiency Officer at Waltham Forest LA: *‘The NI has raised the profile of fuel poverty in the borough and prompted many discussions that may not have otherwise taken place. We are now working with the sub-region and Warm Zone to ensure more of our resources are targeted towards delivering this indicator...’* Moreover, Andy Deacon (EST) highlights how the increased interactions caused by adopting NI187 can lead to increased awareness of fuel poverty within a LA and point the fuel poor to help and sources of funding: *‘The one other thing is referral networks, Anyone who’s calling up or going out and seeing people in their homes can see what’s happening and can refer them back to the system... you know, social workers and everything.’*

6.3 Limited Utility: Uptake too Small to Make a Real Difference

Although the NI187 is raising the profile of fuel poverty and creating important and innovative partnerships, it is only really doing so in the three LAs that adopted the NI187 (in London at least). Thus, whilst James Tandy of DECC states *‘we expect this indicator to help in the eradication of fuel poverty,’* the reality of the matter is the indicator’s sphere of influence is too small to make a significant difference in achieving eradication. Indeed, it is the limited uptake that is the indicator’s biggest impact inhibiting factor. Moreover, as stipulated in Chapter 4 the causal factors limiting uptake are unlikely to change, thus several stakeholders have called for the mandatory inclusion of the NI187 in all LAA so as to meet the initial aims of the indicator in helping to eradicate fuel poverty. Pedro Guertler, Head of Research at ACE, was particularly adamant about this and when asked had the NI187 been effective: *‘Not by itself. Make its inclusion mandatory in LAAs Housing, energy, social services, the NHS all need to be working together which is what makes it so difficult. This is why mandatory inclusion...could really make a difference.’*

6.4 Limited Utility: Ill-planned Target Setting

Yet even for some of the LAs that did adopt, the NI187 has had some significant difficulties in creating a strong impact due to ill-planned and unchallenging target setting. While central and regional government officials are justifiably wary of setting too challenging targets for an already unpopular indicator, as **Table 6.1** shows, the balance is not quite right. Richmond’s LAA target for reducing the proportion of SAP 35 does not even reduce year on year. Moreover, Haringey’s reduction target is 1% year, which equates to only ‘*doing insulation work in 40 homes in the borough*’ (Anthony Jones, Haringey Energy Efficiency Officer). Indeed, the target is so nominal that Haringey have requested that it be increased so as to try and induce real positive change. Clearly, it seems that when LAAs are negotiated meaningful and worthwhile targets need to be set, as currently this is not occurring.

Table 6.1 NI187a Targets	Current Level	2009/10 Target	2010/11 Target
Richmond LA	13 %	13%	13%
Haringey LA	14%	13%	12%

6.5 Limited Utility: Technical Deficiencies of the NI187: A Proxy too Far?

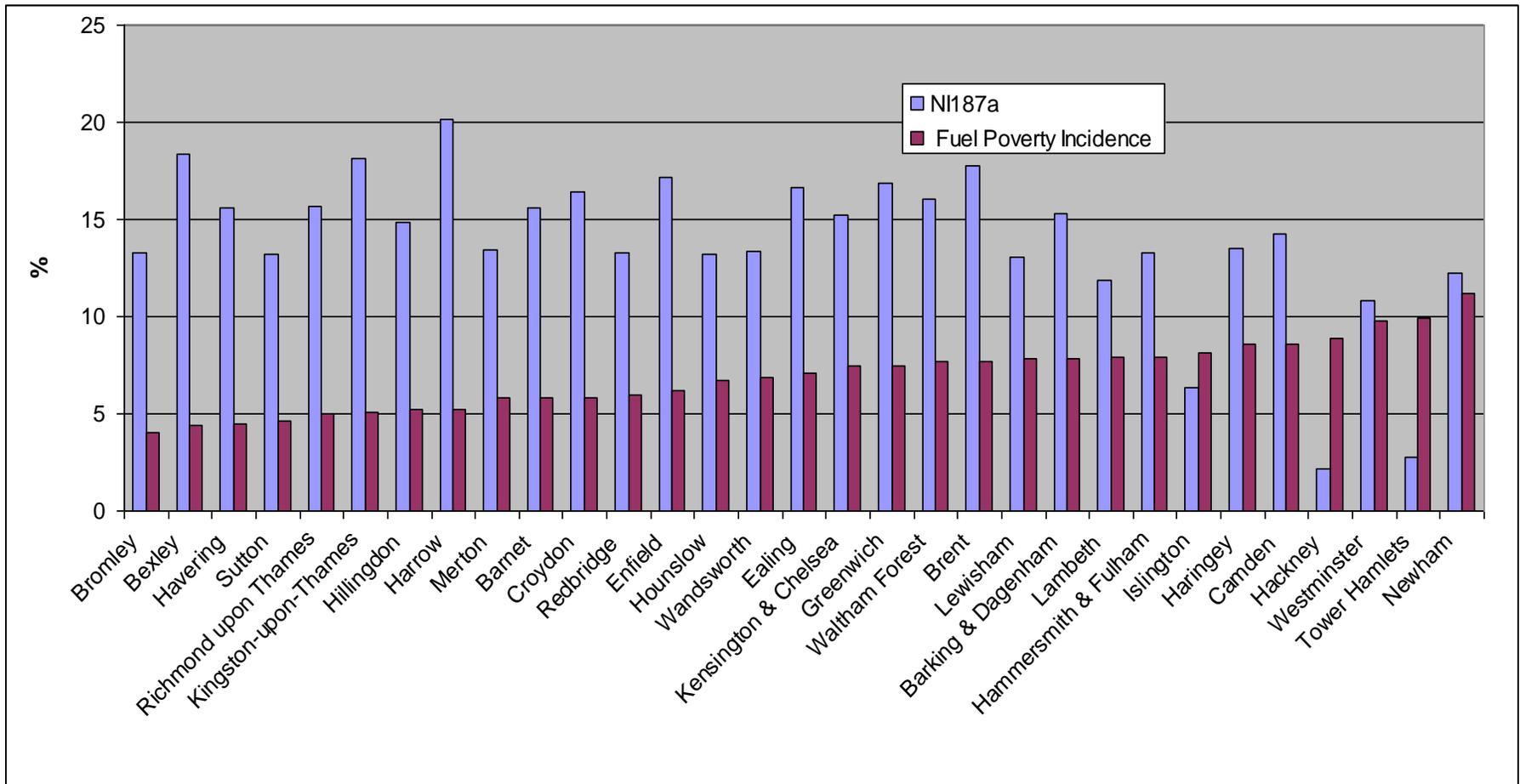
The NI187 also has some underlying technical deficiencies in the definitions and methodologies it uses which both reduce uptake and limit its utility. Although all measures of fuel poverty are proxies, the proxy definition for fuel poverty used in the indicator has been highly contested. Indeed, the use of SAP ratings less than 35 and SAP ratings higher than 65 as measures of fuel poverty have drawn widespread criticism from the stakeholders and the non-adoptive local authorities, with certain LA respondents questioning if it is really measuring fuel poverty at all (See Ch. 5). Bob Carter (WARMZONES) however, takes a more measured approach, suggesting that the definition can be useful if taken in context, yet it does have the potential to be misused and misunderstood: ‘*The intent is to help focus resources on the worst housing (SAP) first so prioritising the alleviation fuel poverty in such properties first. The big problem is the methodology used. NI 187 only looks at a very small proportion of the fuel poor - as long as that is understood locally and*

it is used to highlight & support wider efforts to tackle fuel poverty then it is certainly a positive, but to focus exclusively on this would ignore the vast majority of fuel poor homes.'

Indeed, taking the SAP measurements as a general measure of fuel poverty incidence can be highly counterproductive, yet it is a common occurrence. This is highlighted in the warning by Pedro Guertler, Head of Research at ACE, who states, although its entitled tackling fuel poverty, *'it's important to remember, NI 187 does not measure fuel poverty, just the intersect of low incomes and poor energy efficiency.* The fallacy of this misconception is highlighted in **Figure 6.2**. This schematic uses the NI187a performance data combined with Bristol University's (CSE) reputable fuel poverty incidence indicator (which estimates fuel poverty incidence using Census and EHCS data). The top performing NI187a LAs, Hackney and Tower Hamlets, have according to the CSE's estimates the second and third highest incidence of fuel poverty in London.

The confusing proxies and definitions being used in the NI187 are exacerbated by a problematic methodology that it only requires 400 respondents to gain significance. Bob Carter, Regional Director of Warmzones, summaries the negative implications of this: *The Technical Guidance for NI187 sampling and the methodologies...have not met with universal enthusiasm. As the sample is small and across tenure different approaches will be adopted there is real a risk that the resulting indicator may not reflect the real impact of fuel poverty interventions delivered. Significant LAA effort and resources applied may not be recognised if the sample selected did not pick up those targeted properties for intervention.* Thus, it is unsurprising that LAs such as Wandsworth question the meaningfulness of the NI187 indicator as a means for fuel poverty alleviation.

Figure 6.2 High NI187 SAP Performance Does Not Correlate to Low Fuel Poverty Incidence



Source: DECC NI187 Performance Data, September 2009 & CSE Fuel Poverty Indicator Estimates 2007 (EHCS) – Composed in Excel

6.6 Limited Utility: Wider Issues: A Freedom to Far?

While the devolution of power to local areas is an integral part of the new local authority performance framework and the DCLG local government Whitepaper, it seems in some instances the level of freedom available to LAs to conduct their own affairs in the meeting and measuring of performance indicators can be counterproductive. This was evidenced in the case of NI187 with regards to stakeholder engagement, notably with the NHS. As expected, NHS representatives were on the LAA committees of both Richmond and Waltham Forest in relation to the NI187. However, when Haringey was asked how it liaised with the NHS to deal with fuel poverty, Anthony Jones remarked, *'We do not currently liaise with the Haringey Primary Care Trust at all with regards to fuel poverty. This is something we are attempting to rectify...'* The NHS respondent (anonymity requested) was shocked to hear this, and suggested that *'it's all well to do...trying to promote more power and responsibility for LAs....sometimes you need firm guidance...how can we not be involved...it really doesn't make sense...'* Certainly, it seems she has a strong point. Purely for increased productivity purposes, a stakeholder as influential as the NHS needs to be consulted on fuel poverty alleviation matters, and it does not seem unreasonable for central government to advise or even demand this within the confines of the NI187 indicator.

6.7 Limited Utility: Wider Issues: A Question of Management?

Indeed, the question of where and with whom to endow responsibility leads on to the final and broadest topic of discussion: Fuel Poverty Management. First, let us consider the LA level. During the interviews with the six LAs the responsibility for fuel poverty came under the jurisdiction of many different LA departments from Housing and Environmental Health to Energy and Social Services. While an interdisciplinary approach to fuel poverty is a positive thing that needs to be encouraged, the lack of a systematic LA manager does create administration complexities for stakeholders who are often dealing with multiple LAs at once. Ultimately, this reduces productivity in fuel poverty alleviation. Thus, Pedro Guertler suggests: *'housing, energy, social services, the NHS – all need to be working together, which is what makes it so difficult. ...this is why mandatory inclusion of NI 187 in*

Local Area Agreements could really make a difference.' In other words, as a central or systematic departmental manager across LAs is unfeasible, a central focus (such as mandatory NI187) would create a normative point of contact that would have the same effect. Somewhat ironically, at the central government level there is a single department responsible for fuel poverty: DECC. However, the research findings have shown that there is a tendency for fuel poverty alleviation to be sidelined or marginalised next to climate change mitigation. Clearly, of the two, climate change is DECC's primary remit and often at the detriment to fuel poverty alleviation, as was illustrated by the central pressure to adopt NI186. Indeed, the very fact that NI187 comes under the Environment and Sustainability component of the LA performance framework rather than the Health and Well Being component is indicative of the thinking with regards to fuel poverty. It appears to be viewed as primarily an energy efficiency problem as opposed to a health or social problem. This arguably trivialises the problem somewhat and perhaps a greater role needs to be played by the DoH or the DCLG (housing) who perhaps have a greater understanding of the fundamentals parameters at play. It is not without reason that the literature analysis in Chapter 3 found the majority of literature on fuel poverty extended from medical journals as opposed to energy journals. This is not to say energy has no role to play in fuel poverty, it has a very significant role indeed. But perhaps not a sole one.

7. RECOMMENDATIONS & CONCLUSIONS:

7.1 Tentative Recommendations:

The report has made tentative recommendations throughout, from possible ways to increase the level of N187 uptake in Chapter 4, to ways through which data and information dissemination and collection methods may be simplified and popularised in Chapter 5. The last chapter however, contained the majority of recommendations relating to how to improve the utility of the NI187 in order to achieve fuel poverty reduction. The recommendations include direct measures concerning the exactitudes of the NI187 instrument itself, to wider issues that may increase the effectiveness of how fuel poverty is tackled at the local level. These varied recommendations have been collated in **Figure 7.1**.

Figure 7.1 Tentative Policy Recommendations

Improving NI187 Uptake:

- Clarify why NI187 is necessary
- Define the purpose more clearly –is the emphasis increasing energy efficiency of reduce fuel poverty
- Incentives the adoption of ‘hard’ indicators
- The defacto option is mandatory obligation

Fuel Poverty Data Dissemination and Collection:

- Simplify the survey methodology
- Encourage free data dissemination to raise awareness
- Standardise the data collection methods so greater cross-comparison can occur.
- Increase the sample to over 400 to gain meaningful results
- Penalise late reporting to encourage adherence
- Develop Best Practice and knowledge through learning

Utility and Impact Improvements:

- Ensure Fuel poverty is not marginalised amongst other priority issues
- Ensure integral stakeholders such as the NHS are involved
- Consider how best to approach fuel poverty: energy, health or both?
- Consider changes to management responsibilities both at LA and Central Government Level, to diversify people and resource available

Increasing the Effectiveness of Tackling Fuel Poverty at the Local Level

Key avenues for Further Research:

1. Assess NI187 progress data
2. The need for analysis of data by ward and housing tenure.
3. How does changing socio-economic and environmental climate impact fuel poverty?
4. Is fuel poverty an energy issue or a health issue?
5. How can we assimilate NI187 with other instruments combating alternative causes of fuel poverty

7.2 Final Conclusions:

To conclude, it is clear that fuel poverty is a complex and growing problem in the UK, and especially in London. What is equally clear is the NI187, as it currently stands, is an ineffective instrument to abate the growth of fuel poverty. Considerable changes and revisions are required to meet the challenge we face. However there are no easy answers and even considerable revisions are unlikely to be enough. Without intervention across the whole system success somewhere is likely to be constrained by recalcitrant repercussions elsewhere as the causes of fuel poverty are many and the NI187 addresses only the energy efficiency variable. A co-ordinated strategy is needed that spans across all relevant government departments not only DECC. Without such unity of purpose former Environment minister Michael Meacher's hope that one day 'no one has to choose between heating and eating' will remain just that; a hope.

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