

FEBRUARY 2014
#londoncostofliving

London Cost of Living Report

Cold Homes



Murad Qureshi AM

GREATERLONDONAUTHORITY | LONDONASSEMBLYLABOUR

FOREWORD

Having been on the London political scene for over 15 years I'm rarely surprised when I read reports on the scale of fuel poverty in London. But this report is unique. This isn't just another addition to the already plentiful literature on fuel poverty; it gives a voice to ordinary Londoners on how the cost of living crisis is affecting you and your own family.



Energy prices have rarely been out of the news in recent months but too often the coverage was dominated by industry analysis and “experts” telling us what you the public thinks. This, London, is your report. Informed by your thousands of responses via the online survey and by post, this is your story of what inflation busting energy price rises really mean for you. It shouldn't be forgotten that energy bills aren't they only utility bill to have been in the news recently. When Thames Water applied to Ofwat for permission to increase prices for millions of Londoners by £29 per household during 2014-15 we intervened twice with the regulator and made arguments that were quoted in the decision notice to disallow the increase.ⁱ

This report sets out to do several things. Firstly it looks at what Londoners have said about how they have to choose between heating and eating. Then it breaks down the survey responses further and look at how different communities in London are being affected. Throughout the report returns to what Londoners are saying, like the 77 year pensioner from Hounslow who says “life at our age is becoming frightening”. It is nothing short of a scandal that in 2014, in one of the richest nations on earth, there are older and vulnerable people who are “worried sick” about heating costs.

This report sets out how the Mayor is failing Londoners by refusing to take the side of ordinary consumers in the debate over soaring energy bills. The report looks at how the Mayor's insulation programme is failing to deliver and how the Mayor's obsession with fracking and nuclear energy is not helping deliver the local community owned decentralised energy that will deliver affordable energy to Londoners.

Finally the report puts forward two recommendations of ways the Mayor could tackle the Cold Homes Crisis. London needs much stronger joined up working to identify and support those at risk of fuel poverty and provide targeted interventions that could transform lives. The Mayor also need to look at how small scale community energy co-operatives could deliver much greater diversity of supply and help up skill communities for the green jobs of the future too.

I would like to pay tribute to the thousands of Londoners who took part in the cost of living survey and the many individuals, some of whom took part in the roundtable at City Hall, who are playing their part in helping making fuel poverty history in 2014.

A handwritten signature in blue ink, appearing to read 'Murad Qureshi', with a horizontal line underneath.

Murad Qureshi AM

CONTENTS

CASE STUDY	3
WHAT LONDONERS HAVE SAID	4-5
HARDEST HIT LONDONERS	6
WHAT OTHER RESEARCH HAS SAID	7-8
POLICY ANALYSIS	9
RECOMMENDATIONS	10
METHODOLOGY	11
REFERENCES	12

COLD HOMES: Combatting fuel poverty in London

‘No empathy or understanding’

I feel that the poor, the pensioners and the disabled are being unfairly treated by the Coalition and that they have no empathy or understanding of the hardships that the weakest in society are having to experience because of the massive cuts in welfare combined with the massive rises in costs, of all items but especially heating and lighting, food and travel.



I may be physically unable to get around much, but my brain works perfectly, I am fairly articulate, and literate, but getting British Gas to install insulation in my home was an uphill struggle, taking over 18 months and was only carried out because I wrote directly to the CEO of British Gas.

When the work was done, I was at first unhappy at the effect as half of the house was still very cold, whilst the other half was noticeably warmer. A supervisor came, and a second team had to return the following week as the first team had not insulated a large area of the roof.

Post the supplementary work, it is fair to say that the whole family have noticed that the house is warmer; I feel that our bills should reflect a reduction.

I do not feel that the energy market works in the consumers' interest at all; they work in the interest of their shareholders, their massive remuneration and their bonuses. Until such a time that power generating companies, integrate distributed heating and power production, there will be no improvement.

The Mayor needs to ensure that homes in London are energy efficient and are properly insulated. We at the bottom are feeling the pinch, as we are hit with price increases on all fronts.

Kenneth Best, London



COLD HOMES: Combatting fuel poverty in London

WHAT LONDONERS HAVE SAID

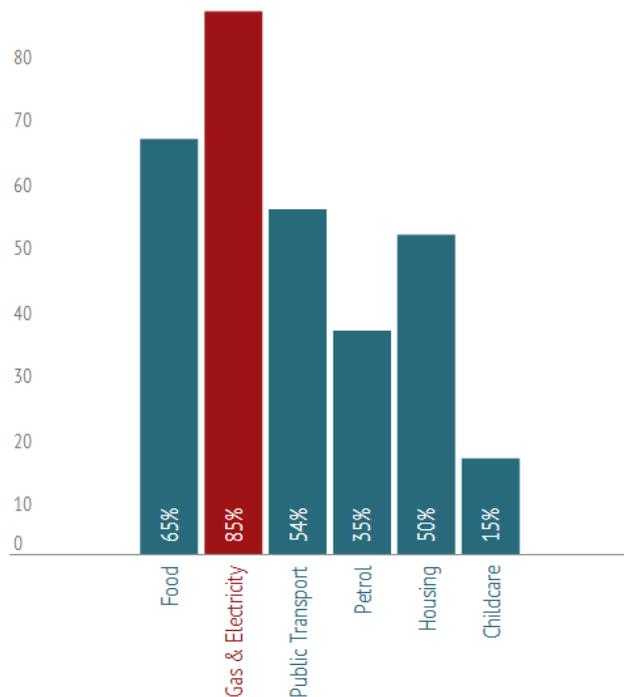


“We’re actually finding people taking food back to foodbanks because they can’t afford to top up the gas and heat it.”

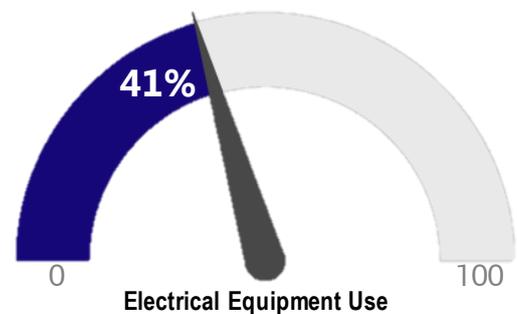
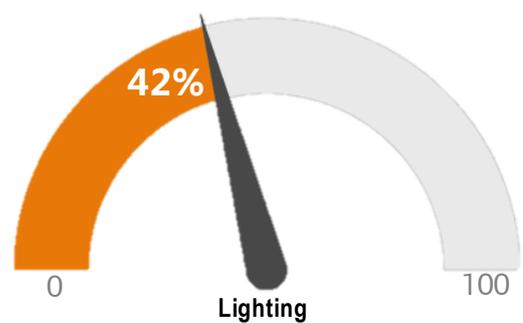
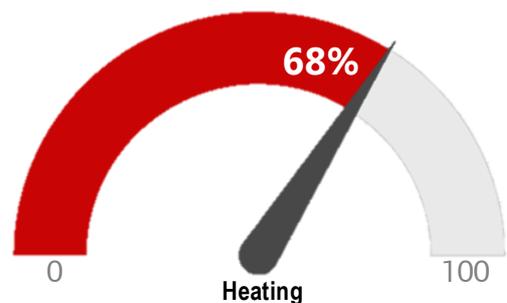
Peter Smith, National Energy Action

Londoners have overwhelmingly stated that the rising cost of energy bills is of most concern. In the ‘London Cost of Living’ survey, **85%** of over 2,300 respondents said that they were most worried about the rising price of **gas and electricity bills**.ⁱⁱ In the past year, **68%** of respondents say that they **have cut back on heating** in the face of high energy bills. **42%** said that they have cut back on **lighting**. **41%** have cut back on **electrical equipment use**.ⁱⁱⁱ

Price rise of concern



Cut backs in the face of rising energy bills



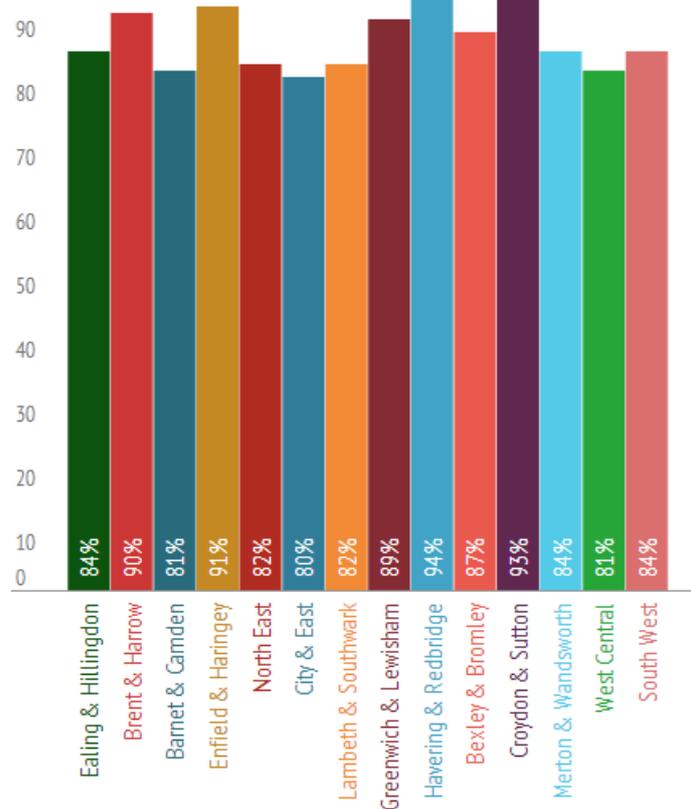
The results from our survey show that **those particularly hit by the rising costs are those aged 65 and over**.

95% of respondents **aged 65 and over** said that they are concerned with the rising cost of gas and electricity; the **highest** of all age groups. Alarming, **63%** of those in this age range said they have cut back on heating in order to pay the bills.^{iv}

COLD HOMES: Combatting fuel poverty in London

Breakdown by GLA constituency

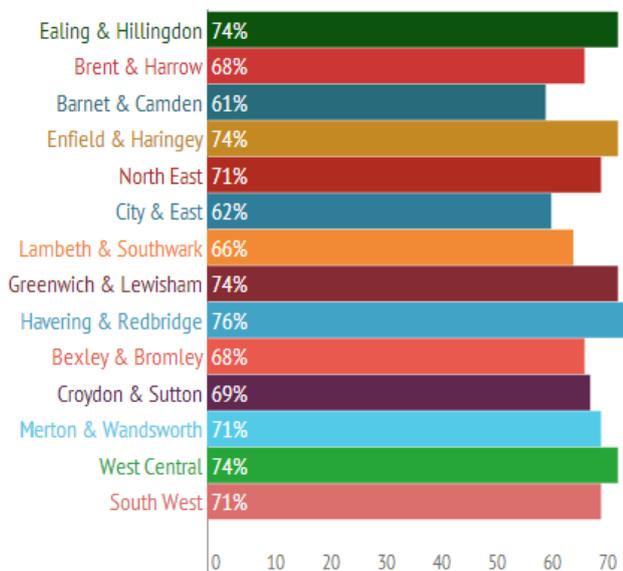
Concerned about the rising cost of gas and electricity in London^a



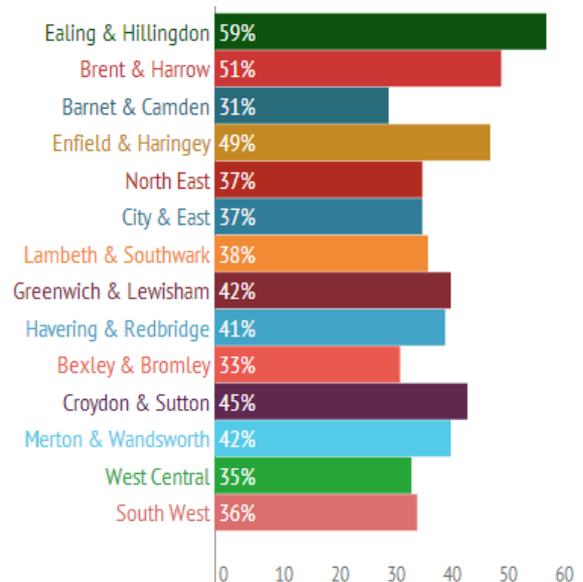
^a All constituencies have a sample size of at least 100 for this question with the exception of Havering & Redbridge (80), Bexley & Bromley (60) and West Central (43).

^b Constituents from Barnet & Camden were given a separate paper survey that did not ask this question. This figure is from the 67 online survey returns for this constituency.

Cut back on heating in the face of rising energy bills



Cut back on electrical equipment use in the face of rising energy bills



COLD HOMES: Combatting fuel poverty in London

HARDEST HIT LONDONERS

Renters vs. homeowners

Whilst the vast majority of those who rent and those who own their own home are concerned about rising energy bills; the survey has shown that homeowners are significantly more concerned. 80% of those who rent their home said they are concerned compared with 89% of those who own their own home.^v This could be due to those who rent in London being likely to move home more and pay inclusive rent whereas homeowners are more likely to want control over their energy contracts so as to keep costs down.

*"I am old (77); I am **worried sick** about what our heating costs will be this coming winter. I have bought two fleece blankets and two hot water bottles, for my 73 year old husband, who is on a kidney disease register and myself in advance of winter. In our case it has to be **eat, not heat**, hence the blankets and bottles. Life at our age is becoming **frightening**."*

Pensioner, Hounslow

Elders

Elders are particularly affected by the rise in energy bills as 95% of respondents in the survey aged 65 or older said that they are worried about rising energy bills. Two-thirds of respondents aged 16 to 30 said they are worried.^{vi} Whilst both figures are alarming, it is clear that the elder generation are the most vulnerable in the face of increased energy bills. This is most likely due to the high demand for energy in the elder population due to the dangers of living in a cold home.

Despite these risks, 63% of those aged 65 or older said they have cut back on heating as a direct result of the unaffordable energy bills.^{vii} Whilst the profit margins for the 'Big Six' energy companies are soaring^{viii}, London's elder generation are plunging into a cold homes crisis with almost two-thirds risking their health to pay the bills.

Disabled

91% of disabled Londoners said they are concerned about the rising cost of gas and electricity bills. This is 10% higher than the proportion of non-disabled Londoners that are concerned. A significantly higher proportion of disabled Londoners have also cut back on heating (74%), lighting (42%) and electrical equipment use (49%).^{ix} This is indicative of how the cost of living crisis is deteriorating the living standards of the most vulnerable sections of society and should act as a call to action for the Mayor to help them. In London, people with disabilities are over twice as likely to be without work as people who are not disabled.^x

BAME

The Black, Asian, and Minority Ethnic communities in London are hit harder by higher energy bills compared with their white counterparts. Three-quarters of BAME respondents have sacrificed heating their homes in order to afford their bills. More than half of BAME Londoners have cut back on lighting and electrical equipment use compared to a third of white Londoners.^{xi} The 2011 Census shows that 40% of Londoners are from BAME backgrounds^{xii} and research has shown that half of all people in poverty in London are from BAME backgrounds.^{xiii}

COLD HOMES: Combatting fuel poverty in London

WHAT OTHER RESEARCH HAS SAID

Excess Winter Deaths and the Cold Homes Crisis

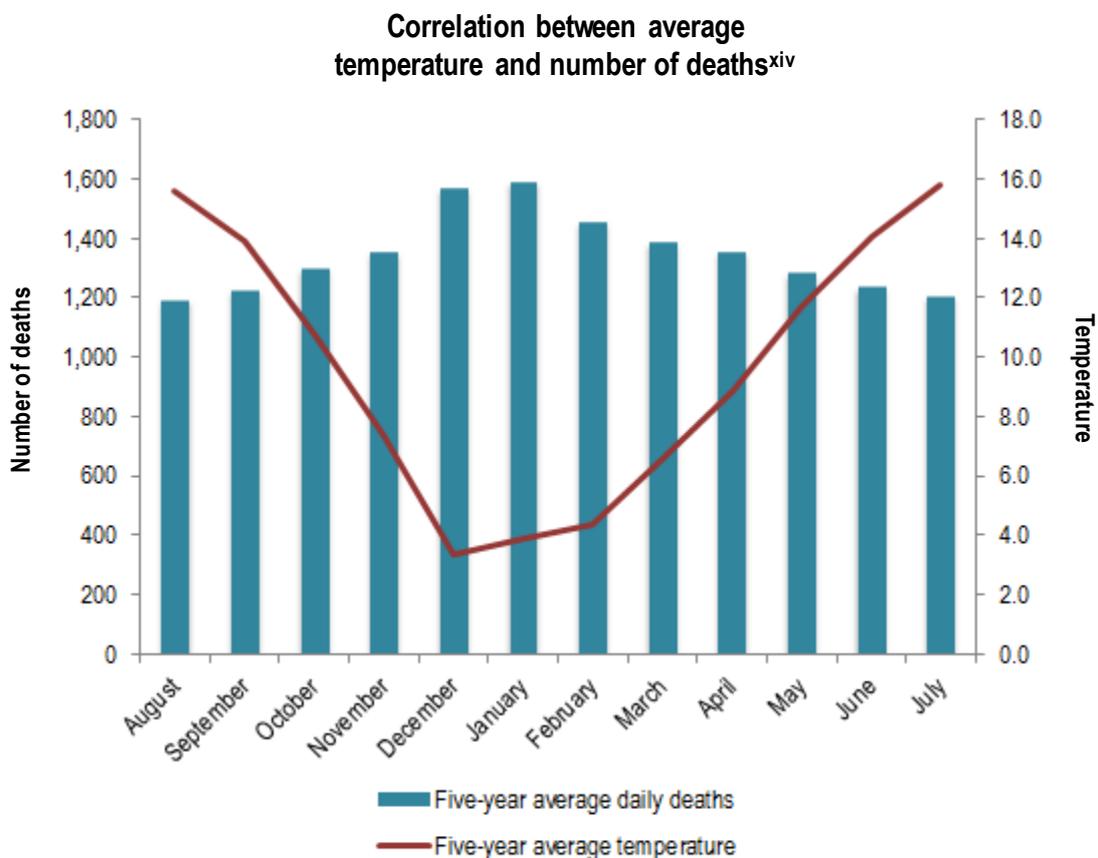
Data published by the Office for National Statistics (Nov, 2013) show that **excess winter deaths increased by 29% last winter**, nationally, compared to the year before. It found that an estimated **31,100** excess winter deaths occurred in England and Wales in the winter of 2012-13. **9%** of these occurred in **London** with **2,700** deaths.^{xiv}

Excess winter deaths are calculated as the difference between the number of deaths during the four winter months (December to March) and the average number of deaths during the preceding autumn (August to November) and the following summer (April to July).

Office for National Statistics^{xiv}

A number of studies cited by the ONS found that living in a cold home can affect physiological health as well as raise blood pressure in the elderly and weaken the immune system.^{xiv}

The chart below displays the negative correlation between the number of daily deaths and average temperature.



COLD HOMES:

Combatting fuel poverty in London

Fuel Poverty

Research by the government has shown that an increase of just 1% on the price of energy pushes a further 40,000 households into fuel poverty.^{xv} Recent fuel poverty statistics indicate that the national fuel poverty gap has increased substantially as energy prices have rocketed. The average gap is £438 and is expected to rise to £494. In 2003, when prices had more stability, it was £248.^{xvi}

Borough	All Households	Fuel Poor Households	Fuel Poor (%)
City of London	4,782	120	2.5%
Barking and Dagenham	67,697	6,678	9.9%
Barnet	129,022	16,235	12.6%
Bexley	87,786	9,869	11.2%
Brent	102,836	12,415	12.1%
Bromley	125,396	13,299	10.6%
Camden	94,565	8,138	8.6%
Croydon	140,659	15,196	10.8%
Ealing	120,090	14,425	12.0%
Enfield	111,728	12,345	11.0%
Greenwich	98,384	7,986	8.1%
Hackney	93,240	6,326	6.8%
Hammersmith and Fulham	76,561	7,707	10.1%
Haringey	95,302	10,632	11.2%
Harrow	79,983	10,174	12.7%
Havering	92,429	9,924	10.7%
Hillingdon	96,885	10,536	10.9%
Hounslow	87,673	9,441	10.8%
Islington	91,620	6,084	6.6%
Kensington and Chelsea	78,723	7,932	10.1%
Kingston upon Thames	61,659	7,392	12.0%
Lambeth	123,021	9,200	7.5%
Lewisham	107,982	8,853	8.2%
Merton	79,478	8,788	11.1%
Newham	97,251	11,027	11.3%
Redbridge	94,678	11,350	12.0%
Richmond upon Thames	76,050	8,433	11.1%
Southwark	111,599	5,545	5.0%
Sutton	76,598	7,654	10.0%
Tower Hamlets	95,191	3,575	3.8%
Waltham Forest	89,810	10,568	11.8%
Wandsworth	120,437	10,394	8.6%
Westminster	93,571	7,804	8.3%
Total	3,009,115	298,241	9.9%

Latest government fuel poverty statistics for London^{xvii}

COLD HOMES: Combatting fuel poverty in London

POLICY ANALYSIS

Most suffering for the most vulnerable

It is clear from the survey data and from other research that those who suffer the most from the Mayor's lack of action on fuel poverty are the most vulnerable Londoners. Londoners throughout the city are worried about rising energy bills but none more so than our elderly, our BAME, and our disabled communities. Studies show the link between living in a cold home and excess winter deaths. This is a particular issue for our elder generation who may suffer from weakened immune systems as a result. There are currently almost a million people aged over 65 living in London; almost a million people that may be vulnerable as a result of rising energy bills.^{xviii}

Without fully insulated, energy efficient homes across London in addition to door-to-door advice and support; the cold homes crisis will continue to grow year on year. Energy efficiency and effective insulation of London's homes has to move up the priority list for the Mayor in order to reduce preventable deaths.

Broken energy market

New methods are needed to open up the energy market and allow consumers real choice with competitive prices. With 1 in 10 households in the capital classed as 'fuel poor', 85% of Londoners concerned at rising energy bills, and 68% sacrificing warm homes to be able to afford the bills; it is clear that the energy market in London is in need of repair.

London needs an energy market that works in the interests of consumers. The market is fundamentally broken and needs urgent attention if we are to secure affordable and sustainable supplies in the future. That means we need more energy companies, to break the monopoly of the 'Big Six' and greater transparency between the generation and distribution arms of firms.

Community ownership of the energy supply could be the way forward in achieving this aim as energy co-operatives such as Brixton Energy have shown that substantial savings can be made on energy bills.^{xix}

The Mayor's failings

In spite of the scale of the problem, the Mayor's response to the Cold Homes Crisis has been deeply disappointing. The Mayor's domestic retro-fit programme RE:NEW has never delivered anything like the number of retro-fitted homes promised. A target of 200,000 homes is still a long way from being met with only 99,000 homes retrofitted as of December 2013.^{xx} The programme worked by providing Londoners with a series of easy measures like radiator panels, draught proofing insulation and energy display devices. This basic level of intervention is then used as a hook to encourage take up of more significant measures such as cavity wall and loft insulation funded by ECO and the Green Deal.

97% of the households, however, did not go on to take further insulation measures meaning that the savings amount to only £28.81 instead of originally reported savings of £154 during the pilot stage.^{xxi}

COLD HOMES: Combatting fuel poverty in London

RECOMMENDATIONS

Londoners are facing a cost of living crisis. A price freeze would save the average London family £120 without removing green levies which would lead to cuts in home insulation.^{xxii} We need to see real reform of what is a fundamentally broken energy market with full transparency between the generation and distribution arms of firms. The recommendations set out below are a 'whole market' series of proposals aimed at tackling the strategic challenges the energy industry faces in serving Londoners.

In order to combat the rise of fuel poverty in London, **the Mayor should establish a Fuel Poverty Referral and Advice Service to be known as HEAT (Home Energy Advice Team).**

HEAT would perform five core functions:

1. To provide **advice and support to Londoners** in or at risk of fuel poverty.
2. To **maximise Energy Company Obligation (ECO) and other energy efficiency spending for London** complementing the work planned for the RE:NEW Support team. This latest phase of RE:NEW focuses on social housing so a scheme that works on a door to door basis rather than individual blocks will help reach the hard to treat homes in London.
3. To **maximise uptake of price support mechanisms such as the Warm Home Discount** across London.
4. To provide **a single point of referral** for health, housing, social care and third sector partners across the region.
5. To **link fuel poverty to other interventions designed to reduce excess winter deaths and hospital admissions** across London.

This service should be easily accessible with a single telephone helpline number, a website and an outreach team.

To ensure that the stranglehold of the 'Big Six' energy suppliers is broken; **the Mayor should allocate £500,000 to fund an action research project into the establishment of community energy cooperatives in London.** This study would draw on the experiences of successful energy cooperatives, such as Brixton Energy, to **establish what would be required to set up a borough-wide energy cooperative**, culminating in a ward-level pilot study.

Where the community owns a stake of the energy that is being generated, the **benefits are spread across the membership**, helping to keep more of the money the energy generates in the local community^{xxiii}. Further, co-operative ownership of the energy supply also **democratises the process of energy consumption and production**, while reducing the opaqueness surrounding pricing under a market dominated by a small number of companies.

There is also **considerable direct benefit to communities** with opportunities for training and development around the installation and maintenance of the technology, **teaching Londoners vital skills for the green jobs of the future.** In addition to this, collective, locally owned energy generation schemes can **help to offset the challenges posed by the need for new and sustainable supplies of energy.**

METHODOLOGY

The London Cost of Living Survey ran from September 24th 2013 until January 6th 2014. Paper surveys were distributed across all constituencies in London and the survey was also available online.

In total, 2,366 Londoners responded to the survey. 872 Londoners answered the paper versions and 1,494 answered the online version. The respondents were self-selected.

The breakdown for the London Cost of Living Survey can be found at <http://cityhalllabour.org/>.

An energy bills roundtable discussion was held at City Hall on Friday 29 November 2013. This was hosted by Murad Qureshi AM and was attended by the following people:

Syed Ahmed – *Energy for London*
Emma Creasey – *Energy Savings Trust*
Aubyn Graham – *Black Elderly Group*
James Johnston – *Open Utility*
Agamemnon Otero – *Repowering London*
David Rose – *Energy Solutions*
Peter Smith – *National Energy Action*
Catherine West – *London Councils*
Martyn Williams – *Energy Bill Revolution*

The term 'rent' in the survey refers to both social and private rent.

Other sources of research can be found in the references.

REFERENCES

- ⁱ Final determination of Thames Water IDoK application - http://www.ofwat.gov.uk/regulating/det_idok20131108tms.pdf
- ⁱⁱ London Cost of Living Survey (24/09/13 – 06/01/14). 2,008 out of 2,366 respondents said that they are concerned with the rising price of gas and electricity in London.
- ⁱⁱⁱ Ibid. 1,463 out of 2,137 respondents said that they have cut back on heating in the face of rising energy bills; 902 said that they have cut back on lighting; 881 said they have cut back on electrical equipment use.
- ^{iv} Ibid. 89 out of 94 respondents aged 65 or older said that they are concerned about the rising price of gas and electricity. 59 out of 94 respondents in this category said that they have cut back on heating in the face of rising energy bills.
- ^v London Cost of Living Survey (24/09/13 – 06/01/14). 569 out of 712 respondents who rent their own home said that they are concerned about the rising price of gas and electricity in London. 1,037 out of 1,164 respondents who own their own home said that they are concerned.
- ^{vi} Ibid. 89 out of 94 respondents aged 65 or older said that they are concerned about the rising price of gas and electricity. 157 out of 230 respondents aged 16-30 said they are concerned.
- ^{vii} Ibid. 59 out of 94 respondents aged 65 or older said that they have cut back on heating in the face of rising energy bills.
- ^{viii} 'Profits at the Big Six energy companies have rocketed since the financial crisis began' - <http://www.telegraph.co.uk/news/politics/10472758/Profits-at-Big-Six-energy-companies-have-rocketed-since-the-financial-crisis-began.html>
- ^{ix} London Cost of Living Survey (24/09/13 – 06/01/14). 149 out of 164 disabled respondents said that they are concerned about the rising price of gas and electricity in London. 984 out of 1,208 non-disabled respondents said they are concerned. 121 out of 164 disabled respondents said they have cut back on heating; 69 have cut back on lighting; 80 have cut back on electrical equipment use. 801 out of 1,208 of non-disabled respondents have cut back on heating; 455 have cut back on lighting; 438 have cut back on electrical equipment use.
- ^x <http://www.londonspovertyprofile.org.uk/test/indicators/groups/disabled-people/>
- ^{xi} Ibid. 204 out of 269 BAME respondents said they have cut back on heating; 143 have cut back on lighting; 130 have cut back on electrical equipment use. 705 out of 1,086 of white respondents have cut back on heating; 364 have cut back on lighting; 374 have cut back on electrical equipment use.
- ^{xii} Ethnicity and National Identity in England and Wales 2011 - http://www.ons.gov.uk/ons/dcp171776_290558.pdf
- ^{xiii} 'Ethnicity, low income and work' - <http://www.londonspovertyprofile.org.uk/indicators/topics/ethnicity-low-income-and-work/>
- ^{xiv} 'Excess winter mortality in England and Wales' – Office for National Statistics - http://www.ons.gov.uk/ons/dcp171778_337459.pdf
- ^{xv} [A Co-operative Green Economy, New Solutions for Energy and Sustainable Social Justice by Pat Conaty](#). P15
- ^{xvi} [How David Cameron's failure on energy bills is hitting households](#) The New Statesman by Luciana Berger MP (Published 16.8.13)
- ^{xvii} Information compiled by National Energy Action and taken from 2011 [sub-regional fuel poverty data](#)
- ^{xviii} 2011 Census, Key Statistics for Local Authorities in England and Wales - <http://www.ons.gov.uk/ons/publications/re-reference-tables.html?edition=tcm%3A77-286262>
- ^{xix} <http://www.bbc.co.uk/news/business-23376615>
- ^{xx} http://questions.london.gov.uk/QuestionSearch/searchclient/questions/question_272517
- ^{xxi} <http://muradqureshi.com/is-renew-boriss-green-deal/>
- ^{xxii} As set out by Ed Miliband in the [Daily Mail](#) (accessed 10/12/13)
- ^{xxiii} Thomas, G.(2012), *The Power Book* (Chapter 6), Socialist Environment and Resources Association, p.44

Enquiries:
murad.queshi@london.gov.uk
020 7983 4270

Media enquiries:
020 7983 4952