



Department
of Energy &
Climate Change

First Triennial Review Report

Fuel Poverty Advisory Group for England

July 2014

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Executive Summary

This report sets out the findings of the first Triennial Review of the Fuel Poverty Advisory Group (FPAG) for England, an advisory Non-Departmental Public Body (NDPB) sponsored by the Department of Energy and Climate Change (DECC). It also provides a concluding response to the consultation on '*Reviewing the work of FPAG*'.

As part of stage 1 of the review, following an analysis of a variety of delivery models and consideration of consultation responses, this report finds that FPAG should continue as an advisory NDPB.

As part of stage 2 of the review, this report compares FPAG's governance structures with the best practice of advisory NDPBs. It concludes that whilst FPAG is meeting many elements of good governance, there are areas to reform upon the close of this Triennial Review to improve its ability to perform its role. Notably, this includes transitioning the membership from *ex officio* representatives to fully independent, appointed members.

The final chapter summarises these reforms to move towards a strengthened FPAG as the Government sets out a new fuel poverty target and strategy for England under the amended *Warm Homes and Energy Conservation Act 2000*.

Introduction to Triennial Reviews

The Government is looking to increase the transparency and accountability of all public bodies. As part of this process, all Non-Departmental Public Bodies (NDPBs) are subject to a review every three years known as a Triennial Review. Triennial Reviews evaluate whether an NDPB is still performing a necessary function and, if so, how well it is operating in accordance with the recognised principles of good corporate governance.

Aims and Stages of Triennial Reviews

Reviewing the function of NDPBs, Triennial Reviews have two principal aims¹:

- To provide a robust challenge of the continuing need for individual NDPBs – both their functions and their form;
- To review the control and governance arrangements in place to ensure that the public body is complying with recognised principles of good corporate governance.

Reflecting these principles, Triennial Reviews have two distinct stages:

- Stage 1** is designed to examine whether the functions of the NDPB are still needed and to consider evidence against a range of delivery options to see if an NDPB model is the most appropriate to achieve the Group's aims;
- Stage 2** looks at the control and governance arrangements in place to ensure that the NDPB is operating with openness, transparency, and accountability.

¹ June 2011 Guidance on Reviews of Non Departmental Public Bodies. Available at: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/230191/Cabinet-Office-Guidance-on-Reviews-of-Non-Departmental-Public-Bodies.pdf

Fuel Poverty Advisory Group for England (FPAG)

FPAG was created in the 2001 UK Fuel Poverty Strategy. It is a Non-Departmental Public Body (NDPB) sponsored by the Department of Energy and Climate Change (DECC). It is responsible for advising the Government on ways to tackle fuel poverty and for monitoring progress against the fuel poverty target in England.

Formation of FPAG

In the 2001 UK Fuel Poverty Strategy², the Government established, on a non-statutory basis, an advisory group which would 'invite senior representatives from organisations such as the energy industry, charities and consumer bodies who would offer *ex officio* representatives who should be able to take a broad and impartial view' (section 4.36) with the remit to:

- Report annually to Ministers regarding the effectiveness of delivery [of fuel poverty policies], identify barriers to the development of effective partnerships and propose solutions, and enthuse and encourage key players to tackle fuel poverty (4.36)
- Advise on the effectiveness of the strategy on the ground (4.77)
- Focus the improvement of delivery of fuel poverty measures, including removing barriers and the role of local and health authorities (9.11)

Originally co-sponsored by the Department for Environment, Food and Rural Affairs (Defra) and the Department of Trade and Industry (DTI), FPAG is now wholly sponsored by and accountable to DECC.

² 2001 UK Fuel Poverty Strategy. Available at:

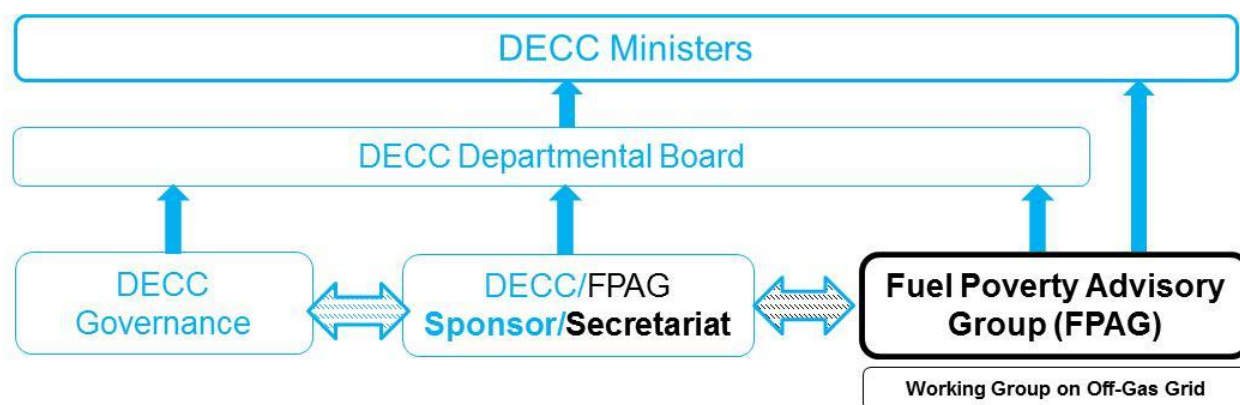
<http://webarchive.nationalarchives.gov.uk/+/http://www.berr.gov.uk/files/file16495.pdf>

Structure of FPAG

Since its formation, FPAG has been composed of a non-executive Chair and *ex officio* representatives from a broad range of organisations. Originally composed of 12 member organisations, it has expanded over its history to its current form with 18 organisations represented, who have been selected by DECC Ministers (see Annex A), plus a non-executive Chair and an official representative from Ofgem, who attends as an observer. Figure 1 sets out FPAG's structure and accountabilities.

FPAG is supported by a joint Secretariat and Sponsor team paid for by DECC. The size and shape of this team has changed over time. At present, this support consists of a Secretariat and junior Sponsor who works to the Chair of FPAG and reports to a Team Leader and to the Head of the DECC Fuel Poverty Team, who is the senior Sponsor. This team is in regular contact with the Chair and FPAG members and is responsible for providing Secretariat support to the group and sponsor team support to DECC.

In late 2012, the FPAG member from National Grid brought together an expert group of stakeholders to collaborate on tackling fuel poverty for households not connected to mains gas grids. Known as the Working Group on Off-Gas Grid Issues, this Group pulls together expert industry views specifically on off-gas grid fuel poverty and the Chair reports their findings to the FPAG core group. The establishment of this sub-group is proving effective at helping to form FPAG's views on specific issues and has been helpful in encouraging wider collaboration with industry and stakeholders.



Black = FPAG

Blue = DECC

Solid arrows indicate lines of accountability.

Dotted arrows indicate collaboration across groups.

Figure 1. Current FPAG organisational context.

FPAG Activities

To conduct its business, FPAG hosts Group meetings on a bi-monthly basis with all members. The agenda for these meetings is set through a discussion with the Chair, Vice Chair and Secretariat and circulated to the Group in advance for views and suggestions for discussion. Invitations to external experts to present research to the Group are also regularly extended. Outside of the FPAG meetings, the sub-group on off-gas grid meets regularly to develop ideas which are then presented to FPAG at the wider Group meeting.

In addition to its regular meeting schedule, FPAG also hosts an annual informal dinner and strategy workshop to encourage collaboration across the Group, both of which have been regularly attended by Ministers. This past year, FPAG also co-hosted a workshop, attended by DECC's Secretary of State which engaged around 70 stakeholders on early ideas around the new fuel poverty strategy. FPAG found this was a helpful way to engage the wider fuel poverty community and is considering making these workshops an annual event.

FPAG's primary output is its annual report. The report provides independent, expert commentary and recommendations to the Government on fuel poverty policies, as well as progress against the government's fuel poverty target. This report has been published every year since 2002-03. The most recent reports for 2011-12 and 2012-13 are available on FPAG's website³ and historical reports are available via the National Archive.

FPAG is able to take a broad view of the Government's activities on fuel poverty by looking not only at the work DECC is doing, but considering activity across government departments which is affecting fuel poverty levels and action. As part of this, FPAG actively participates in responding to consultation exercises on relevant policies. Though individual members of FPAG also often respond separately on specific policy issues that affect their organisations, the collective FPAG response is an opportunity to highlight shared issues and suggestions and to draw the links to the Government's fuel poverty objectives.

FPAG Budget and Operations

FPAG representatives, including the Chair and Vice Chair, are unpaid. Members offer their time and input to the Group on a voluntary basis, in the spirit of collaboration and in line with the Terms and Conditions (Annex B) accepted by their organisations upon joining the Group.

FPAG's only costs have been to cover basic catering for meetings and expenses principally accrued by the Chair (though occasionally also for other members) when attending events on behalf of the Group. All expenses are processed and scrutinised by the sponsor team under DECC's finance regulations. Annual total expenditure (with the exception of the salary costs of the Secretariat/Sponsor team, met by the host Department) has been less than £5000 annually.

FPAG is also subject to DECC's Freedom of Information (FoI) and data protection regulations. The FPAG Secretariat monitor the FPAG email inbox and use DECC IT equipment, following DECC's regulations on the proper use of equipment. FPAG members (including the Chair) provide their own IT equipment.

³ FPAG website. Available at: <https://www.gov.uk/government/organisations/the-fuel-poverty-advisory-group>

FPAG and the Triennial Review Process

The Triennial Review process for FPAG began on 15 May 2012 when it was announced by Written Ministerial Statement by the Minister of State for Energy. This Report closes the First Triennial Review with a view to retain FPAG's advisory NDPB status and improve and reform FPAG to meet all of the recognised principles of good corporate governance. This reform is to happen alongside obligations set out in the *Warm Homes and Energy Conservation Act 2000* for a new target and strategy for tackling fuel poverty in England.

Initiating the Triennial Review

The Triennial Review of FPAG was announced in Parliament by the Minister of State for Energy, the Rt Hon Greg Barker MP, on 15 May 2012. The Minister also wrote to the Chair of the Energy and Climate Change Select Committee to bring the review to their attention.

Consultation reviewing the work of FPAG

Given the size and limited scale and budget for FPAG, DECC brought together a small review team of officials from the DECC fuel poverty team and independent representation from another NDPB Secretariat within DECC. The review team prepared a public consultation open from 15 May - 12 June 2012, which was published on the DECC website and referenced on the FPAG website entitled 'Reviewing the work of the Fuel Poverty Advisory Group'⁴, inviting views on the functions of the Group. A table of questions asked and responses is available in Table 1.

13 responses were received, mostly from interested FPAG members, but additionally from Energy UK, Islington Council, Save Britain Money Group and the University of Birmingham. A full list of respondents is in Annex C.

All respondents considered that the key functions performed by FPAG continue to be necessary and these functions are best delivered by an NDPB. Table 1 summarises the responses and recommendations.

⁴ Consultation reviewing the work of the Fuel Poverty Advisory Group. Available at: <https://www.gov.uk/government/consultations/reviewing-the-work-of-the-fuel-poverty-advisory-group>

Do the key functions performed by FPAG continue to be necessary and appropriate in scrutinising government policy to tackle fuel poverty?

- All 13 respondents agreed with this statement

If you consider that FPAG's functions remain valid, are these functions best delivered by a Non-Departmental Public Body (NDPB)?

- All 13 respondents agreed with this statement

If you consider that an advisory NDPB is the right delivery mechanism for the functions of FPAG, what improvements could be made to support the effective and efficient delivery of FPAG's remit?

All stakeholders felt that FPAG was a good source of politically impartial, independent advice. There were also some suggested improvements for both government and FPAG to support the effective and efficient delivery of FPAG's remit.

Recommendations for DECC:

- To engage with FPAG in the early stages of policy making.
- To provide additional resources to support FPAG and the Chair and reimburse travel expenses for all not-for-profit representatives.
- To review the membership of FPAG and assess the skills and experience that members bring and their contribution to the group's work.

Recommendations for FPAG:

- To develop closer links with organisations with links to fuel poverty such as health, housing or wider social deprivation issues and the Devolved Administrations.
- To be more transparent and open to engaging the wider fuel poverty community.
- To identify opportunities for more partnerships and collaborative working aimed at targeting and giving support to those likely to be at risk of fuel poverty.

Table 1. Summary of Recommendations in the consultation reviewing the work of FPAG.

Stage 1 – Considering the NDPB Model

This first section of the Triennial Review considers whether FPAG is still performing a necessary function and if so, whether the current classification is fit for purpose.

Our conclusion is that FPAG is performing a necessary expert function and should continue to perform its duties as an advisory Non-Departmental Public Body (NDPB).

Scope of Stage 1

Under stage 1 of the Triennial Review, FPAG's function was considered according to Cabinet Office's guidance on reviews of NDPBs (referred to as 'the guidance').⁵

Are FPAG's functions still required?

Reviewing the conclusions of the consultation and wider evidence about FPAG's role, this review has found that FPAG's activities remain relevant, especially in the context of a new fuel poverty target and strategy.

Fuel poverty, as described by Professor Sir John Hills in his *Fuel Poverty Review*⁶, is a serious structural issue where households on low incomes face relatively high energy costs.

Affecting around 10.4% of the overall population of England, or 2.28 million households⁷, fuel poverty is of widespread concern. In 2012, the average fuel poverty gap for a fuel poor household was found to be £443 – meaning the average fuel poor household would need an additional £443 to pay for the energy they need. The aggregate fuel poverty gap in 2012 was £1.01 billion⁸.

Through the *Energy Act 2013* which received Royal Assent last December, the Government amended the *Warm Homes and Energy Conservation Act 2000* to create a legal obligation to adopt a new target for fuel poverty in England, supported by a new strategy for delivery.

As the Government moves towards a new target and accompanying strategy, thought must be given to the role of independent scrutiny and advice for ensuring the new target is met. This is the fundamental function of FPAG - to ensure continuous monitoring of progress by an expert, non-political, independent body that can scrutinise government's effectiveness.

⁵ June 2011 Guidance on Reviews of Non Departmental Public Bodies.

⁶ March 2012. Fuel Poverty Review. Available at: <https://www.gov.uk/government/publications/final-report-of-the-fuel-poverty-review>

⁷ According to the latest 2012 figures, under the new 'Low Income, High Costs' indicator of fuel poverty.

⁸ 2012 Fuel Poverty Statistics Press Release. Available at: <https://www.gov.uk/government/news/fuel-poverty-england-2012-statistical-press-release>

Considering Delivery Models for FPAG

As set out in the guidance, FPAG was considered against a range of possible structures for an advisory group to take. Each option is considered in Table 2 against a number of criteria deemed to be integral to FPAG fulfilling its function, including:

1. Would this model provide strategic advice with the necessary influence and expertise?
2. Would the advice provided by this model be considered independent?
3. Would this model offer value for money?

FPAG Delivery Model Options	1. Would this model provide strategic advice with the necessary influence and expertise?	2. Would the advice provided by this model be considered independent?	3. Would this model offer value for money?	Would this be an appropriate delivery model for FPAG?
Abolish all functions	No	n/a	n/a	No – As all respondents to the consultation suggested, FPAG's function is still needed.
Bring FPAG's functions into government, to be performed by civil servants	Possibly – FPAG is composed of industry experts, who could potentially be hired by DECC.	No – the role of FPAG is to provide independent scrutiny which would not be possible from within government.	No – by failing the second test, this would not be viable.	No – if it were composed of members inside government, FPAG would not offer independent scrutiny.
Move FPAG's functions outside central government	No – in our consultation, stakeholders told us that they would be concerned that agencies either at local government level, or in the charitable or private sector would not have the levers (and in the case of the charitable sector, the resources) to influence fuel poverty policy at the national level, as part of FPAG's role.	Possibly – it would depend what type of group was created. In our consultation, respondents questioned whether a private sector, profit-driven organisation could be truly independent, but thought that a local authority or charity such as National Energy Action (NEA - partly sponsored by DECC), would be seen to be independent.	Possibly – by moving the group outside central government, it could reduce the amount of public funding the group receives, but if it were moved into a charity such as NEA, that group would likely require additional public resources, so savings would not be realised.	No – this model fails the first criteria and while it might have the right expertise, would not be seen to have the necessary influence to impact fuel poverty policy at the national level in England.

FPAG Delivery Model Options	1. Would this model provide strategic advice with the necessary influence and expertise?	2. Would the advice provided by this model be considered independent?	3. Would this model offer value for money?	Would this be an appropriate delivery model for FPAG?
Merge with another body (NDPB, or other form)	No – there are no other advisory bodies in England looking at the distinct issue of fuel poverty. The review team considered merging FPAG with groups covering similar subjects, including: the Housing and Communities Agency, the Building Regulation Advisory Committee, the Committee on Climate Change, the Child Poverty Unit and the Social Mobility and Child Poverty Commission, but none of these groups were thought to have the right focus and expertise to consider fuel poverty issues as a whole.	Possibly – if FPAG were to be merged with another advisory NDPB, it would be considered independent, but if it were to merge with another government body or agency, it would not be able to offer advice independent of government.	Possibly – by merging FPAG with another NDPB or another government body, it could share the Secretariat and logistical functions with that group, but if FPAG were to maintain its current level of work which is supported by the Secretariat and sponsor team, it is likely the body would need to fund additional resourcing to support FPAG's work, so the potential savings would not be realised.	No – this model fails the first test, by not being able to provide focussed and strategic advice on fuel poverty, with the right expertise and influence.
Delivery by a new Executive Agency	No – FPAG provides advice and does not require members to carry out executive functions.	Yes – an executive agency (as a non-Ministerial group) would be seen to be independent.	No – This model would not be fit for purpose because FPAG does not have an executive function, so would not represent good value for money.	No – this model fails criteria one and three and would not be fit for purpose since FPAG provides advice and does not carry out any executive functions.

FPAG Delivery Model Option	1. Would this model provide strategic advice with the necessary influence and expertise?	2. Would the advice provided by this model be considered independent?	3. Would this model offer value for money?	Would this be an appropriate delivery model for FPAG?
Continued delivery by a NDPB	Yes – by being arms-length from central government, where fuel poverty policies are made, FPAG has the necessary influence to impact policies. In its current form, its members have the right spread of expertise to provide strategic advice.	Yes - but this could be improved. In the consultation we were told that FPAG in its current form is viewed to be independent because it is arms-length from Ministers and could take a long-term focus beyond the current government's work. However, we were told that FPAG's independence could be further improved by reorganising the membership so that members are fully independent, rather than representing their organisations in an <i>ex officio</i> capacity.	Yes – FPAG has delivered excellent value for money since it was created in 2001. Members offer their time and expertise voluntarily. The small amount spent on the group's administration (less than £5000 per year) supports expenses and meeting costs.	Yes – against our criteria, FPAG is best suited to continue to be delivered as an advisory NDPB. In our consultation (see Table 1) all of our stakeholders agree with this conclusion. A further analysis of its suitability against the 'three tests' of an NDPB is set out below.

Table 2. Analysis of FPAG Delivery Model Options.

Considering FPAG against the ‘three tests’ of an NDPB

As Table 2 outlines, the most appropriate delivery model for FPAG is an advisory NDPB. As outlined in guidance, if an NDPB is thought to be the best model to perform the function of the Group, it should also be assessed against the ‘three tests’⁹:

1. Does FPAG perform a technical function it needs external experience to deliver?

Yes. The 2001 Fuel Poverty Strategy stated that ‘the new Advisory Group on Fuel Poverty will have as its focus the improvement of delivery of fuel poverty measures, including the co-ordination of effort and the removal of barriers.’¹⁰

With the new fuel poverty target to be set in secondary legislation in line with the *Warm Homes and Energy Conservation Act* and an accompanying strategy due to be published thereafter, this technical function continues to be necessary to monitor progress and to ensure the strategy is on track to achieve the target in the short and long term. To provide this type of strategic advice, FPAG needs external expertise (see current membership in Annex A) with experience delivering fuel poverty policies and providing local level support for the fuel poor.

2. Does FPAG deliver a function which needs to be, and be seen to be, delivered with absolute political impartiality?

Yes. The Public Bodies Review in 2010 (pre-dating Triennial Reviews) found that FPAG should be retained because it meets this impartiality test. All consultation respondents also agreed that FPAG meets this test and that its credibility and authority is entirely derived from the fact that it provides independent and impartial advice. Such credibility would be undermined if FPAG was seen to have political leanings, since it would no longer be able to credibly scrutinise and advise governments (now and in the future) on progress towards the fuel poverty target.

3. Does FPAG deliver a function which needs to be delivered independently of Ministers to establish facts and/or figures with integrity?

Yes. The principal reason for establishing FPAG was to consider the adequacy of the government’s strategy for tackling fuel poverty and to monitor progress against its fuel poverty target. To provide this advice, FPAG has to be able to evaluate the government’s work across departments to tackle fuel poverty and be able to provide challenging, unbiased advice on progress, including suggesting areas for improvement.

The Chair will rightfully interact with Ministers at DECC and other departments, but FPAG must maintain an arms-length relationship to independently establish their views with integrity.

Conclusion to Stage 1

In evaluating the delivery models and assessing the functions of FPAG against the three tests, it is the conclusion of this Triennial Review that FPAG should continue as an advisory NDPB.

⁹ June 2011 Guidance on Reviews of Non Departmental Public Bodies. p 7.

¹⁰ 2001 Fuel Poverty Strategy, p 75.

Stage 2 – Considering FPAG Governance

Following the conclusion in stage 1 that FPAG should remain an advisory NDPB, stage 2 of the Triennial Review assesses how FPAG is operating against the principles of good corporate governance meeting requirements of openness, transparency and accountability.

FPAG is adopting some areas of good corporate governance, but should be reformed to meet all areas of best practice. DECC will work with FPAG members to make this transition.

Approach to Stage 2

A 'comply or explain' approach has been taken to analysing FPAG's governance arrangements against those set out in Cabinet Office's guidance published in December 2012 for advisory NDPBs.¹¹

Where FPAG was found not to comply with the governance arrangement, the review team has explained this and/or proposed a plan to reform this area to improve compliance.

This review covers four main areas:

1. Accountability
2. Roles and responsibilities, of
 - 2.1 DECC (the sponsoring department)
 - 2.2 Chair
 - 2.3 Members
3. Communications
4. Conduct and behaviour

¹¹ December 2012 Advisory NDPB Corporate Governance Arrangements. Available at: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/80073/Advisory_NDPBs_corporate_governance_arrangements_Dec12.pdf

1. Accountability

This section seeks to ensure that ‘ministers are ultimately accountable to Parliament and the public for the overall performance, and continued existence of the advisory NDPB’¹². An analysis of FPAG and its accountability is in Table 3.

	Supporting provisions	Does FPAG meet this provision?	Area to Reform?
1.1	The minister and sponsoring department should exercise appropriate scrutiny and oversight of the advisory NDPB. This includes oversight of any public monies spent by, or on behalf of, the body.	Yes. DECC Ministers have oversight over FPAG, including of monies spent. The Chair and members of FPAG are not paid and the only costs incurred (for member expenses and catering for meetings) are scrutinised by the senior sponsor, to ensure they are kept to a minimum and proportionate to the public expenditure and DECC expenses guidelines. All expenses are processed using DECC’s shared services contract and paid from the DECC fuel poverty team budget.	No
1.2	Appointments to the advisory NDPB should be made in line with any statutory requirements and, where appropriate, with the Code of Practice issued by the Commissioner for Public Appointments.	FPAG is a non-statutory body. The Chair has always been appointed with the Code of Practice issued by the Commissioner for Public Appointments. Ministers have the ultimate discretion over FPAG’s membership and take into account recommendations from the Chair. Members send <i>ex officio</i> representatives – a form which is uncharacteristic for an NDPB. This is expanded on in the next chapter.	Yes – in part.
1.3	The minister will normally appoint the chair and all board members of the advisory NDPB and be able to remove individuals whose performance or conduct is unsatisfactory.	As stated in 1.2, the Chair is appointed under the Code of Practice for Public Appointments. Once a candidate has been selected, DECC Ministers have had the ultimate authority to select a candidate. FPAG organisations, which send <i>ex officio</i> representatives, are appointed by Ministers, but since they are not individuals, this hiring process does not follow the Code of Practice. As stated in 1.2, this is an area for reform.	Yes – in part.

¹² December 2012 Advisory NDPB Corporate Governance Arrangements. p 4

1.4	The minister should meet the chair on a regular basis.	Yes. The Chair meets the DECC Secretary of State at least on an annual basis. The Secretary of State and DECC ministers also attend a number of FPAG events throughout the year.	No
1.5	There should be a requirement to inform Parliament and the public of the work of the advisory NDPB in an annual report (or equivalent publication) proportionate to its role.	Yes, fulfilling this requirement, FPAG has published an annual report, shared publically on its website since 2002-03. Its most recent report was shared with the Prime Minister and Secretaries of State at a number of departments with work linked to fuel poverty. FPAG could improve its communication with Parliament and the Energy and Climate Change Select Committee in particular, by highlighting its Annual Report more widely.	Yes – in part.
1.6	The advisory NDPB must be compliant with Data Protection legislation.	As outlined in Figure 1, all FPAG information, including the FPAG inbox is stored on DECC servers, maintained by the junior sponsor in the Secretariat and subject to Data Protection legislation as with all DECC activities. As a point of reform, the Chair and other members, dependent on their roles, could be issued with DECC IT equipment.	Yes – in part.
1.7	The advisory NDPB should be subject to the Public Records Acts 1958 and 1967.	Yes, FPAG is subject to the Public Records Acts 1958 and 1967, as is DECC.	No

Table 3. Analysis of FPAG accountability governance.

2. Roles and Responsibilities

This principle looks at roles and responsibilities of the sponsoring department (2.1), Chair (2.2) and members of FPAG (2.3).

2.1. DECC's responsibilities for FPAG

This section seeks to consider if DECC is meeting its responsibilities to FPAG as the sponsor department and to consider that there are appropriate governance arrangements in place with FPAG. It also seeks to consider if the DECC sponsor team is providing appropriate oversight and scrutiny of, and support and assistance to, FPAG¹³. See Table 4 for details.

	Supporting provisions	Does DECC meet this provision?	Area to Reform?
2.1.1	The departmental board's agenda should include scrutiny of the performance of the advisory NDPB proportionate to its size and role, at least annually.	Although FPAG is one of DECC's smallest NDPBs with a minimal expenditure, there is the opportunity for the DECC governance departmental board to scrutinise its performance annually around the time the annual report is published.	Yes
2.1.2	There should be a document in place which sets out clearly the terms of reference of the advisory NDPB. It should be accessible and understood by the sponsoring department and by the chair and members of the advisory NDPB. It should be regularly reviewed and updated.	The FPAG terms of reference are set out in Annex B. They are available on the FPAG website, as part of the 10 th annual report. A point of reform is to review the terms of reference annually and to publish these as a link directly on the FPAG website to increase transparency and access.	Yes – in part.
2.1.3	There should be a dedicated sponsor team within the parent department. The role of the sponsor team should be clearly defined.	The role of the sponsor team and the relationship with the parent department (DECC) is outlined in Figure 1.	No
2.1.4	There should be regular and ongoing dialogue between the sponsoring department and the advisory NDPB.	Yes – the sponsor team have regular meetings with the Chair and Vice Chair and regular interaction with other members, including the Chair of the sub-group.	No
2.1.5	There should be an annual evaluation of the performance of the advisory NDPB and any supporting committees – and of the Chair and individual members.	The Chair's performance has been evaluated by the sponsor team and Ministers every three years as part of the appointment process. The Chair informally monitors the performance of members on a regular basis. There is the opportunity to reform FPAG so that the Chair and member's performance is evaluated formally each year along with the reforms in 2.1.1, reviewed by the departmental board.	Yes

Table 4. Analysis of DECC's responsibilities for FPAG sponsorship.

¹³ December 2012 Advisory NDPB Corporate Governance Arrangements. p 5.

2.2. FPAG Chair Responsibilities

This section seeks to consider if the FPAG Chair is taking responsibility for leadership and effectiveness of FPAG.¹⁴ See Table 5 for details.

	Supporting provisions	Does FPAG's Chair meet this provision?	Area to Reform?
2.2.1	The advisory NDPB should be led by a non-executive chair.	Yes, FPAG is currently led by Derek Lickorish, who is the independent, non-executive Chair.	No
2.2.2	<p>There should be a formal, rigorous and transparent process for the appointment of the chair. This should be compliant with the Code of Practice issued by the Commissioner for Public Appointments.</p> <p>The Chair should have a clearly defined role in the appointment of non-executive board members.</p>	<p>The Chair has been appointed according to the process set out in the Commissioner's Code of Practice (OCPA) 2005. An independent public appointments assessor was allocated from an early stage and was involved in the whole process to ensure and validate OCPA compliance.</p> <p>For the reappointment of the current Chair, the 2009 Code of Practice was followed. As of 2012, this guidance was replaced by the Code of Practice for Ministerial Appointments to Public Bodies¹⁵ published by the Commissioner for Public Appointments. When the Chair's appointment ends this summer, this updated guidance will be followed as part of the recruitment exercise.</p> <p>As a point for reform, the Chair's role in the appointment of members should be more clearly explained, in line with the Code of Practice for Ministerial appointments.</p>	Yes- in part.

¹⁴ December 2012 Advisory NDPB Corporate Governance Arrangements. p 6.

¹⁵ 2012 Code of Practice for Ministerial Appointments to Public Bodies. Available at: <http://publicappointmentscommissioner.independent.gov.uk/wp-content/uploads/2012/02/Code-of-Practice-2012.pdf>

<p>2.2.3</p>	<p>The duties, role and responsibilities, terms of office and remuneration (if only expenses) of the Chair should be set out clearly and formally defined in writing.</p> <p>Terms and conditions must be in line with Cabinet Office guidance and with any statutory requirements. The responsibilities of the Chair will normally include:</p> <ul style="list-style-type: none"> • representing the advisory NDPB in any discussions with ministers • advising the sponsoring department and ministers about member appointments and the performance of members • ensuring that the members have a proper knowledge and understanding of their role and responsibilities. The Chair should ensure that new members undergo a proper induction process and is normally responsible for undertaking an annual assessment of non-executive board members' performance • ensuring that the advisory NDPB, in reaching decisions, takes proper account of guidance provided by the sponsoring department or ministers • ensuring that the advisory NDPB carries out its business efficiently and effectively • representing the views of the advisory NDPB to the general public when required 	<p>As a public office-holder, the Chair's behaviour and actions are set out in the Code of Conduct for Board Members of Public Bodies, published in June 2011 and in the original letter setting out his Terms of Appointment¹⁶.</p> <p>The Chair takes responsibility for the overall functioning and effective work of the Group, including overseeing the Group's response to consultations and the Annual Report.</p> <p>The Chair also represents FPAG in his meetings with the DECC Secretary of State and other Ministers and regularly represents the group at public events and in the media.</p> <p>As part of the series of reforms proposed, the Chair should review the induction process and in the letters of appointment for new membership should clearly set out roles and responsibilities of members, which are to be regularly reviewed.</p>	<p>Yes – in part.</p>
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Table 5. Analysis of FPAG Chair responsibilities.

¹⁶ June 2011 Code of Conduct for Board Members of Public Appointments. Available at: http://resources.civilservice.gov.uk/wp-content/uploads/2011/09/code-of-conduct_tcm6-38901.pdf

2.3. FPAG Member Responsibilities

This section seeks to consider if members are equipped to provide ‘independent, expert advice’¹⁷. See Table 6 for details.

	Supporting provisions	Do FPAG members meet this provision?	Area to Reform?
2.3.1	There should be a formal, rigorous and transparent process for the appointment of members to the advisory NDPB. This should be compliant with the Code of Practice issued by the Commissioner for Public Appointments.	See the response to 2.2.2. Members are <i>ex officio</i> and so are not appointed under OCPA guidance. This is an area of non-compliance for the Group that will be considered as a point of reform.	Yes
2.3.2	Members should be properly independent of the Department and of any vested interest (unless serving in an ex-officio or representative capacity).	Members currently serve in an <i>ex officio</i> capacity, representing organisations independent of the Department, with the exception of National Energy Action (NEA), who is part-funded by DECC, and Carillion Energy Services, who are the scheme manager for the Warm Front Scheme, which closed to new applications in January 2013. To enhance the independence of members as part of the reforms outlined above, there is the opportunity to reform the Group so that all members are hired under OCPA regulation and guidance.	Yes – in part.
2.3.3	Members should be drawn from a wide range of diverse backgrounds, but should have knowledge and expertise in the field within which the body has been set up to advise ministers. The advisory NDPBs as a whole should have an appropriate balance of skills, experience, independence and knowledge.	The spread of organisations currently represented in FPAG (see Annex A) was selected to draw expertise from a wide range of groups across the energy efficiency industry and from wider fuel poverty stakeholder groups and charity organisations. As part of the reforms set out above, when members are hired under the OCPA process, diversity and the balance of skills and experience will be considered. The review team also proposes that a smaller FPAG should be constituted, with a reduced number of core members to take responsibility for the work of the Group. FPAG would then seek external expertise through external sub-groups (such as the sub- group on off-gas grid).	Yes – in part.

¹⁷ December 2012 Advisory NDPB Corporate Governance Arrangements. p 7.

2.3.4	The duties, role and responsibilities, terms of office and remuneration of members should be set out clearly and formally defined in writing. Terms and conditions must be in line with Cabinet Office and with any statutory requirements.	All members offer their time voluntarily and are held to the terms and conditions set out in Annex B, as well as to those set out in their organisations' letter of membership. FPAG is a non-statutory body, so member roles are not set out in legislation.	No
2.3.5	All members must allocate sufficient time to the advisory NDPBs to discharge their responsibilities effectively.	<p>The Chair is ultimately responsible for ensuring members meet the commitments set out in the terms of membership around allocating time to the Group.</p> <p>The Review team did highlight that asking members to voluntarily offer their time did make it difficult to enforce allocating time to the support the Group. The expectations of new members, including hours expected to perform FPAG duties will be clearly set out in the new terms of appointment.</p>	Yes – in part.
2.3.6	<p>There should be a proper induction process for new members. This should be led by the Chair. There should be regular reviews by the Chair of individual members' training and development needs.</p> <p>All members should ensure that high standards of corporate governance are observed at all times. This should include ensuring that the advisory NDPB operates in an open, accountable and responsive way.</p>	<p>This is a point of non-compliance to be considered with the reforms. Members are currently responsible for leading on their subject areas of expertise, and work with their organisations to develop this expertise, operating in the spirit of openness and collaboration.</p> <p>The Chair encourages members to operate to a high standard and to be open and responsive to Group requests.</p> <p>That said, as part of wider reforms discussed in the next chapter, there are opportunities for FPAG to improve its governance, transparency and accountability.</p>	Yes – in part.

Table 6. Analysis of FPAG member responsibilities.

3. Communications

The section considers FPAG's compliance with governance around communications to see if FPAG 'is open, transparent, accountable and responsive'¹⁸. See Table 7 for details.

	Supporting provisions	Does FPAG meet this provision?	Reform?
3.1	The advisory NDPB should operate in line with the statutory requirements and spirit of the <i>Freedom of Information (FoI) Act 2000</i> .	FPAG's information is held in DECC's Information Management systems and FPAG abides by the <i>FOI Act 2000</i> in the same ways that DECC does.	No
3.2	<p>The advisory NDPB should make an explicit commitment to openness in all its activities. Where appropriate, it should establish clear and effective channels of communication with key stakeholders. It should engage and consult with the public on issues of real public interest or concern.</p> <p>This might include holding open meetings or annual public meetings.</p> <p>The results of reviews or inquiries should be published.</p>	<p>FPAG's designated page on the gov.uk website describes the Group's role, outlines the membership and includes copies of the Annual Report. As a point of reform, FPAG could aim to be more open in its communications, updating the website more regularly, or setting up a second site, specific to FPAG, managed separately by the Group.</p> <p>FPAG held a wide stakeholder meeting in October 2013, but could also host a public meeting to engage interested parties.</p>	Yes – in part.
3.3	The advisory NDPB should proactively publish agendas and minutes of its meetings.	FPAG has recently committed to publishing the minutes of its meetings and this will be completed shortly. Agendas for meetings may also be published.	Yes
3.4	<p>There should be robust and effective systems in place to ensure that the advisory NDPB is not, and is not perceived to be, engaging in political lobbying.</p> <p>There should also be restrictions on members attending Party Conferences in a professional capacity.</p>	<p>Yes. FPAG Members are issued Cabinet Office's Annual Party Conferences Guidance, clearly outlining the expectation that members of FPAG must not be, or perceived to be, engaging in political lobbying in their capacity as members of the group, in their <i>ex officio</i> capacity.</p> <p>To improve compliance on this point, FPAG should be reminded of Cabinet Office rules on lobbying for NDPBs¹⁹ and this should be built into the Terms and Conditions of membership for the Group.</p>	Yes – in part.

Table 7. Analysis of FPAG's governance around communications.

¹⁸ December 2012 Advisory NDPB Corporate Governance Arrangements. p 8.

¹⁹ Cabinet Office Rules on Lobbying for Non-Departmental Public Bodies. Available at:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/62130/ndpbs-lobbying.pdf

4. Conduct and Behaviour

The section considers FPAG's compliance in relation to the expectation that 'members work to the highest personal and professional standards. They should promote the values of the advisory NDPB and good governance through their conduct and behaviour'²⁰. See details in Table 8.

	Supporting provisions	Does FPAG meet this provision?	Reform?
4.1	A Code of Conduct must be in place setting out the standards of personal and professional behaviour expected of all members. This should follow the Cabinet Office Code. All members should be aware of the Code. The Code should form part of the terms and conditions of appointment.	FPAG's Code of Practice is based on the Cabinet Office guidance for non-departmental public bodies ²¹ . All members are aware of this Code and it was part of their terms and conditions of appointment. Members are also reminded before elections of rules to not engage in any political activity.	No
4.2	There are clear rules and procedures in place for managing conflicts of interest. There is a publicly available Register of Interests for members. This is regularly updated.	When he was appointed to his role as Chair, the current Chair registered his interests. As part of the reforms, all members should publically declare their interests and have the responsibility to update this as necessary.	Yes
4.3	There must be clear rules in place governing the claiming of expenses. These should be published. Effective systems should be in place to ensure compliance with these rules.	Expenses are processed and scrutinised according to DECC's regulations and paid by the DECC fuel poverty budget.	No
4.4	There are clear rules and guidelines in place on political activity for members and there are effective systems in place to ensure compliance with any restrictions.	See the response to 3.4. As part of the reforms, there is the opportunity to clarify the guidelines on political activity and compliance systems.	Yes – in part.
4.5	There are rules in place for members on the acceptance of appointments or employment after resignation or retirement. These are enforced effectively.	This is a point of non-compliance and made complicated by the fact that the majority of members (the Chair and Vice Chair excluded) are <i>ex officio</i> , and thus not 'employees' of FPAG. As a point of reform, rules on accepting appointments following FPAG membership should be clearly defined, with an enforcement protocol.	Yes

Table 8. Analysis of FPAG's governance around conduct and behaviour.

²⁰ December 2012 Advisory NDPB Corporate Governance Arrangements. p 9.

²¹ 2012 Code of Practice for Ministerial Appointments to Public Bodies.

Conclusion to Stage 2

Applying the 'comply or explain' approach set out by Cabinet Office in the guidance on advisory NDPBs²² issued in December 2012, Tables 3-8 set out how FPAG is adopting some areas of good corporate governance across the four areas of accountability, roles and responsibilities, communications and conduct and behaviour.

For areas of non-compliance, upon close of this Review, DECC will work with FPAG to institute these reforms, which are summarised in the next chapter.

²² December 2012 Advisory NDPB Corporate Governance Arrangements.

Future of FPAG

In line with the conclusions set out in stages 1 and 2 of the Triennial Review, FPAG should be reformed to meet the best practice governance set out for advisory NDPBs. DECC will engage with FPAG members to implement these reforms to reinforce FPAG's governance.

FPAG Reform

Summarising the areas of non-compliance where FPAG requires reform to meet the best practice requirements of NDPBs, table 9 highlights areas to implement following the publication of this Report. This will be guided by Cabinet Office's Checklist for Departments on Public Bodies Reforms²³ and DECC will engage with FPAG to institute the reforms.

	Area of Reform	Reform to be implemented and considerations
1.2, 1.3 2.2.2 2.3.1, 2.3.2, 2.3.5	Accountability Roles & Responsibilities (Chair, Members)	<p>For FPAG to meet NDPB good corporate governance on membership, the Group needs to transition from having all <i>ex officio</i> representatives (with the exception of the Chair) to all fully independent members (divesting affiliation with any organisation) selected and appointed according to guidance set out in the Code on Public Appointments by DECC Ministers, with oversight from the Chair.</p> <p>This reform would result in a significant change to FPAG and developing a new framework for the Group, since most members are currently <i>ex officio</i>.</p> <p>Forming an integral part of DECC's stakeholder engagement on fuel poverty, DECC will work with FPAG to consider how best to ensure a continuity of engagement with the transition to the new membership, which we propose should be reduced so that each member has a distinct responsibility to the Group and is able to conduct its business more effectively. Expert sub-groups could then be established by the core FPAG, to draw in expertise from other organisations.</p> <p>As part of consideration of the membership of the reformed FPAG, the remuneration and value for money of the posts should be considered in line with rules on public and senior appointments.</p> <p>Opportunities to bolster the analytical support to which FPAG has access will also be considered, including drawing an analytical expert into the reformed Group's membership. Funding for this resource could be met by the DECC fuel poverty team's research budget, though clear lines would be set so that FPAG's research would be independent and distinct and able to challenge DECC and</p>

²³ March 2012 Public Bodies Reform Checklist for Departments. Available at: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/62131/120329-Public-Bodies-Reforms-Checklist-for-Departments-FINAL.pdf

		<p>other government departments analysis.</p> <p>Furthermore, with a wider reform of the group, there is the opportunity to consider suggestions highlighted in the consultation – including enhanced links to government departments other than DECC and with devolved administrations (which has varied since similar fuel poverty focussed groups have been restructured). There is also the opportunity to reconsider the name of the Group, which could in its current form be potentially confused with the similarly named, though distinctly different campaign group called Fuel Poverty Action.</p>
1.5	Accountability	To enhance the visibility of FPAG's annual report, FPAG should present it to Parliament and the Energy and Climate Change Committee in particular.
1.6	Accountability	The sponsor team should issue the Chair and members (depending on duties) with DECC IT as needed.
2.1.1, 2.1.5	Roles & Responsibilities (DECC)	The DECC Departmental Board should commit to annually considering FPAG's governance and wider performance of the Chair and members with the publishing of their annual report.
2.1.2	Roles & Responsibilities (DECC)	The FPAG Secretariat should publish the terms of reference of the Group clearly on the FPAG website.
2.2.3 2.3.6	Roles & Responsibilities (Chair, Members)	The Chair should consider with members the terms of reference of the Group on a more regular basis. The Chair should also develop a formal induction process for new members, including an annual appraisal of each member's performance and consideration of their individual areas of learning and further development.
3.2	Communications	FPAG could commit to greater openness by improving its website and updating it more regularly with more detailed information about the Group.
3.3	Communications	The FPAG Secretariat should publish FPAG meeting agendas and minutes on the FPAG website to increase the transparency of the Group's activities. FPAG should also commit to hosting an annual public workshop to engage the wider community on fuel poverty issues.
3.4 4.4	Communications Conduct & Behaviour	FPAG members should be reminded of Cabinet Office rules on lobbying for NDPBs and this should be built into the Terms and Conditions of membership for the Group.
4.2	Conduct & Behaviour	To improve the transparency of member's interests, the Chair and members of FPAG should publish their register of interests on the FPAG website. This should be updated regularly, with members responsible for updating it.
4.5	Conduct & Behaviour	With the transition to new membership, rules on acceptance of appointments or employment on resignation or retirement from the Group should be clearly set out. These should be included in the framework of the reformed Group.

Table 9. Summary of FPAG areas of reform.

Next Steps

Having concluded that FPAG should be retained and reformed, the next step is to establish a timetable for implementing the reforms. DECC will take this work forward with the current Chair and current FPAG members to ensure a smooth transition.

Alongside this Report, DECC is publishing a consultation on the new fuel poverty target and the fuel poverty strategy for England. The draft strategy sets out in more detail the way in which DECC intends to engage with a reformed FPAG as part of the governance and accountability framework around the new target.

Annex A – Members of FPAG

As of publication, the current members of FPAG are:

- **Chair: Derek Lickorish MBE**
- Vice Chair: Teresa Perchard
- Age UK
- Association for the Conservation of Energy
- British Gas
- Carillion Energy Services
- Child Poverty Action Group
- Citizens Advice Bureau
- Consumer Futures (Merged in April 2014 with Citizens Advice Bureau)
- EDF Energy
- E.On UK
- Energy Efficiency Partnership for Buildings
- Local Government Association
- National Energy Action
- National Grid
- UK Health Forum
- RWE Npower
- Scottish and Southern Energy
- Scottish Power

Annex B – FPAG Terms of Reference

The Fuel Poverty Advisory Group (FPAG) is an advisory Non-Departmental Public Body sponsored by DECC. Its primary task is to report on the progress of delivery of the government's Fuel Poverty Strategy and to propose and implement improvements to regional or local mechanisms for its delivery.

The role of the Group is:

- To consider and report on the effectiveness of the current policies in delivering reductions in fuel poverty and the case for greater co-ordination
- To identify barriers to the delivery of reductions in fuel poverty and to the development of effective partnerships, and propose solutions
- To consider and report on any additional policies needed to deliver the government's targets
- To enthuse, and encourage, key players to tackle fuel poverty
- To consider and report on the results of the work to monitor fuel poverty.

Annex C – FPAG Consultation Respondents

On 15 May 2012, the government launched a consultation (questions and summary of responses in Table 1) on the Triennial Review of FPAG, seeking views from members and wider stakeholders of the Group. Below is a list of organisations who responded to the consultation. There were 13 respondents in total.

- Association for the Conservation of Energy
- British Gas
- Carillion Energy Services
- Consumer Focus
- EDF Energy
- Energy UK
- E.On UK
- Islington Council
- National Energy Action
- Ofgem
- Save Britain Money Group
- Scottish and Southern Energy
- University of Birmingham: School of Geography, Earth and Environmental Sciences

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