



Committee on Fuel Poverty

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Third Annual Report

2018

November 2018

Acknowledgements

The Committee wish to thank stakeholders who have provided information and evidence to help inform this report and the advice we have provided to the Government.

We also acknowledge the support we have received from BEIS officials in providing the secretariat for the group.



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Executive Summary

This is the third Annual Report of The Committee on Fuel Poverty (CFP). We are an advisory Non-Departmental Public Body sponsored by the Department for Business, Energy & Industrial Strategy (BEIS). We monitor Government’s progress on their 2015 fuel poverty strategy for England and provide independent, expert advice to ensure that the milestones and target are met. This report summarises our work in 2018, provides an update on progress, sets out our recommendations for Government action and outlines our plans for 2019.

The fuel poverty strategy includes a statutory fuel poverty target for ‘as many fuel poor households as reasonably practicable to achieve a minimum energy efficiency rating of a Band C by 2030.’ It also has two interim milestones of Band E by 2020 and Band D by 2025. This phased approach follows the principle of prioritising assistance to those in the deepest levels of fuel poverty - ‘worst first’.

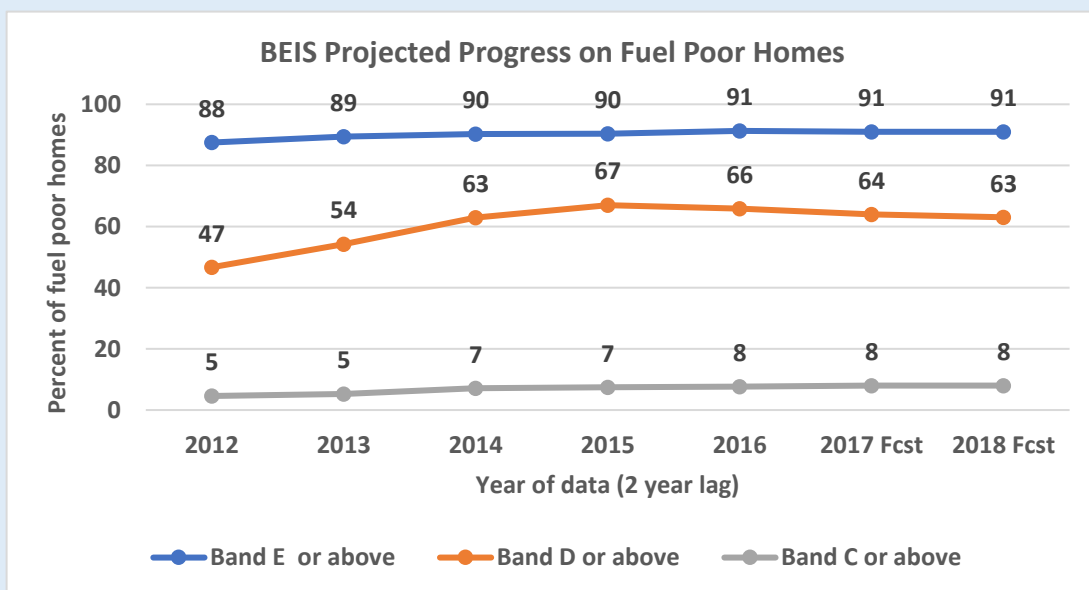
Key Message for Government

Overall progress is stalling, with a mixed performance across each of the three main measures.

Since introducing the strategy in 2014/15:

- Total number of households in fuel poverty - up by 210,000 to 2.55 million
- The aggregate Fuel Poverty Gap is down by 7% and the average gap has reduced to £326/ year

BEIS forecast progress on upgrading the energy efficiency levels of fuel poor homes is 2% to 6% lower than previously forecast. We estimate that the funding needed to complete the strategy has therefore grown from £15.4 billion in our 2017 Annual Report to £17.1 billion.



Key actions to achieve the milestones and target.

A) The Clean Growth Strategy provides the foundation to meet the 2030 fuel poverty target, however additional Government funded energy efficiency programmes will be needed to meet the 2020/25 milestones

The long term plans for household energy efficiency set out in the Clean Growth Strategy are welcome and we estimate it has the potential to provide £6.1 billion of funding. However, to meet the near term 2020/25 milestones, additional Treasury funded schemes of circa £2.8 billion are necessary.

B) Existing budgets should be optimised to help deliver the 2025 milestone and 2030 target and also contribute towards commitments to reduce carbon emissions

The current Winter Fuel Payment (WFP) and Warm Home Discount (WHD) budgets total £2.1 billion per year, yet only around 10% is received by fuel poor households to help pay their fuel bills. Eligibility requirements for the WFP need to be back on the table with the need for cross party support on this critical issue. Research commissioned by the CFP and Committee on Climate Change show that by focusing these programmes on households most in need, £0.8 billion per year can be freed up to fund additional household energy efficiency programmes for the fuel poor. This would also support the UK's decarbonisation plans.

C) Regulations should be implemented that require landlords of rented properties to provide homes that are affordable to heat, comfortable and safe to live in.

Tenants of rented properties should have a right to expect that the properties they are renting are of an acceptable standard. Current proposals by Government to improve the energy efficiency of privately rented properties will only require 30% of the worst performing Band F/G properties to be upgraded to Band E. This will still leave about 70,000 fuel poor households living in privately rented properties with energy needs of over £1,000 per year above the average. Regulations should require landlords of rented properties to improve energy efficiency levels in line with the fuel poverty milestones and target and they should be strictly enforced.

Summary of recommendations

We summarise below, the main recommendations made in this report. A full list of our 2018 recommendations is in Annex A. To develop and implement the recommendations, strong engagement across Government Departments will be needed. Delivering the fuel poverty strategy should be seen in a broader context than one of cold homes and high fuel bills;

- **Health** - Living in cold homes negatively impacts physical and mental health, thereby impacting the budget of not only the NHS but also local councils in the form of Social Care. It also directly contributes towards the number of excess winter deaths.
- **Carbon** - Achieving the 2030 Band C target will also be a cost-effective way of helping to deliver Government's commitment to reduce carbon emissions and is aligned with the Clean Growth Strategy.
- **Jobs** - Installing the necessary energy efficiency measures would also create jobs across the country and help drive innovation in low carbon technologies.

Achieving the 2020 milestone

The 2018 BEIS Statistics show that there are still 220,000 fuel poor households living in Band F/G properties with an average fuel poverty gap of £1,060 per year. In our 2017 Annual Report we recommended that, to achieve the 2020 Band E milestone, high priority needed to be given to:

- *Focus the entire 2018/22 Energy Company Obligation programme (ECO3) on upgrading the energy efficiency levels of households in fuel poverty, with an emphasis on Bands F and G properties, and;*
- *Amend the Energy Efficiency Private Rented Property England and Wales Regulations 2015 (PRS Regulations) to require landlords to pay to upgrade the energy efficiency of their Band F and G properties to Band E by 2020.*

After consultation the Government decided to focus ECO3 on a wider eligibility group of 6.6 million low income and vulnerable households. Only circa 30% of ECO3 energy efficiency measures will therefore be installed in fuel poor homes.

Although Government has proposed to amend the PRS Regulations, the consultation proposal was a cap of £2,500 on landlords' costs. This will result in only 30% of the Band F/G homes being upgraded to Band E, versus 70% envisaged in the original 2015 Regulations.

Together, these two programmes will contribute £1.9 billion towards closing the funding gap. However, we estimate that the combination of these programmes will only reduce the number Band F/G fuel poor homes to circa 160,000 by 2020.

We welcome the announcement of a higher landlords' cost cap in the PRS consultation response announced at the time we published our report. We note that this will upgrade 48% of F/G homes to Band E, versus the 30% assumed in the calculations in this report. However, this will not change the fact that a new Clean Growth Fuel Poverty Challenge Fund will be required to meet the 2020 and 2025 milestones, albeit the funding requirements will be slightly lowered.

We estimate that further funding of circa £1 billion is required to achieve the milestone and we have recommended to BEIS that:

- **To deliver the 2020 Band E milestone, Treasury should allocate £1.0 billion funding to a new 'Clean Growth Challenge Fund' to run from 2019-2021.**

Although primarily focused on upgrading fuel poor Band F/G households to Band E, we have recommended that this new programme is also designed to help deliver other Government strategic initiatives and capture learnings for future energy efficiency programmes. It should be noted that England is the only country in the UK which does not currently have Government funded household energy efficiency schemes.

Achieving the 2025 milestone and 2030 target

We believe that long term funding for the fuel poverty strategy can be provided through a mix of obligations, subsidy, grants, regulation and potentially private finance. We therefore welcome the publication of the Government's Clean Growth Strategy (CGS) as it sets out long term proposals to improve household energy efficiency levels. We also welcome the National Infrastructure Commission's 'National Infrastructure Assessment' which supports funding and

upgrading the energy efficiency levels of Social Housing. To underpin achieving the fuel poverty 2025 milestone and 2030 target, we recommend that:

- **The Clean Growth Strategy proposal for continuing a home energy efficiency programme through to 2028 is focused on fuel poor households and that Government considers the most appropriate mechanism for maximising progress towards the fuel poverty target.**
- **The PRS Regulations are extended to include achieving Band D in 2025 and Band C in 2030 and that the cap on landlords' expenditure is reviewed and increased to achieve the fuel poverty target.**
- **Act on the National Infrastructure Commission recommendation to improve Social Housing energy efficiency levels to Band C by 2030 through introducing new targets and incentives for social landlords to make improvements as part of their business plans.**

Versus Government's current approach, this will require a step-change in the focus of energy efficiency programmes on fuel poor homes and a much more robust approach towards requiring landlords to rent out properties that are affordable to heat. If our recommendations are acted on, we estimate that the CGS could provide £6.2 billion of funding towards delivering the fuel poverty strategy. However, even with our optimistic assumption that 50% of the home energy efficiency programme is spent on fuel poor homes and that landlords are required to upgrade 50% of their properties, we calculate that there will still be large funding gaps. We therefore recommend that:

- **To deliver the 2025 Band D milestone Treasury should allocate £1.8 billion to continue the new 'Clean Growth Challenge Fund' for 2022-2025.**
- **Government should continue to identify innovative ways to lower the estimated £6.2 billion funding gap to achieve the 2030 Band C target.**

The CFP believes the first source of funding to close gaps to achieve the 2025 milestone and 2030 target should come from optimising existing programmes which are aimed at either assisting households to pay their fuel bills or improving the energy efficiency of their homes. The most obvious programme to optimise is the Winter Fuel Payment (WFP) where less than 10% of the £1.7 billion per year budget is received by households in fuel poverty. Together with the Committee on Climate Change, we commissioned research which shows that by changing the focus of the WFP and Warm Home Discount (WHD) programmes to assisting those most in need, £0.8 billion/year of funds could be transferred from supporting paying energy bills, to supporting installing energy efficiency measures. We therefore recommend:

- **The Winter Fuel Payment programme is focused on helping those households most in need to pay their energy bills and that the resultant surplus funds are used in new programmes to install energy efficiency measures in the homes of the fuel poor.**

Improving assistance provided to fuel poor households to pay their energy bills

Upgrading our housing stock takes time. It is therefore important to have schemes in place to assist fuel poor households to pay their bills in the interim. We support Government's plan to improve the current targeting efficiency of the Warm Home Discount programme on fuel poor households. We recommend:

- **The WHD is improved so that it better targets fuel poor households, and:**
 - o **The participation threshold is reduced to 50,000 customer accounts**
 - o **Park home residents should be made aware of support available through the industry initiative**

As there are no current Government plans to change the focus of the Winter Fuel Payment to assisting those most in need, we recommend that:

- **Until the WFP programme is significantly better targeted at assisting households in fuel poverty, households in fuel poverty should receive at least the same levels of assistance to pay their fuel bills as pensioners and an appropriate mechanism is found to deliver this objective, for example adapting the WHD programme.**

Enforcing regulations in the Private Rented Sector

The Private Rented Sector now provides 20% of all homes in England. Identification of landlords and incentives for them to engage with existing registration schemes have been shown to be inadequate¹. We therefore recommend that:

- **Enforcement of health, wellbeing and safety-related regulations in the privately rented sector should be significantly enhanced and private landlords should be incentivised to invest in the necessary measures.**

We are commissioning research in 2018 to explore how a national landlord registration scheme might work and will share the results with BEIS/MHCLG/Treasury and other stakeholders.

Other ongoing priorities

We continue to see the joining up the energy and health sectors as an important priority to help tackle fuel poverty. We are encouraged by examples of local good practice but see there is significant potential for work to be better co-ordinated.

Changes in the retail energy market are having an impact on fuel poverty. However, due to a lack of data it is not currently possible for the impact of interventions such as the energy price cap to be quantified from a fuel poverty perspective. We see this as an important priority for BEIS and Ofgem.

Future fuel poverty strategy

Government have announced that the 2015 Fuel Poverty Strategy will be updated over the next year. We will feed into the update of the strategy and are keen to ensure that the update can resolve some of the issues identified in our report. However, our remit is to advise Government on the implementation of the existing fuel poverty strategy and that will remain the focus of our work and is the scope of this report.

¹ <https://www.york.ac.uk/media/news-and-events/pressreleases/2018/the-evolving-private-rented-sector.pdf>

Who are we?

The Committee on Fuel Poverty (CFP) is an advisory Non-Departmental Public Body sponsored by the Department for Business, Energy & Industrial Strategy (BEIS). The CFP comprises of 6 members who are remunerated for 2 to 3 days of work per month. Members are recruited via Governments Centre for Public Appointments. The CFP's remit is to:

- monitor and report on progress towards the interim milestones and 2030 fuel poverty target as set out in the [Fuel poverty strategy for England: Cutting the Cost of Keeping Warm](#) a summary of which is provided in Appendix B.;
- support and challenge the Government on its delivery approach to underpin successful implementation of the strategy, including considering and reporting on:
 - a. the effectiveness and efficiency of policies and schemes which contribute to meeting the milestones and 2030 target;
 - b. the impact of other policies and schemes on fuel poverty; as well as
 - c. modifications to existing policies and any additional policies and schemes needed to meet the milestones and 2030 target;

We encourage and foster a partnership approach between and within Government and stakeholders, to make progress against the milestones and targets, including the identification of barriers to effective joint working. Where appropriate we work with the Committee on Climate Change to help underpin efforts to ensure that the decarbonisation and fuel poverty agendas work together.

Throughout the report we use the term 'fuel poor' households. In all cases by this we are referring to the 2.55 million 'Low Income High Cost' (LIHC) households, the official measure of fuel poverty in England.

This is our third Annual Report which provides an update on progress, sets out our recommendations for Government action and outlines our plans for 2019.

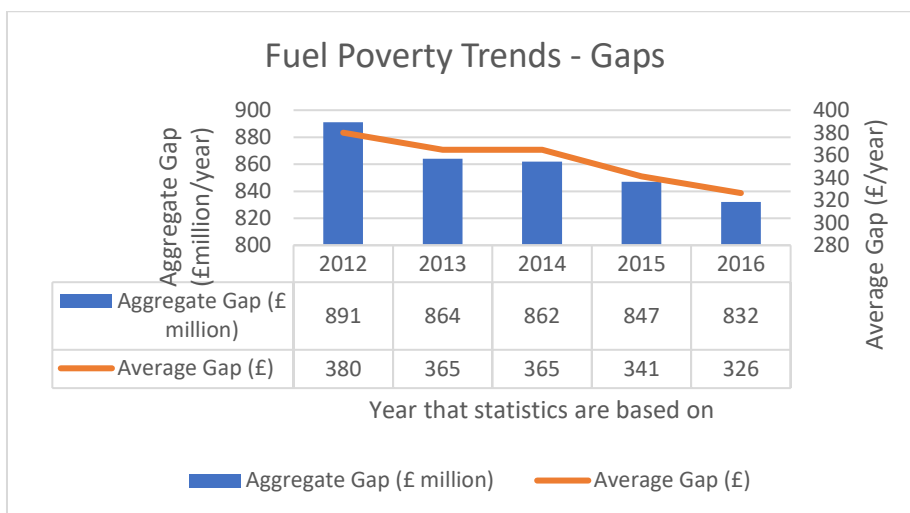
Members of the CFP are David R. Blakemore (Chair), Dr Alice Maynard, CBE, DBA, C Dir, Jenny Saunders, CBE, DCL, Paul Massara, Lawrence Slade and Liz Bisset. Further information on the CFP members is detailed in Appendix D.

Part One: Progress on Fuel Poverty Strategy

- One of the key roles of the CFP is to monitor and report on progress towards the 2020 and 2025 interim milestones and the 2030 fuel poverty target. The Government’s fuel poverty target was set in 2014 and the strategy was developed over 2014/2015. The CFP use the BEIS Annual Fuel Poverty Statistics published in 2014 as a baseline from which to measure progress. The data in the Annual Fuel Poverty Statistics lags real time by two years, so the statistics published in 2014 report on the position in 2012.

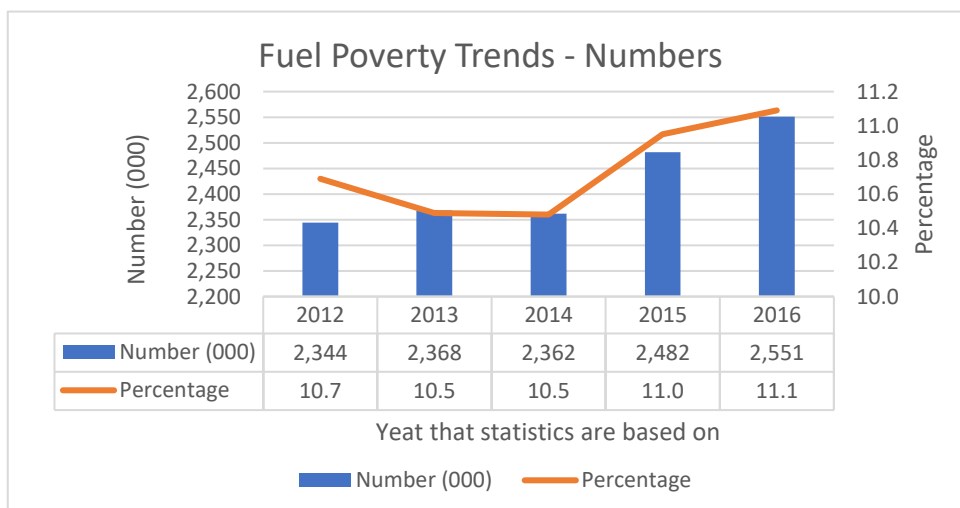
Fuel Poverty Gaps

- Based on the latest BEIS Fuel Poverty Statistics published in June 2018 the aggregate fuel poverty gap has reduced by 7% and the average gap by 14% over the past 4 years. This is encouraging, as despite increasing energy prices, progress is being made in closing the gaps.



Number of households living in fuel poverty

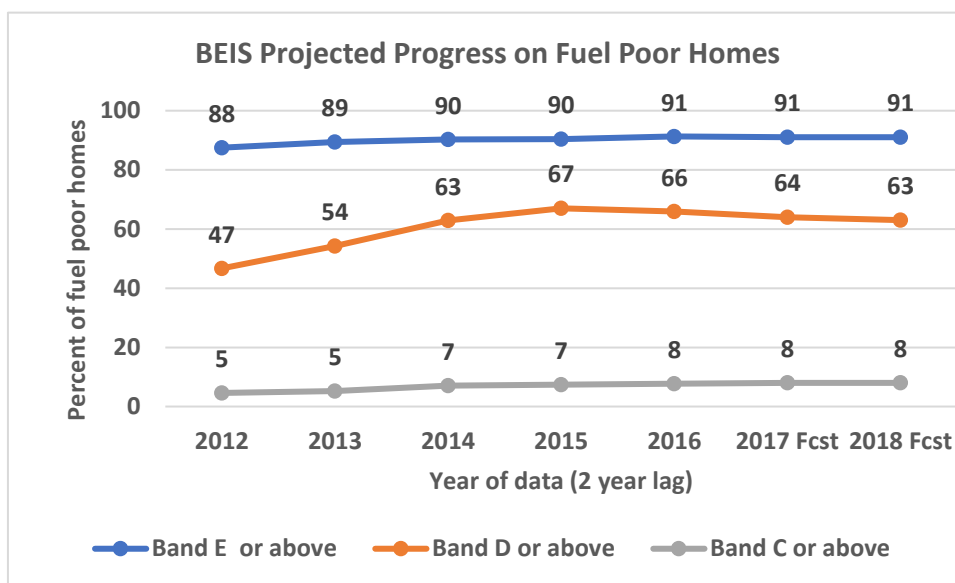
- The Low Income High Cost (LIHC) indicator of fuel poverty is a relative measure and the BEIS fuel poverty trends tables show that the proportion of households living in fuel poverty has ranged between 10 and 12% over the past decade. There has however been an upwards trend in both households in fuel poverty and the percentage of households in fuel poverty in the past two years.



- 1.3 As reported in the 2018 BEIS Statistics, households in the lower income deciles have seen lower improvements in after housing costs income than those in higher deciles. This contributes to the shifting of households across the income threshold into fuel poverty.

Progress towards the 2020/25 Band E/D Milestones and 2030 Band C Target

- 1.4 Each set of BEIS annual Fuel Poverty statistics include a projection of future progress towards the milestones and target for the next two years. For instance, the report published in 2018 uses 2016 data and includes projections of the positions in 2017 and 2018. These projections include the estimated impact of existing Government schemes, such as the March 2017 to October 2018 ECO transition programme.



- 1.5 The chart shows that recent and projected progress towards upgrading to Band E or above, has been slow and is flat-lining. Little progress is being made to improve properties to Band C or better. Progress towards the Band D target in the first three years of the strategy was promising, however the percentage of Band D or above properties is now in decline.
- 1.6 In our 2017 Annual Report, we made two main recommendations to help ensure Government meets the 2020 milestone. The first of these recommendations was to focus the entire October 2018 to March 2022 Energy Company Obligation (ECO3) programme on upgrading the energy efficiency levels of households in fuel poverty, with an emphasis on Bands F and G properties.
- 1.7 First, we reinforced our recommendations on ECO3 in our response to the formal consultation issued by Government in March 2018². The options presented in the consultation did not improve the proportion of fuel poor households receiving measures from the 2017/18 ECO transition scheme and therefore would not deliver the 2020 Band E milestone. We recommended that additional options should be prepared to focus ECO3 on helping those most in need, with a particular emphasis on the 870,000 fuel poor Band E, F and G homes in England. We believe landlords should fund energy efficiency upgrades of their rented properties and recommended that ECO3 should therefore be focussed on the 44% of fuel poor owner occupiers to help them upgrade their homes. Of the options presented in the consultation, we recommended the option where the eligibility criteria for Affordable Warmth be broadly preserved.

² https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/696448/ECO3_consultation.pdf

This option had a narrower focus on 3.5 million households (GB) and £383 million superior equity-weighted net present value than Government's preferred option.

- 1.8 After considering consultation responses, Government decided to progress with their preferred option. ECO3 will therefore have an eligible target group of about 6.6 million low income and vulnerable households in Great Britain (circa 5.6 million in England). Whilst we welcome that all of ECO3 will be focused on the Affordable Warmth Obligation, the Impact Assessment shows that only around 30% of eligible households are living in fuel poverty and that it has a poor focus on reaching those most in need living in Band F/G fuel poor homes. Over the 3.5 year programme to March 2022, it will only lower the percentage of fuel poor homes in Band F/G by 1 percentage point. It will however have larger impacts on improving Band D and E fuel poor properties.
- 1.9 We recognise however that there has been some alignment by Government with our comments on ECO3 in their final decision document, such as the introduction of uplifts of F and G rated owner occupied properties in the Local Authority flexible eligibility. We are disappointed however that our advice, including improving the focus on fuel poor households rather than just lower income households, was not followed. We also note that the [ECO3 Consultation Impact Assessment](#) referred to data that caused Government to question the economics of tightly focusing energy efficiency programmes on LHC homes. We comment on this in Section 5.
- 1.10 The second recommendation that we made in our 2017 Annual Report to meet the 2020 milestone was to ensure that the Energy Efficiency (Private Rented Property England and Wales) Regulations 2015 (PRS Regulation) will be effective by introducing a £5,000 capped obligation on landlords to pay for energy efficiency upgrades of their Band F/G properties to Band E.
- 1.11 Nearly 60% of fuel poor households are in the rented sector. We believe that as landlords run a business, they should be held accountable to rent out properties that are affordable to heat. The Government consultation on amendments to the PRS Regulations³ highlighted that studies have shown that there is a robust link between improved energy efficiency and increased property values. We therefore believe that landlords should be responsible for self-funding the upgrade of the energy efficiency of their properties.
- 1.12 We welcomed the Government's announcement in December 2017 to amend the PRS Regulations to make them more effective. In the consultation, Government's preferred option was a £2,500 cap on landlords' costs. Whilst this is an improvement versus the status quo, it would result in fully upgrading only 30% of the privately rented Band F or G homes to Band E, versus the 70% upgrade envisaged in the original 2015 Regulations. The consultation Impact Assessment calculates that only 55% of fuel poor Band F/G PRS properties will receive some energy efficiency measures. We [responded](#) in detail and pressed the need for a higher cap that would ensure a higher percentage of properties are upgraded to Band E. We also recommended that the financial efficiency of Government's preferred option should be investigated. The cost of installed energy efficiency measures was very similar to the original 2015 Regulations but only 30% (vs 70%) of properties are set to be upgraded to Band E.

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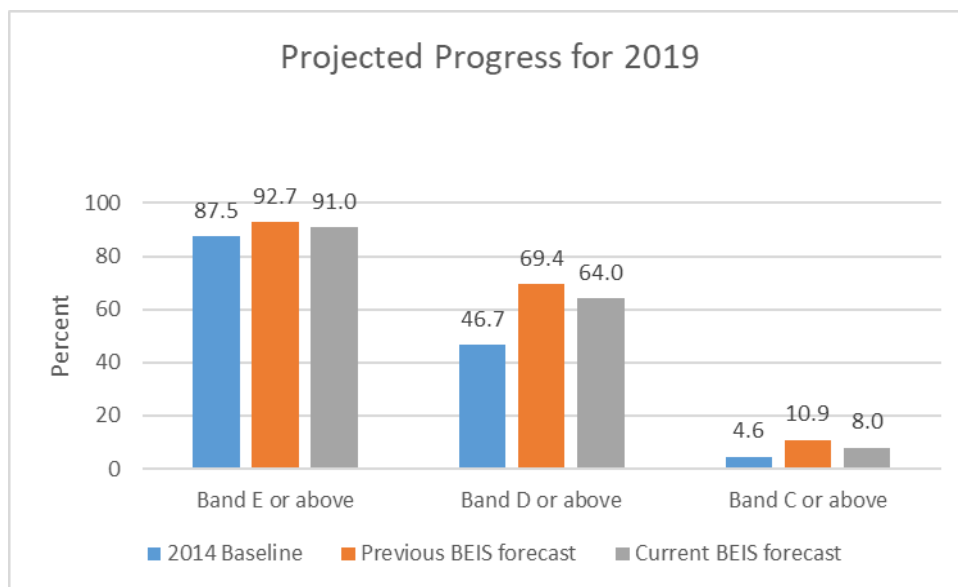
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/669198/PRS_Minimum_Standards_Consultation_2017.pdf

1.13 We welcome the announcement of a higher landlords' cost cap in the PRS consultation response announced at the time we published our report. We note that this will upgrade 48% of F/G homes to Band E, versus the 30% assumed in this report. However, this will not change the fact that a new Clean Growth Fuel Poverty Challenge Fund will be required to meet the 2020 and 2025 milestones, albeit the funding requirements will be slightly lowered.

Revised Projection of Funding Gaps

1.14 Our estimate of the required funding to achieve the fuel poverty strategy is revised each year, based on the latest projections of progress in the BEIS statistics. The way in which our initial cost estimate was calculated, and the way in which we calculate changes, is described in Annex C.

1.15 In our 2017 report, we identified a £15.1 billion funding gap to deliver the strategy and emphasised that Government needs to set out a long term plan. We recommend that funding is provided through a mix of obligations, subsidy, grants, regulation and potentially private finance. Our current estimate of the funding gap has increased to £17.1 billion as a result of slower than forecast progress and the increased number of fuel poor homes.



REQUIRED FUNDING (£ BILLION)

	2020 Band E Milestone	2025 Band D Milestone	2030 Band C Target	Total
2016 Report	1.8	5.6	12.4	19.8
2017 Report	0.9	3.0	11.5	15.4
2018 Report	1.3	3.9	11.9	17.1
Delta 2018-2017	0.4	0.9	0.4	1.7

1.16 Using the above as a baseline, we then take into account the forecast impact of new programmes that have been approved (or are under approval). Therefore, based on data from the ECO3 and PRS Regulation Consultation Stage Impact Assessments, we calculate how much these programmes will reduce the above £17.1 billion of required funding. We project that these two programmes will contribute about £0.3 billion towards achieving the 2020 Band E milestone, but that they will have bigger impacts on achieving the 2025 milestone and 2030 target:

CONTRIBUTION OF ECO3 AND PRS

	2020 Band E Milestone	2025 Band D Milestone	2030 Band C Target	Total
Baseline	1.3	3.9	11.9	17.1
ECO3	0.1	0.6	1.0	1.7
Amended PRS	0.2	0.0	0.0	0.2
Balance of funding requirement	1.0	3.3	10.9	15.2

- 1.17 It should be noted that none of the above costs include the costs to deliver the Clean Growth Strategy’s stated ambition to phase out the installation of high carbon fossil fuel heating in new and existing off gas grid residential buildings in the 2020’s. In our [response to the ECO3 consultation](#) and [Future Framework for Heat in Buildings Call for Evidence](#), we said that it needs to be recognised that on a pence-per-kilowatt-hour basis, oil heating is significantly lower cost than heating by electricity. Assistance will therefore need to be provided to the 116,000 fuel poor households who use heating oil, so that:
- they can carry out the necessary conversion to use a lower carbon heating method and
 - their on-going fuel costs do not increase as a result of switching away from heating oil.
- 1.18 Similarly, if Government wish to phase out the use of other high carbon fuels for home heating (e.g. coal, LPG, etc.) assistance will need to be provided to fuel poor households.

Clean Growth Strategy

- 1.19 Looking beyond ECO3 and the PRS Regulations, we welcome the publication of the Government’s [Clean Growth Strategy](#) (CGS) as it includes policies and proposals which can provide firm foundations on which to deliver the fuel poverty target. Many of the CGS proposals, summarised below, are consistent with our 2017 Annual Report recommendation to set out a plan with policies for meeting the 2030 target:
- Reducing carbon emissions from homes while ensuring that everyone has a home that is comfortable, healthy and affordable to run
 - Wanting all fuel poor homes to be upgraded to EPC Band C by 2030
 - Extending support for home energy efficiency out to 2028 at least at the current level of ECO funding
 - Looking at a long term trajectory for energy performance standards across the private rented sector, with the aim of as many private rented homes as possible being upgraded to EPC Band C by 2030, where practical, cost-effective and affordable. Government will also look at how social housing can meet similar standards on the same timetable.
- 1.20 We also welcomed the National Infrastructure Commission’s ‘[National Infrastructure Assessment](#)’ (NIA report) that supported funding and upgrading the energy efficiency levels of Social Housing.

“An immediate priority is the social rented sector. Under any approach, government will inevitably bear most of the cost of improving energy efficiency either through direct grants, support to social landlords or rental payments via Housing Benefit. The Commission estimates that cost effective improvements to existing socially rented properties would cost £3.8 billion. A ten year programme would meet government’s own stated ambition of ensuring social rented properties reach at least Energy Performance Certificate level C by 2030.”

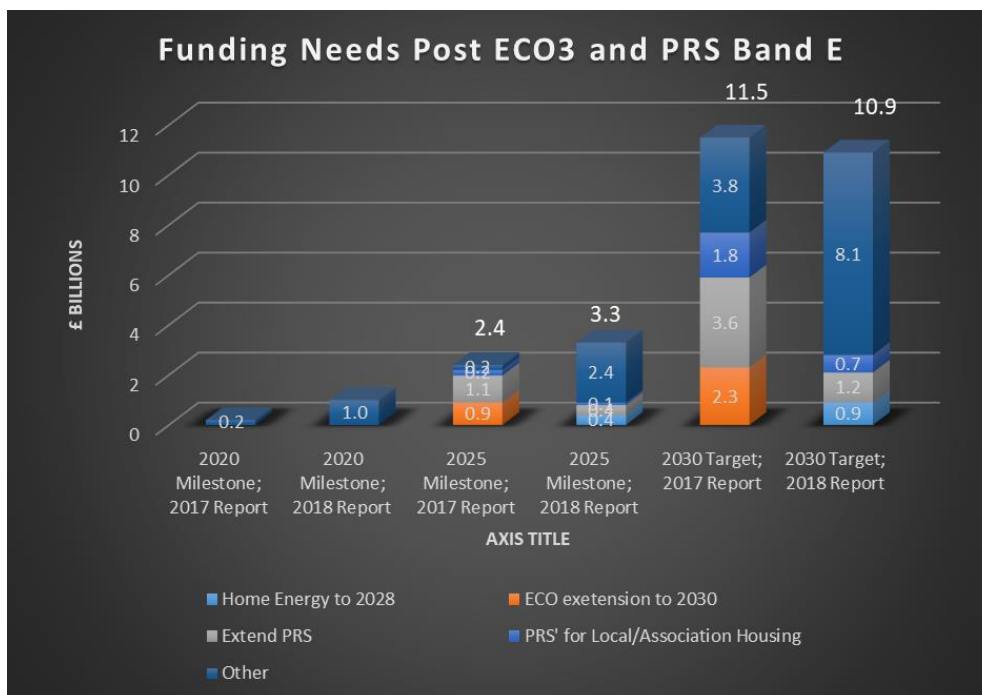
1.21 The NIA said that upgrading the energy efficiency of Social Housing would help the government meet its fuel poverty and carbon targets and that energy efficiency spending will be more cost effective than many other carbon abatement costs and therefore represents good value for money.

Estimating the impact of the Clean Growth Strategy

1.22 We have prepared an estimate for the impact that the envisaged CGS programmes could have on closing the funding gaps and compared this with our recommendations from our 2017 Annual Report. We have assumed:

- ECO funding is extended to 2028 and that this policy adopts the same approach to low income and vulnerable households as ECO3,
- An extension of the Band E PRS Regulations to also include local authority and housing association homes. We have used the current proposed PRS amendment efficiency of a 30% upgrade of rented homes to Band D in 2025 and Band C in 2030.

1.23 With these assumptions, the 2025 Band D milestone funding gap reduces from £3.3 billion to £2.4billion and the 2030 target gap from £10.9 billion to £8.1 billion:



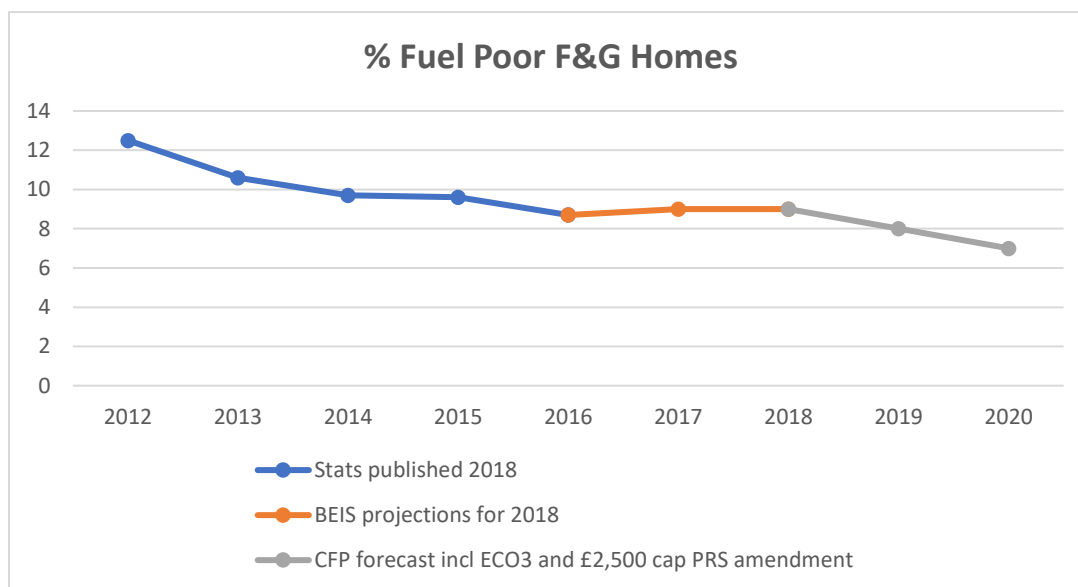
1.24 As can be seen from above, both of these funding gaps are larger than we estimated in our 2017 Annual Report, where we made much more optimistic assumptions on the impact of ECO3 and PRS Regulations on the fuel poor:

- The ECO programme was extended to 2030 and that 70% of the extended ECO programme would be focused on fuel poor homes.
- 80% of rented properties were upgraded by landlords.

Part Two: Recommendations to deliver the 2020 Milestone

Recommendations to Achieve the 2020 Band E Milestone

- 2 As can be seen from section 1.15, after taking into consideration the impact of ECO3 and PRS Regulations, there is a £1 billion funding gap that needs to be closed in order to meet the 2020 milestone.
- 2.1 The 2020 milestone was based on a key principle set out in the fuel poverty strategy: to prioritise support on the worst levels of fuel poverty, known as ‘worst first’. Fuel poor households living in homes which are rated EPC Band F or G face an average annual fuel poverty gap in excess of £1000 which is over three times the average fuel poverty gap.
- 2.2 We accept that it will not be possible to upgrade 100% of the fuel poor Band F/G properties to Band E. However, progress has been slow and the number of F/G fuel poor homes has only dropped from 292,000 to 222,000 (about 25%) since the beginning of the fuel poverty strategy. Using data from the ECO3 and PRS Impact Assessments together with BEIS Statistics, we estimate that the percentage of fuel poor households living in Band F/G fuel poor homes would only have been reduced about 50% by 2020, still leaving about 160,000 fuel poor households in Band F/G homes:



- 2.3 We are therefore of the opinion that not everything reasonably practicable has been done to achieve the 2020 milestone. In particular, energy efficiency programmes have not been targeted at the one-third of fuel poor Band F and G homes in villages, rural and isolated locations. Also, even if targeted by ECO, the poorest residents living in F and G rated properties are often unable to contribute to the cost of energy efficiency measures available (under ECO households are often asked to make contributions where measures are expensive).
- 2.4 In our 2017 Annual Report, we covered a scenario where our ECO3 and PRS Regulations recommendations were not followed: *“Consideration should be given to introducing new tax-payer funded programmes to upgrade the energy efficiency levels of ‘hard to reach’ properties of the fuel poor, if this is more efficient than adapting ECO.”*

2.5 Given that this is now the case, our *revised* recommendation to achieve the 2020 Band E milestone is:

Recommendation 1: To deliver the 2020 Band E milestone, Treasury should allocate £1.0 billion funding to a new ‘Clean Growth Challenge Fund’ for 2019-2021.

Clean Growth Fuel Poverty Challenge Fund

The CFP has put forward a proposal to BEIS for a £1.0 billion Exchequer funded programme for 2019-2021 and will be seeking the views of stakeholders on how the programme can be shaped.

The specific aims would be to:

- address the shortfall in resources required to meet the 2020 Fuel Poverty Strategy Band E milestone and reduce the fuel poverty gap for those facing the highest costs, including those in remote communities.
- help deliver the Industrial Strategy Buildings Mission by showcasing the deeper retrofit required to improve homes to at least Band C
- help deliver the CGS objective to phase out the use of heating oil to heat homes
- align with other Government strategic priorities
- test innovative technologies, approaches and delivery methods which could deliver these whole-house retrofit solutions at better quality and lower cost
- identify options for successor programmes to ECO3 beyond 2022 when existing regulations end
- test new data sharing powers from the Digital Economy Act to better target fuel poor households.
- unlock investment from different parties.

Ongoing monitoring of this new ‘Clean Growth Challenge Fund’ would allow early learnings to be shared within Government and their stakeholders to help develop solutions to meet the 2030 fuel poverty target and the 2035 goal of the Clean Growth Strategy to improve all homes to a Band C by 2035. It will complement the NIC proposals for investment in social housing to ensure the private housing sector is not left behind. We will also monitor learnings from NEA’s Health and Innovation Programme.

2.6 Additionally, we have developed the following recommendations to maximise the impact on fuel poor households of ECO3 and the proposed PRS Regulations:

Recommendation 2: Maximum use of the 25% Flex scheme in ECO3 should be made to reach fuel poor households living in Band F and G properties and the fuel poor who are not claiming means tested benefits. Flex performance in these areas should be carefully monitored and, where necessary, new guidance should be issued to local authorities to ensure improved targeting, especially of households who are not in receipt of benefits.

Recommendation 3: Enforcement of health, wellbeing, energy efficiency and safety-related regulations in the privately rented sector should be significantly enhanced and private landlords should be incentivised to invest in the necessary measures.

- 2.7 Evidence reviewed by the CFP⁴ suggests that local authorities will be unable to uniformly take on the additional duties of enforcing the amended PRS Regulations. Identification of landlords and incentives for them to engage with existing registration schemes have been shown to be inadequate⁵.
- 2.8 The current statutory licencing scheme for Houses in Multiple Occupation (HMOs) managed through Local Authorities is insufficient in its scope to identify all landlords covered by the PRS Regulations.
- 2.9 In 2017 we recommended a mandatory landlord registration scheme and we are commissioning research in 2018 to explore how this might work and will share the results with Government and other stakeholders. We express disappointment that our 2017 recommendation to reintroduce the Landlord Energy Savings Allowance (LESA) has not been brought forward and that the Housing, Health and Safety Rating System (HHSRS) guidelines for cold homes have not been reviewed. We continue to believe that the enforcement of the privately rented sector regulations to protect households potentially at risk from cold homes should be enhanced and therefore we continue to recommend:

Recommendation 4: The Landlord's Energy Savings Allowance – a former tax allowance on energy saving expenditure by landlords – is re-introduced.

Recommendation 5: the HHSRS guideline scores for the health and safety impact of cold homes on children and pensioners are reviewed (and updated if necessary) in light of the latest studies on health effects from cold homes.

⁴ <https://www.ukace.org/2018/07/warm-arm-of-the-law/>

⁵ <https://www.york.ac.uk/chp/expertise/private-rented/privaterentedsectorreview/>

Part Three: Recommendations to deliver the 2025 Milestone and 2030 Target

3.1 As shown in Part 1, there are funding gaps of £2.4 billion to achieve the 2025 milestone and £8.1 billion to achieve the 2030 target. The CFP believes that where Government funds are required, the first source of funds should be from optimising existing budgets and that opportunities should be sought to leverage funds from other sources.

3.2 The existing fuel poverty-related schemes contained in Cutting the Cost of Keeping Warm are poorly focused on fuel poor households and their effectiveness can therefore be significantly improved. We do however recognise that there are wider policy goals associated with the programmes of WHD, WFP and Cold Weather Payment (CFP) that need to be taken into consideration when improving the focus of them on fuel poor households. We reiterate a key theme from previous reports on the need for a better focus for the Winter Fuel Payment budget. When the Winter Fuel Payment was established in 1997 its aim was to tackle fuel poverty amongst pensioners who had some of the lowest average after housing cost incomes of all age groups. Since then, average pensioner incomes have risen and are now amongst the highest of all age groups. Despite this, all pensioners currently receive a payment between £100 and £300 per year, regardless of their income status. We therefore recommend:

Recommendation 6: The Winter Fuel Payment programme is focused on helping those households in all age groups who are most in need to pay their energy bills and that the resultant surplus funds are used in new programmes to install energy efficiency measures in fuel poor homes.

3.3 A similar recommendation was made in research that the CFP and the Committee on Climate Change commissioned in 2018 from the Centre for Sustainable Energy, '[Tackling fuel poverty, reducing carbon emissions and keeping household bills down: tensions and synergies](#)'. The research examined whether existing funds could be more efficiently spent to help those most in need and increase the impact on addressing fuel poverty and climate change challenges. In summary, the report recognises that a mixture of financial help both to pay energy bills and assist with energy efficiency improvements are needed to address fuel poverty. However, the report shows that currently, nearly three times more is spent on energy bill support for households than on helping households to install energy efficiency measures:

WFP, WHD	£2.1 billion per year
ECO	£0.7 billion per year

3.4 It notes that, although helpful to the recipients, WFP and WHD are poorly targeted at fuel poor households and they are not paid to many of those most in need. In addition, unlike energy efficiency schemes which provide sustainable solutions, schemes to help householders pay their energy bills only provide year-on-year assistance and are more costly in the long term. It concluded that, by improving the focus of WFP and WHD on those most in need, £0.8 billion/year of funds could be transferred to installing energy efficiency measures. In the case modelled, this money was used to supplement an ECO programme which was also designed to be more focused on helping the fuel poor. The report also recommended a £5,000 cap on landlords' costs in the amended PRS Regulations. The overall impact over a 5 year period of the changes modelled, resulted in:

- Increasing the number of energy efficiency measures installed by 1.5 million
- Lowering the fuel poverty gap by £78 million
- Taking 90,000 households out of fuel poverty
- Lowering net household carbon emissions by 0.8%

3.5 To also help achieve the 2025 milestone and 2030 target, we recommend that the following should be factored into any Government spending plans:

Recommendation 7: The Clean Growth Strategy proposal for continuing a home energy efficiency programme is focused on fuel poor households and that Government considers the most appropriate mechanism for maximising progress towards the 2025 Milestone and 2030 target.

3.6 As mentioned, in our baseline case, we have assumed a 30% focus of the CGS home energy efficiency programme on fuel poor households. We show below the impact of increasing this to a 50% focus of funds on achieving the milestone and target. We obviously aspire to a greater percentage which may be possible through improvements in the use of data and the development of local partnerships.

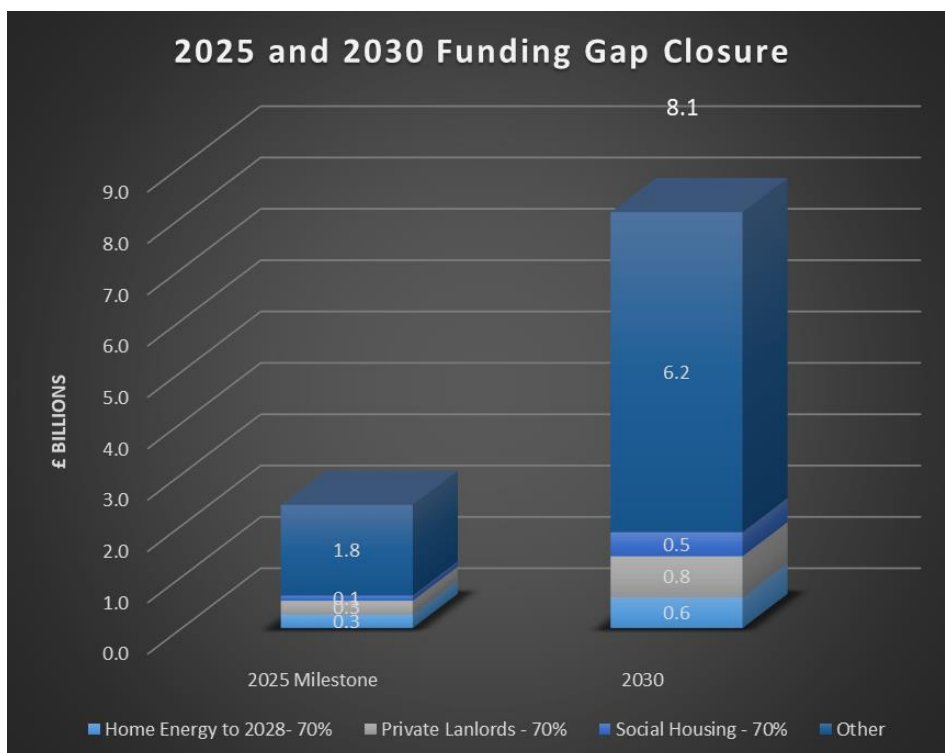
Recommendation 8: The PRS Regulations are extended to include achieving Band D in 2025 and Band C in 2030 and that the cap on landlords' expenditure is reviewed and increased to achieve the target.

3.7 We also show below the impact that going from a 30% upgrade to a 50% upgrade of the PRS properties would have on the milestone and target funding. We would aspire to the higher level of 70% which could have been achieved under the original 2015 PRS Regulations.

Recommendation 9: Government acts on the National Infrastructure Commission recommendation to improve Social Housing energy efficiency to Band C by 2030 through introducing new targets and incentives for social landlords to make improvements as part of their business plans.

3.8 We also show below the impact that going from a 30% upgrade to a 50% upgrade of the social housing properties would have on the milestone and target funding.

3.9 If the above are acted on, we estimate the 2025 funding gap would reduce to £1.8 billion and the 2030 target gap to £6.2 billion as shown below. This would mean that the CGS has the potential to provide a foundation of funding of £6.2 billion towards delivering the fuel poverty strategy



- 3.10 In addition to the foundation provided by the CGS, in order not to backload achieving the 2025 milestone, we recommend:

Recommendation 10: To deliver the 2025 Band D milestone, Treasury should allocate £1.8 billion funding to continue the new 'Clean Growth Challenge Fund' for 2022-2025.

- 3.11 Given the current high costs to upgrade Band D properties to Band C, to help reduce the high funding gap of circa £6.2 billion to get to the 2030 Band C target.

Recommendation 11: Government should continue to identify innovative ways to achieve Band C at lower costs.

- 3.12 We continue to believe that there is potential to utilise third party funds to achieve the fuel poverty strategy. Given that any new third party finance initiatives are still some way off, we currently remain focused on both the better targeting of existing funding and the need for additional government funding to meet its legally binding target. However, we welcome the trials that the Scottish Government are carrying out, with loans and equity release as part of a wider package of grants and other funding available for energy efficiency measures for all households including those in fuel poverty. Initial observations are that the trials have taken time to get going but early case studies show that loans or equity release maybe useful additional propositions in certain circumstances. As ever we believe that our recommendations should be evidenced based, so we look forward to receiving an update next year before advising whether this approach might be appropriate in England, given the different policies in place.
- 3.13 We welcome the government's "Green Finance Initiative" as a potential source of funding. However, we remain concerned that any such finance may not be appropriate for people on the lowest incomes and appropriate safeguards for consumers must be carefully considered before being offered to those in fuel poverty. It is vital to ensure that households would not be worse off after any energy efficiency measures were installed and that loan repayments and assumed bill savings are properly calculated to provide a meaningful benefit to the householder.
- 3.14 We also believe that there is a role for Gas Distribution Networks (GDN's) in tackling fuel poverty now and during the next price control period (post 2021). Currently the primary way that GDN's support progress towards the fuel poverty target is through the Fuel Poor Network Extension Scheme (FPNES). The GDN's have a target to deliver 91,000 new gas connections by 2021. This provides important support to connect low income households to the mains gas grid, which can deliver considerable heating cost reductions when compared to electric heating. Eligibility is aligned with ECO, so is expected to be approximately 30% focused on fuel poor households between now and 2021.
- 3.15 Under FPNES GDN's are not permitted to fund the in-house works, such as the central heating system and radiators. Therefore there has typically been a reliance of funding for this from housing associations and increasingly, due to tightening eligibility criteria, a need for subsidy. In 2015-16 the Government's £25m Central Heating Fund provided some support. In 2017 National Grid Affordable Warmth Solutions announced that they would provide £150m over three years to support fuel poor households with new central heating systems, including gas connections and other central heating systems in rural areas such as renewables and oil. These programmes are welcome.
- 3.16 Ofgem are currently considering the role of the GDNs and Distribution Network Operators in tackling fuel poverty as part of their social obligations under the next price control period. The CFP's working group on off gas grid and rural fuel poverty, which comprised all of the GDNs, was asked to consider how

any future social obligations might contribute to achieving the Government's fuel poverty strategy. More specifically this group was invited to comment on whether the current FPNES was still relevant; how any new obligation could link up to ECO 3 or post 2022 successor scheme, and what scale and scope of any new GDN initiative might be appropriate.

- 3.17 The working group's initial views are that the provision of new connections should be part of a broader obligation to improve the energy efficiency of the home, but this would be conditional upon an appropriate level of funds being available to support the GDNs in a more holistic approach to achieve EPC Band improvements. The group also highlighted that in addition to the challenge of reaching private sector homes, households in very rural areas could not be assisted under the current economic tests imposed on GDNs. Aligning the new social obligations on GDNs with post ECO 2022, focussing on the worst properties not individuals and including a degree of flexibility within schemes would offer an opportunity to set more ambitious targets.
- 3.18 Ofgem and the GDNs are seeking the views of stakeholders prior to setting any new obligations and the scale and scope will depend on consultations that will inform the RIIO 2 (Revenue, Incentives, Innovations, and Outputs) business plans. The CFP will input to the debate in the coming year

Part Four: Assisting fuel poor households to pay energy bills

4 The fuel poverty strategy is based upon the premise that energy efficiency upgrades are the most effective way to support those facing fuel poverty. However, it recognises that upgrading our housing stock takes time and it is therefore important to have schemes in place to assist households to pay their bills and keep warm in the interim. This is why Government has schemes such as the Warm Home Discount (WHD), Cold Weather Payments (CWP) and Winter Fuel Payments (WFP). We note however that spending money on helping people with their bills is a short term measure and it does not help meet the UK's carbon targets which would be the case if more funds were spent to improve energy efficiency.

4.1 As we have previously noted the WFP, WHD and CWP programmes are poorly targeted at those most in need. Only around 10% of the annual winter expenditure worth over £2bn is received by fuel poor households. We have consistently recommended that the WFP and WHD budgets be better utilised to help households most in need. No progress however has been made for improving the focus of WFP on fuel poor households, although many others have noted the inefficient use of the £1.8 billion/year budget.

4.2 As more detailed regulations for the implementation of the Data Sharing legislation⁶ were not in place at the time of the consultation for the 2019 WHD programme, Government proposed maintaining a 'status quo' position on the current WHD programme, together with a commitment to improve the programme's future focus on the fuel poor by using Data Sharing in the programme beyond 2020. To help facilitate this, Government have issued Regulations covering the scheme until 2020/21. We welcome this commitment to increase the focus on fuel poor and are encouraged that the threshold for energy suppliers' participation in the scheme is being lowered from 250,000 domestic customer accounts to 200,000 in 2019/20 and 150,000 domestic customer accounts in 2020/21. However, as there is still significant further potential to improve the targeting of Government energy bill support schemes, we continue to propose that:

Recommendation 12: Until the WFP programme is significantly better targeted at assisting all households in fuel poverty, BEIS should work with other stakeholders to take the necessary steps to ensure that households in fuel poverty receive at least the equivalent of assistance to pay their fuel bills as pensioners.

4.3 We recognise that practically, providing the same level of assistance to fuel poor households as pensioners will be difficult, given current data availability. We will work with BEIS and other stakeholders to investigate whether an improved WHD programme could be developed which could reach the majority of fuel poor households and provide them with the assistance they need.

Recommendation 13: We continue to recommend that Government improves the WHD programme so that it better targets fuel poor households, and:

- the participation threshold for energy suppliers be lowered to those with more than 50,000 customer accounts
- park home residents should be made aware of support available through the industry initiatives part of WHD.

⁶ Digital Economy Act <https://www.legislation.gov.uk/ukxi/2018/382/contents/made>

Part Five: Developing tools to improve the targeting accuracy and efficiency of providing assistance to fuel poor households

- 5 In our previous sections, we made recommended to improve the targeting of assistance to fuel poor households. However, we recognise that this will require the development of sophisticated tools to identify fuel poor households and in this section, we cover some of our work and recommendations in this area.
- 5.1 By definition, LHC uses a mix of adjusted household income, housing energy efficiency and estimated fuel need as the basis for defining whether or not a household is fuel poor. Although numbers and categories of households in fuel poverty can be statistically calculated, it is recognised that one of the weaknesses of using the LHC indicator for measuring fuel poverty is that it is not easy to operationalise. For example, without accurate information on addresses of fuel poor households, high search costs are incurred by Energy Suppliers who are obligated to provide energy efficiency measures to specific categories of householders under ECO.
- 5.2 Current policies (ECO, WHD, WFP and CWP) not only have a poor overall focus on the fuel poor, but they are also highly dependent on using receipt of welfare benefits as criteria for eligibility.
- 5.3 Alongside the 2018 annual fuel poverty statistics BEIS published additional tables which set out new demographic information about fuel poor households as reported by the respondent. This showed that 6.4 million households are in receipt of benefits, of which 1.35 million households are fuel poor, constituting only 53% of fuel poor households in England. From discussion with BEIS this is likely to be an underestimate as this information is derived from the English Housing Survey (EHS), under which households are under-reporting whether they are in receipt of benefits. For example, based on EHS data it is estimated that around 1,332,000 households are receiving Disability Living Allowance in England in 2015-16, while the DWP reports 2,467,000 actual cases in payment. However despite this anomaly, it is still likely that a third of the fuel poor population are not captured by using the benefits system as a proxy for fuel poverty in eligibility criteria.
- 5.4 Due to the reliance of the means tested benefits system as a proxy for fuel poverty, households who are not in receipt of benefits have to rely on obtaining assistance from;
- the ECO programme via the Local Authority Flex part of the scheme (limited to 25% of ECO)
 - through projects funded under the Industry Initiatives element of WHD referrals from third parties, or:
 - direct approaches by the companies to customers they know to be on low incomes and in debt or struggling to pay their bills.
- 5.5 The use of welfare benefits to establish eligibility for fuel poverty-related schemes can also result in the 'stacking' of benefits as different schemes can utilise the same or very similar benefits as eligibility criteria. This exacerbates the gap between assistance given to those in receipt of benefits versus those who are not. An obvious example of policy stacking is for those households in receipt of the Guaranteed Element of Pension Credit. These households also benefit from the following:
- automatic bill discount through the core group of the WHD
 - inclusion in the safeguard tariff cap (effective from 2nd February 2018) and;
 - they are eligible for the ECO.
- 5.6 The Digital Economy Act 2017 came into force in June 2018. We strongly support the BEIS plan to utilise this legislation to develop data sets that identify the addresses of fuel poor homes and thereby better

target policies such as WHD. However, current plans are still dependent on the use of welfare benefits data and therefore do not help identify the fuel poor households who are not in receipt of benefits. This is a concern as these households' risk not receiving the assistance they require.

- 5.7 The legal powers are in place for income data to be shared, which could be matched with other data sets to also better target fuel poor households. We believe that HMRC information could potentially be used to identify some types of fuel poor households if matched with other data e.g. with Council Tax to determine if one or more adults are living in a household and information about the energy performance of the home. Any methods that utilise personal data such as income and household composition need to ensure that adequate levels of data protection are in place. Legislation and processes need to be put in place to strike the right balance between protecting personal privacy and enhancing the efficiency and effectiveness of programmes. This may limit access by energy companies and other stakeholders to identifying fuel poor households at a street or post codes level, rather than specific addresses.

Recommendation 14: We strongly recommend that BEIS identifies how the Data Sharing legislation and proxies can be used to better target assistance to fuel poor households who are not in receipt of benefits. We accept however that due to incomplete data sets, it will not be possible to use Government data to identify all fuel poor households.

- 5.8 In addition to the above, processes that use proxies for fuel poor households may be able to identify streets or postcodes where there is likely to be a high percentage of fuel poor homes. This would then enable either an 'area- based approach' to be taken with ECO (i.e. upgrade energy efficiency in all of the properties in the identified street), or a low cost house-to-house survey to be made to identify which households are truly fuel poor. The use of proxies is consistent with the Hills Report which recognised that it was not necessary to seek a perfect targeting of assistance to fuel poor households. However, the report stressed that the principle of helping those most in need should be retained.
- 5.9 As part of the research project commissioned by the CFP and Committee on Climate Change (CCC), CSE were asked to study whether, in addition to welfare benefits, correlating other variables such as housing standards and income could enhance the efficiency of identifying fuel poor households and getting assistance to those most in need. The study investigated methods which could be used to identify areas with high concentrations of fuel poor households by using segmentation analysis. The fuel poverty segmentation work resulted in the creation of 12 fuel poverty archetypes. Each archetype had distinct housing and household characteristics. The severity of fuel poverty for each archetype, as defined by the fuel poverty gap, also varied significantly. A key driver of a household's fuel poverty gap was found to be the energy efficiency rating of their dwelling along with a selection of fuel poverty characteristics of each group. The work identified that high levels of fuel poverty targeting could be predicted in some categories linked to the EPC Band of their homes, e.g.:
- F&G1 – Private rented low income tenants living in the least efficient solid walled and electrically heated dwellings – 84% fuel poor with an average household fuel poverty gap of £998
 - E1 – Low income non-working or retired adult only households living in old solid wall, gas heated urban terraces – 56% fuel poor with an average household fuel poverty gap of £485
 - E3 – Older very low income households living in inefficient post war bungalows and semi-detached houses - 46% fuel poor with an average household fuel poverty gap of £260
 - F&G3 – Off-gas empty nesters in low paid employment living in old solid wall dwellings – 39% fuel poor with an average household fuel poverty gap of £767

- 5.10 A limitation of this work is that it was based upon the English Housing Survey information, rather than income data which could be used as eligibility criteria. However, mapping different types of household characteristic data alongside income data could provide an assessment of the likelihood of households to be in fuel poverty that could help delivery agents more accurately identify households.
- 5.11 Other work to identify fuel poor households was undertaken by Behaviourlist in their report 'Using Machine Learning and Behavioural Science to Reduce Fuel Poverty' for Affordable Warmth Solutions and Sustainable Home Survey Company. The model applied to all households across the UK with EPC records (326 local authorities) was a machine learning algorithm called "random forest classification". Algorithms and machine learning can potentially help identify which households are likely to be in a low EPC rated home and living in fuel poverty. The modelling was demonstrated to the CFP and is subsequently being field tested and will be rolled out in 2019.
- 5.12 The work of local community groups and charities also plays an important role in the identification of and support to, households living in fuel poverty. Good quality energy advice will be needed increasingly as we make the transition to a decarbonised energy system as people in fuel poverty lack the capital to invest in lower carbon heating and energy demand measures. They may also fail to understand new tariffs which could benefit them, but also be to their detriment if they fail to understand how they need to respond - for example time of use tariffs.

Recommendation 15: We recommend that local community groups and charities are supported financially where appropriate, in their efforts to provide detailed, personal and relevant energy advice on behaviour changes, potential energy efficiency improvements and access to support from energy companies or their agents.

- 5.13 Age UK, Citizens Advice and other charities have highlighted for many years that many households eligible for benefits are reluctant to claim - because for example they find the process humiliating or daunting. Agencies that undertake benefit checks and assist eligible households to make a claim alongside providing energy efficiency advice and/or improvements can offer a holistic service. We will do work in 2019 to see if we can quantify the level of non-claimants to better understand if this is one of the reasons why levels of fuel poverty are increasing.

Recommendation 16: We recommended that benefits advice and support is included in future fuel poverty programmes.

Part Six: Other issues explored in 2018

- 6 In previous sections, we have focussed on funding to meet the Government fuel poverty targets and milestones and on improving the targeting efficiency of existing fuel poverty programmes. However, through our engagement with stakeholders and BEIS, we have also been working on other important aspects of fuel poverty which we cover in this chapter:
- Impact of fuel poverty on health
 - Assessing the impact of the Churn of households in fuel poor poverty
 - Accessing the impact of the energy market on fuel poor households

Impact of fuel poverty on health

- 6.1 One area of our work this year has been to better understand the reasons why the health sector has not been uniformly following the National Institute for Health and Care Excellence (NICE) guidance and Quality Standards: 'Preventing excess winter deaths and illness associated with cold homes'. NICE standards and guidance are developed to help secure continuous improvements in the quality of health services. This standard addresses the prevention of excess winter deaths and health problems associated with cold homes. It covers people of all ages and takes into account that some people are particularly vulnerable to the effects of the cold. The guidance specifies that services should be commissioned from and coordinated across all relevant agencies. It recommends a person-centred, integrated approach to providing services is fundamental to delivering high-quality care to people who may be vulnerable to the health problems associated with a cold home.
- 6.2 We were encouraged by a report from National Energy Action (NEA) on the implementation of this NICE guidance which indicated that many Health and Wellbeing Boards are taking action on fuel poverty under their Cold Weather Plans. The report added, however, that most need to be more proactive in their efforts to coordinate action. A further report by NEA 'Under One Roof' commissioned by BEIS and Liverpool City Council has subsequently revealed that there is a lack of recurrent funding to support local action and recommends that new powers are given to Health and Wellbeing Boards to enforce housing improvements. We welcomed this research and the associated 'Preventing cold-related ill health, winter deaths and reducing health inequalities through joint working' conference which was held as part of Green GB Week. The conference brought together professionals from the health and energy sectors, aiming for these groups to work together to prevent excess winter deaths and the health-risks associated with cold homes. We welcome the outputs of this conference and look forward to seeing how this work can be built upon with practical proposals for collaborative working to tackle cold homes.
- 6.3 One reason for a lack of national approach, could be that to date, there is no Government model that can calculate the reduction in financial costs to the health sector, that result from people living in better insulated and warmer homes. We therefore fully support a current Health Impact of Energy Efficiency Measures (HIDEEM) modelling project that BEIS is undertaking. This project aims to quantify any link between cold homes and visits to hospital from households in England. It will examine if people living in underheated homes require more hospital care compared to similar households who heat their homes to adequate temperatures.
- 6.4 It aims to answer the following research questions:
- 1 Is there a difference in frequency or amount of time spent in hospital (and subsequent cost) between underheated and warm households?
 - 2 Is there a reduction in frequency or time spent at hospital from underheated households who subsequently improve their energy efficiency?

6.5 The project aims to link household level data from BEIS, DWP and NHS Digital. We recommend that:

Recommendation 17: high priority is given to the BEIS work to model the reduction in health and social costs that could result from enhancing the energy efficiency of fuel poor homes. Once agreement to a model is obtained across Government departments, (the NHS, Public Health England and Department of Health and Social Care (DHSC)) the financial value of health benefits should be taken into account for programmes that assist householders to pay their energy bills or that enhance the energy efficiency of their homes.

Assessing the impact of Churn in Fuel Poor Households

- 6.6 The Hills Report recognised that there will be a degree of ‘churn’ of households in fuel poverty as personal circumstances change or as a result of average housing energy efficiency levels and energy prices changing. Hills therefore stated that it was not necessary to seek a perfect targeting of assistance to fuel poor households, however the principle of helping those most in need should be retained. One reason given by Government for extending ECO3 eligibility criteria to 6.6 million low income and vulnerable households, was a concern about the amount of churn in households in fuel poverty.
- 6.7 The ECO3 Impact Assessment says *‘BEIS analysis of the English Housing Survey suggests there is considerable churn in the housing market (i.e. people moving house) and movements in household income, meaning people may move in and out of fuel poverty over time. This suggests that in the long run, Option 1 may have the highest NPV, as it improves the energy efficiency of the most households (which protects people who are not currently fuel poor, but may become fuel poor in the future)’*.
- 6.8 The CFP notes the issue of churn but, based on the work that underpins the fuel poverty strategy, we believe that assistance should still be prioritised to those in the deepest levels of fuel poverty. Data from the 2016-17 English Housing Survey shows that the dominant churn caused by household moves is in private rented sector and there is little such churn in social housing or privately owned housing. Given that the PRS Regulations (as long as a significant proportion of landlords are obligated to upgrade the energy efficiency levels of their properties) would upgrade the energy efficiency standards of all private rented sector homes, then we believe the concern of churn caused by household moves is largely addressed.
- 6.9 BEIS Fuel Poverty Statistics show that 77% of fuel poor households are in the bottom two lowest deciles of After Housing Cost income levels and 23% are in the third and fourth lowest deciles. Data from DWP⁷ shows that there is a potential for churn in fuel poverty due to changes in people’s personal income circumstances. However, for households in the lowest 20% of income distribution, 74% of them remain in the lowest 40% of income distribution over a period of 4 years. For households whose incomes fall between 20% and 40% of income distribution, 61% of them remain in the lowest 40% of income distribution over a period of 4 years. We believe therefore that the concern of churn due to changes in income levels is overstated. BEIS are continuing to explore the role of churn and we support this work. Our position is still that assistance should be provided on a ‘worst first’ basis and that ECO3 should have been tightly focused on assisting those in fuel poverty. We therefore recommend:

Recommendation 18: We recommend that BEIS carries out detailed analysis on the issue of churn of households in and out of fuel poverty, to validate their contention that the best way to address churn is to open ECO3 eligibility to all low income and vulnerable households, rather than those most in need.

⁷ <https://www.gov.uk/government/statistics/income-dynamics-experimental>

Accessing the impact of energy markets on fuel poor households

- 6.10 While we continue to believe that the most effective way to help lift a family out of fuel poverty is by improving the energy efficiency of their home, the way households in fuel poverty interact with the energy market has an ongoing and important part to play.
- 6.11 The GB energy market has continued to change dramatically over the last year. The market now has well over 60 energy suppliers, with more than 20% of customers served by suppliers outside of the six major companies. Encouragingly over 5 million customers switched supplier in 2017 to move in the main to fixed term tariffs and off standard variable tariffs. Unfortunately, however, many more customers are not able to access new tariffs, or do not trust the market, or for reasons such as debt believe they would be unable to move supplier and therefore remain on more expensive tariffs. This has led to further market interventions by the Government and Ofgem.
- 6.12 We support moves by Ofgem to make it both easier and faster for consumers to access the energy market and move to more suitable tariffs and we encourage the continuation of this programme. Additionally, Ofgem must also ensure that suppliers to whom it is encouraging customers to switch (often as a result of CMA related engagement trials), offer high levels of customer service, and clear routes for the support of vulnerable and potentially fuel poor customers, as well as sustainable business models.
- 6.13 While recent moves to reduce the customer threshold after which suppliers must provide services such as Warm Home Discount are welcome, it remains possible for customers to inadvertently switch to suppliers offering cheaper deals but that do not provide access to supplier led benefits. This dilutes any savings made and damages trust in the market. It is therefore important that customers are equipped with the knowledge of what different suppliers offer, when making the decision to switch. The committee would like to see more transparency in order for consumers to be able to make a rounded judgment when moving supplier.
- 6.14 The introduction of a market wide price cap, extending the current price protection from just vulnerable customers to the whole market is estimated to bring an average saving of £75 per annum for customers currently on standard variable tariffs at the time of writing. However, scenarios modelled by Ofgem show that if suppliers counteract the resulting lost revenue, customers who are currently on low cost tariffs will suffer as these tariffs are withdrawn. Net savings over all customers could therefore be low. We cannot comment on how the price-cap changes may impact fuel poverty levels, as Ofgem do not capture the necessary data. As Ofgem's recent action in having to raise the level of the Vulnerability price cap shows, a price cap does not mean that prices cannot go up as well as down.
- 6.15 The roll out of smart meters and in particular the provision of smart Pay As You Go facilities remains a key focus of the market. Smart meters can assist customers in understanding how they are using their energy and as part of the roll out, advice will be given on how they may be able to save energy. With the majority of customer complaints related to billing issues, Smart Meters have already proved to substantially reduce complaints. Smart Pay As You Go should be able to reduce the costs incurred by customers using the current dated pre-payment network, allowing easier more convenient topping up and importantly allow suppliers to identify and provide faster assistance to customers who "self disconnect". The recent introduction of an in home display for visually impaired customers will help more people understand their electricity and gas consumption.
- 6.16 We would encourage all parties to prioritise the resolution of well-publicised interoperability issues with the 'SMETS1' meters where customers lose smart functionality. We support moves to transition as soon

as is practicable to 'SMETS2' meters to ensure consumers can maintain smart functionality if they switch suppliers. As the costs of the roll out are carried on customer bills it is our hope that the roll out can be achieved at the lowest possible cost to consumers.

- 6.17 There is a lack of data available for the CFP to evaluate how the above market changes will benefit or be to the detriment of households in fuel poverty. This includes a lack of actual bill savings data for fuel poor households using smart meters. We raised this in a conversation with the National Audit Office when asked to give our views on Smart Meters. Significantly data is also not currently captured on the number of fuel poor households who use Standard Variable or Default Tariffs, so neither BEIS nor Ofgem are not able to quantify the impact of the energy price cap on the fuel poverty gap. We therefore recommend:

Recommendation 19: Ofgem and BEIS should gather quantitative data on how market interventions and new technology will financially benefit or disadvantage households in fuel poverty so that the resultant impact on fuel poverty can be calculated.

Part Seven: Forward Look

Over the next year we will be working on several key themes:

1. Supporting the design and implementation of the next generation of energy efficiency programmes:

- Working with BEIS to design a new Clean Growth Strategy Fuel Poverty Challenge Fund programme.
- Should the Clean Growth Strategy Fuel Poverty Challenge Fund be allocated funding at Spending Review 2019, supporting BEIS on the implementation of this programme.
- Provide input to the implementation CGS proposals for a home energy efficiency programme and raising energy efficiency levels in rented homes.

2. Improving the identification of fuel poor households

- Understand how data sharing powers can be best utilised to bring together data to identify fuel poor households
- Understand how proxies that are not dependent upon means tested benefits can help ensure fuel poor households who are not in receipt of welfare support can be targeted for support
- Work with BEIS to understand how best to address churn in and out of fuel poverty.

3. Enforcing regulations

- Undertake research into how to implement and enforce the PRS Regulations effectively

4. Improving ability to pay fuel bills

- Work with DWP to explore the impact of incomes, welfare benefits, and pensions policy on fuel poverty
- Work with Government to ensure that the targeting of WFP and WHD are improved.

5. Understanding distributional impacts in the energy market

- Investigate linkages between energy company schemes designed to support vulnerable customers and distributional impacts of energy policy that will impact on fuel poverty

6. Understanding the potential roles of Network companies

- Feed into the Ofgem RIIO-GD2 consultation on the role of Gas Distribution Networks in tackling fuel poverty
- Consider the role of network companies in tackling fuel poverty more broadly, including the role of Distribution Network Operators in installing energy efficiency measures in homes.

Part Eight: Stakeholder Engagement & Consultation Responses

7 As well as advising on the effectiveness of policies aimed at reducing fuel poverty, we also encourage greater co-ordination across the organisations working to reduce fuel poverty.

7.1 We continue in our commitment to foster relationships with stakeholders and BEIS Ministers and encourage them to take on board our recommendations to address Fuel Poverty. Discussions with stakeholders and BEIS throughout the year have included:

Month	Topics of Discussion During CFP Meetings	Discussions and engagement with stakeholders outside Of CFP meetings	Submissions to Consultations and Calls for Evidence
2017 October	<ul style="list-style-type: none"> Discussed 2017 Annual Report with Claire Perry Plans for Annual Report Launch Off- gas grid subgroup report and next steps for sub group 	<ul style="list-style-type: none"> 30 October ALEO Conference – presented key messages from CFP findings in 2017 	
2017 November	<ul style="list-style-type: none"> Off-grid gas subgroup report and next steps for sub group (with CFP Off-gas grid advisory group) Design of ECO policy post 2018 with BEIS Policy colleagues, WHD targeting and amending PRS Regulations Discussion of annual report <ul style="list-style-type: none"> - Post audit - Alignment with Clean Growth Strategy - Responses to current consultations Discussion on future work priorities and how to break them up between committee members and other resource requirements for the CFP. 	<ul style="list-style-type: none"> 27 November FPEEG meeting – Caroline Lucas MP (Chair) 22 November Citizens Advice meeting BEIS Officials to discuss ECO 22 November NEA Reception 	<ul style="list-style-type: none"> Response to Call for Evidence on Green Deal Framework
2017 December		<ul style="list-style-type: none"> December Public Exchange Conference: Warmer, Healthier, Fairer Inside Government forum – ‘Tackling and Alleviating Fuel Poverty’ 14 December Workshop with CSE and BEIS officials to discuss the principles proposed in the CFP/CCC commissioned report and initial findings 	
2018 January	<ul style="list-style-type: none"> Research project with CSE <ul style="list-style-type: none"> - segmentation; 		<ul style="list-style-type: none"> Response to Call for Evidence on Building the

Month	Topics of Discussion During CFP Meetings	Discussions and engagement with stakeholders outside Of CFP meetings	Submissions to Consultations and Calls for Evidence
	<ul style="list-style-type: none"> - emerging results from modelling; - high level principles - revision following December workshop. • PRS update with BEIS policy team • PRS discussion about our main positions • ECO discussion about our main positions 		<p>Market for Energy Efficiency.</p>
2018 February		<ul style="list-style-type: none"> • Meeting with Adam Scorer (CEO of NEA) • Meeting with Alan Whitehead MP, Labour Party Energy Spokesperson • Chair CFP addressed FPEEG annual Dinner and attended NEA Heat Heroes awards presentations • Meeting with Michael Duggen BEIS to discuss operating of heating oil market during winter. 	<ul style="list-style-type: none"> • Citizens Advice Draft Work Plan – responded to consultation • Ofgem Forward Work Programme – responded to consultation • NIC – made the case for energy efficiency in National Infrastructure review
2018 March	<ul style="list-style-type: none"> • Discussion of how to integrate delivery of the fuel poverty strategy into the Clean Growth Strategy and Carbon Budget Commitments • Draft research Project Report • ECO Consultation – Key themes for recommendations • 2018 Fuel Poverty Statistics – Input from CFP on what changes they would like to see in the report • Input to Minister for Debate on energy efficiency and Clean Growth Strategy, Westminster Hall • PRS consultation: finalising the CFP response 	<ul style="list-style-type: none"> • Discussion with ECO Policy Officials and Analysis regarding ECO • Discussion with BEIS on health impacts of cold homes • Meeting with Andrew Warren - British Energy Efficiency Federation • NEA Parliamentary Reception 	<ul style="list-style-type: none"> • Response to the consultation on amending The Energy Efficiency (Private Rented Property) Regulations.
2018 April		<ul style="list-style-type: none"> • Attendance at BEIS seminar with around 150 stakeholders on Innovation in ECO 	<ul style="list-style-type: none"> • Response to the consultation on the Energy Company Obligation -

Month	Topics of Discussion During CFP Meetings	Discussions and engagement with stakeholders outside Of CFP meetings	Submissions to Consultations and Calls for Evidence
			<p>ECO 3: 2018-22.</p> <ul style="list-style-type: none"> • Response to the consultation on the Warm Home Discount (WHD) scheme for 2018/19.
2018 May	<ul style="list-style-type: none"> • Follow-up to ECO, WHD and PRS consultations: <ul style="list-style-type: none"> - Progression towards milestones and 2030 target - Funding gaps to achieve 2020/5 milestones - Ideas for new fuel poverty programmes (e.g. targeting off-gas F/G properties) - Communications to Minister • Citizens Advice: 2018-19 work programme and feedback from fuel poverty research – with reps from Citizen’s Advice • Understanding cavity/solid walls, UV factors etc – with a Colleague from BEIS 	<ul style="list-style-type: none"> • Discussion with NAO about Smart Meter Programme • Meeting with Sir John Armit (National Infrastructure Commission) • Meeting with NEA and AgilityEco to review analysis of the ECO lifetime savings targets 	<ul style="list-style-type: none"> • CFP Response to Call for Evidence – A Future Framework for Heat in Buildings
2018 June	<ul style="list-style-type: none"> • Discussion with Claire Perry • Agreement on new Research Project 	<ul style="list-style-type: none"> • Attendance at BEIS Fuel Poverty Workshop to review the Fuel Poverty Strategy 	
2018 July		<ul style="list-style-type: none"> • Conversation with Jim Clarke (Policy Connect) • Attended National Infrastructure Assessment Launch • Addressed IPPR and CA seminar to launch their report on ECO and the design of future fuel poverty programmes post 2022. 	
2018 August	<ul style="list-style-type: none"> • EST Presented overview and findings of HEEPS scheme in Scotland • Discussion with BEIS PRS policy team on CFP Research Proposal for 2018/19 		

Committee on Fuel Poverty Annual Report 2018

Month	Topics of Discussion During CFP Meetings	Discussions and engagement with stakeholders outside Of CFP meetings	Submissions to Consultations and Calls for Evidence
2018 September	<ul style="list-style-type: none"> • Development of Annual Report • Research Proposal for 2018/19 • NEA: Findings from Technical Innovation Fund 	<ul style="list-style-type: none"> • Meeting with Chris Stark CEO Climate Change Committee • Addressed the British Institute of Energy Economists on Putting Customers at the Heart of Energy Policy 	
2018 October		<ul style="list-style-type: none"> • OFGEM RIIO2 stakeholder workshops: Input into discussions on key issues and understand the role RIIO-GD2 could play in tackling them. • 17 October Attended BEIS/ NEA seminar on fuel poverty and health • 18 October Attended UEA (UKERC) research report launch on 'Fairness in Energy Retail Markets' 	
2018 November		<ul style="list-style-type: none"> • Discussed key recommendations in 2018 Annual Report with Claire Perry 	

Annex A – Our 2018 recommendations

Recommendations to help deliver the 2020 milestone:

- Recommendation 1: Treasury should allocate £1.0 billion funding to a new ‘Clean Growth Challenge Fund’ for 2019-2021
- Recommendation 2: Maximum use of the 25% Flex scheme in ECO3 should be made to reach fuel poor households living in Band F and G properties and the fuel poor who are not claiming means tested benefits. Flex performance in these areas should be carefully monitored and, where necessary, new guidance should be issued to ensure improved targeting, especially of households who are not in receipt of benefits.
- Recommendation 3: Enforcement of health, wellbeing, energy efficiency and safety-related regulations in the privately rented sector should be significantly enhanced and private landlords should be incentivised to invest in the necessary measures.
- Recommendation 4: The Landlord’s Energy Savings Allowance – a former tax allowance on energy saving expenditure by landlords – is re-introduced.
- Recommendation 5: the HHSRS guideline scores for the health and safety impact of cold homes on children and pensioners are reviewed (and updated if necessary) in light of the latest studies on health effects from cold homes.

Recommendations to help deliver the 2025 milestone and 2030 target:

- Recommendation 6: The Winter Fuel Payment programme is focused on helping those households in all age groups who are most in need to pay their energy bills and that the resultant surplus funds are used in new programmes to install energy efficiency measures in fuel poor homes
- Recommendation 7: The Clean Growth Strategy proposal for continuing a home energy efficiency programme is focused on fuel poor households and that Government considers the most appropriate mechanism for maximising progress towards the 2025 Milestone and 2030 target
- Recommendation 8: The PRS regulations are extended to include achieving Band D in 2025 and Band C in 2030 and that the cap on landlords’ expenditure is reviewed and increased to achieve the target.
- Recommendation 9: Government acts on the National Infrastructure Commission’s recommendation to improve Social Housing energy efficiency to Band C by 2030 through introducing new targets and incentives for social landlords to make improvements as part of their business plans.
- Recommendation 10: To deliver the 2025 Band D milestone, Treasury should allocate £1.8 billion funding to continue the new ‘Clean Growth Challenge Fund’ for 2022-2025
- Recommendation 11: Government should continue to identify innovative ways to achieve Band C at lower costs.

Assisting fuel poor households to pay energy bills

- Recommendation 12: Until the WFP programme is significantly better targeted at assisting all households in fuel poverty, BEIS should work with other stake holders to take the necessary steps to ensure that households in fuel poverty receive at least the equivalent levels of assistance to pay their fuel bills as pensioners.
- Recommendation 13: We continue to recommend that Government improves WHD so that it better targets fuel poor households, and:
 - the participation threshold for energy suppliers be lowered to those with more than 50,000 customer accounts
 - park home residents should be made aware of support available through the industry initiatives part of WHD

Developing tools to improve the targeting accuracy and efficiency of assistance to fuel poor households

- Recommendation 14: We strongly recommend that BEIS identifies how the Data Sharing legislation and proxies can be used to better target assistance to fuel poor households who are not in receipt of benefits. We accept however that due to incomplete data sets, it will not be possible to use Government data to identify all fuel poor households.
- Recommendation 15: We recommend that local community groups and charities are supported in their efforts to provide detailed, personal and relevant energy advice on behaviour changes, potential energy efficiency improvements and access to support from energy companies or their agents.
- Recommendation 16: We recommended that benefits advice and support is included in future fuel poverty programmes.

Other recommendations

- Recommendation 17: high priority is given to the BEIS work to model the reduction in health and social costs that could result from enhancing the energy efficiency of fuel poor homes. Once agreement to a model is obtained across Government departments, the NHS, Public Health England and DHSC, the financial value of health benefits should be taken into account for programmes that assist householders to pay their energy bills or that enhance the energy efficiency of their homes.
- Recommendation 18: We recommend that BEIS carries out detailed analysis on the issue of churn in and out of fuel poverty, to validate their contention that the best way to address churn is to open ECO3 eligibility to all low income and vulnerable households, rather than those most in need.
- Recommendation 19: Ofgem and BEIS should gather quantitative data on how market interventions and new technology will financially benefit or disadvantage households in fuel poverty so that the resultant impact on fuel poverty can be calculated.

Annex B - The Fuel Poverty Strategy for England - Summary

Living in a cold home is damaging to health and wellbeing. The NHS England Cold Weather Plan for England states that there is strong evidence that some of the 25,000 excess winter deaths in England are related to cold temperatures and living in cold homes. The fuel poverty strategy sets out challenges and actions through 2030 to ensure future Governments take the right steps to tackle fuel poverty and get help to those who need it most.

The definition of 'fuel poverty' used in England is 'Low Income, High Cost' (LIHC). This requires a household to have needs that are above average (the national median level) and, were they to spend that amount, they would be left with a residual income below the official poverty line (60% of the median income after housing costs (AHC)). Currently, there are 2.55 million households in England who are in fuel poverty.

The strategy is underpinned by a target to ensure as many fuel poor homes as reasonably practicable achieve a minimum energy efficiency rating of Band C by 2030. It also includes two interim milestones: to improve as many fuel poor homes as reasonably practicable to a minimum energy efficiency rating of:

- Band E by 2020 and
- Band D by 2025

The strategy adopts three principles to underpin the decisions on the action to take to reach the milestones and target:

- **Prioritisation of the most severely fuel poor:** Households living in severe fuel poverty face the highest costs of maintaining an adequate level of warmth in the home. They also face some of the starkest trade-offs between heating the home and spending on other essentials.
- **Supporting the fuel poor with cost-effective policies:** adopting a cost-effective approach means getting the best returns for all the investments made in tackling fuel poverty.
- **Reflecting vulnerability in policy decisions:** Some fuel poor households are more at risk from the impacts of living in a cold home than others, even if they are not necessarily the most severely fuel poor. It is right to consider the particular needs of the vulnerable.

The LIHC definition of fuel poverty enables not only the extent of the problem to be measured (the number of fuel poor households there are), but also the depth of the problem (how badly affected each fuel poor household is). The depth is calculated by taking account of:

- **The fuel poverty gap.** This is a measure of the additional annual costs (in pounds) faced by fuel poor households versus the non-fuel poor household threshold. The current fuel poverty gap is £326 per year.
- The overall **aggregate fuel poverty gap.** To get a sense of the depth of fuel poverty at a national level, the fuel poverty gap for each individual household is aggregated across all fuel poor households. The current aggregate fuel poverty gap is £832 million per year.

It will not be possible to 'eradicate' fuel poverty (i.e. reduce the number of households to zero) using LIHC definition as it is a relative measure of both energy need and income. For example, as energy efficiency measures are installed in fuel poor households the resultant drop in energy needs may drop them out of fuel poverty. However, as personal circumstances or the average housing energy efficiency levels and energy prices change, other households may fall into fuel poverty. Therefore, rather than placing too high a focus on reducing the numbers in fuel poverty, the primary focus for progress should be on reducing the fuel poverty gaps. This ensures that priority is given to tackling the hardship faced by those in the most severe levels of fuel poverty.

Annex C – How we calculate the 2030 funding requirement

In our first Annual Report in 2016, we estimated that meeting the 2030 Band C target would cost £19.8. This cost was based on estimates made in a report by the Centre for Sustainable Energy - Meeting the proposed fuel poverty targets – November 2014 (CSE Report). The report only looked at the installation cost for energy efficiency measures, so we added 10% to these costs to cover administration and finding costs.

The modelling used in the CSE Report did not improve all fuel poor properties to Band C, as some could not achieve this level of energy efficiency with the range of energy efficiency options under existing schemes allowed. Furthermore, the model did not include churn of households in and out of fuel poverty caused by factors such as fluctuations in income or changes in occupancy characteristics. The report therefore concluded that the cost estimates are likely to be 'minimum estimates'. The CFP therefore takes our estimate of £19.8 billion cost to be broadly consistent with 'as many as reasonably practicable'.

Annex D – Members of the Committee on Fuel Poverty

David R. Blakemore (Chair)

- David Blakemore has been a member of the Committee on Fuel Poverty since its inception in January 2016 and was appointed as Chair in November 2016.
- He has had a number of leading managerial and operational roles in multi-national oil companies in the UK and around the world. Until April 2015 he was Director of 13 oil and electricity generating companies in his role as Director and Manager for European Business Affairs at Phillips66 Ltd.

Dr Alice Maynard, CBE, DBA, C Dir

- Alice Maynard is Director of Future Inclusion (which provides strategic advice on the governance of inclusion), and a Board member of Transport for London and HMRC
- From 2008 to 2014 Alice was Chair of the Board of Trustees of Scope. From 2006 to 2012, Alice was a Commissioner for the Human Genetics Commission. She is currently a trustee of Milton Keynes Community & Foundation

Jenny Saunders, OBE

Jenny Saunders has a number of current roles:

- Chair of NGN's Customer Engagement Group
- Non-Executive Director of Affordable Warmth Solutions Community Interest Company
- Member of Innovate UK's Advisory Group for its Prospering from the Energy Revolution programme
- Associate Fellow at Durham University
- Member of the UKERC Advisory Board
- Jenny was Chief Executive of National Energy Action from 2007 until December 2017, and prior to that their Director of Communications.

Paul Massara

- Paul Massara is CEO of Electron. He was formerly CEO of NPower from January 2013 to August 2015, plus Country Chair for RWE. Prior to this, he was Chief Operating Officer for NPower from October 2011 to December 2012.
- From 2006, Paul was President and Founding Partner for Genesis Capital Corporation before returning to the UK and working as a consultant between 2009 and 2011, including co-founding Oxford House Research which worked with the Politics Department of Oxford University to study issues related to politics and faith.
- From 1997 to 2006, Paul held various roles at Centrica, including President of Canadian Operations for Centrica, Director of Finance and Planning, and Commercial Director at Centrica Energy.

Lawrence Slade

- Lawrence Slade has been Chief Executive of Energy UK since July 2015. He was Energy UK's first Chief Operating Officer when it was formed in 2012 and had specific executive responsibility for all energy supply activities including retail markets, smart metering & grids, energy efficiency, fuel poverty and consumer engagement.

- Lawrence has been involved in the energy industry since the late 1990's working in countries all over the world to build an understanding of the geopolitics of energy and both how the sector is central to everyday life and supports thriving economies.
- Lawrence ran the Energy Retail Association before Energy UK was formed and previously ran the Society of Petroleum Engineers, expanding the society's operations in Russia, the Caspian and Africa. He was also Deputy Chief Executive and Technical Director of the Energy Institute in London.

Liz Bisset

- Liz is a housing and leadership coach and consultant. Until recently, she was Strategic Director for Cambridge City Council. Prior to that, her career spanned housing management services, new home development and community engagement, including posts as Director of Community Services for Cambridge and Head of Regeneration for Bristol City Council.
- Liz is also a trustee and treasurer of Cambridge United Charities, and Chair of Performance and Governance, and a Non-Executive Director of Cross Keys Homes.

Annex E - Glossary of Terms

AHC (After Housing Costs)

Income left over after Housing Costs e.g. rent, mortgage is taken into account

CWP (Cold Weather Payments)

A scheme which provides those eligible with a payment of £25 for each day over a 7 period if the average temperature their area is recorded as, or forecast to be, zero degrees Celsius or below for 7 consecutive days.

ECO3 (current Energy Company Obligation programme)

The scheme delivers energy efficiency and heating measures to homes in Great Britain. ECO 3 refers to the current scheme that will run from Autumn 2018 until March 2022 and is entirely focussed on low income and vulnerable households.

Energy Safeguard Tariff

The safeguard tariff limits how much an energy supplier can charge per kWh (this is the 'unit' measure which the bill is calculated from). Suppliers cannot charge more than the level of the tariff that Ofgem sets, and must set their prices below it.

EPC (Energy Performance Certificate)

Summary of the energy efficiency of buildings. All domestic and commercial buildings in the UK available to buy or rent must have an Energy Performance Certificate.

FPNES (Fuel Poverty Network Extension Scheme)

A scheme helps Fuel Poor households living off the gas grid to connect onto the gas network. Ensuring fuel poor households have access to affordable energy supplies is a key energy policy priority.

HEEPS (Home Energy Efficiency Programmes)

A government scheme in Scotland which offers an interest free loan to eligible homeowners and private sector tenants to install a range of energy efficiency measures.

HHSRS (Housing health and safety rating system)

A risk-based evaluation tool to help local authorities identify and protect against potential risks and hazards to health and safety from any deficiencies identified in dwellings. It was introduced under the Housing Act 2004 and applies to residential properties in England and Wales.

HMO (Houses in Multiple Occupancy)

A rented house where at three or more tenants are living together and sharing the facilities, and form more than one household

Green Deal Scheme

A scheme which help make energy-saving improvements to homes and finds the best way to pay for them.

Typical examples of energy efficiency improvements include:

- insulation, such as solid wall, cavity wall or loft insulation
- heating
- draught-proofing
- double glazing
- renewable energy generation, such as solar panels or heat pumps

LESA (Landlords Energy Savings Allowance)

An allowance given to the owners of dwelling houses who used their properties for ordinary property letting.

LIHC indicator (Low Income High Cost)

Fuel poverty measurement used in England. Under the LIHC indicator, a household is considered to be fuel poor if:

- they have required fuel costs that are above average (the national median level)
- were they to spend that amount, they would be left with a residual income below the official poverty line

Local Authority Flex

Flexible approach through which Local Authorities can refer households to suppliers for support under ECO, including households in fuel poverty or with occupants on low incomes and vulnerable to the effects of cold homes.

PRS (Private Rented Sector) Regulations –

The Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015 establishes a minimum level of energy efficiency for privately rented property in England and Wales. All landlords of privately rented domestic and non-domestic property in England or Wales must ensure that their properties reach at least an Energy Performance Certificate (EPC) rating of E before granting a new tenancy to new or existing tenants.

WFP (Winter Fuel Payments)

A scheme which provides eligible pensioners with a payment of between £100 and £300 to help pay their heating bills.

WHD (Warm Home Discount Scheme)

A scheme which provides those eligible with £140 off their winter electricity bill. The scheme is made up of the following three elements:

Core Group

Pensioners in receipt on pension credit guarantee credit are automatically eligible for the Warm Home Discount.

Broader Group

Allows other Households on a low income and meet their energy supplier's eligibility criteria can to apply for the Warm Home Discount through their supplier, but funds are limited.

Industry Initiatives

Allows suppliers to help fuel-poor customers through funding of third parties projects

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