



Committee on Fuel Poverty

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Fuel Poverty Strategy for England: Consultation

13 September 2019

The Committee on Fuel Poverty response to BEIS's Consultation on Fuel Poverty Strategy for England

The Committee on Fuel Poverty (CFP) is an Advisory Non-Departmental Public Body sponsored by the Department for Business, Energy and Industrial Strategy (BEIS). Its role is to advise the Government on tackling fuel poverty in England.

The Committee on Fuel Poverty welcome the opportunity to comment on BEIS's Consultation on Fuel Poverty Strategy for England and we are happy for our response to be made public. The Committee's responses to consultation questions are listed below:

Introduction

The Committee on Fuel Poverty supports the proposed adoption of the Low Income, Low Energy Efficiency (LILEE) metric. Measurement and communication of progress towards the 2020/25 fuel poverty milestones of Band E and D and the 2030 Band C target should be more transparent as it is less susceptible to the churn of households between those in and not in fuel poverty. Furthermore, it should be less difficult to find LILEE fuel poor homes on the ground as it substitutes a household's energy needs which is a relative measure, with a property's SAP rating which is an absolute measure.

We also support retaining the three guiding principles from the 2015 Fuel Poverty Strategy (Cutting the Cost of Keeping Warm) which were designed to 'underpin the decisions on the action to take to reach our goals':

- Prioritisation of the most severely fuel poor
- Supporting the fuel poor with cost-effective policies, and
- Reflecting vulnerability on policy decisions

However, more important than revising the metric for the fuel poverty strategy is that Government must in the future apply the guiding principles to the design of programmes to achieve the milestones and target. The committee estimated that the cost to deliver the strategy under the Low-Income High Costs (LIHC) metric were as follows:

- 2020 Band E milestone £ 1.8 billion
- 2025 Band D Milestone £ 5.6 billion
- 2030 Band C Target £12.4 billion

Total	£19.8 billion
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In Cutting the Cost of Keeping Warm, it was demonstrated that between the three main programmes related to helping householders pay their energy bills and install energy efficiency measures, there were more than adequate funds to deliver the fuel poverty strategy's milestones and targets:

	Annual Spend £ billions/year for England
Energy Company Obligation	0.7
Warm Home Discount	0.3
Winter Fuel Payment	1.8
Total	2.8

It is therefore disappointing that in our 2018 Annual Report, the Committee estimated that the 2020 milestone will be missed unless £1 billion of new funds are allocated. At the beginning of the strategy there were 292,000 fuel poor Band F/G homes and we estimate that there will still be 160,000 in 2020. Given that £2.8 billion of funds per year were available to achieve the 2020 milestone and only £1.8 billion was required over a 5-year period, this demonstrates a lack of commitment to apply the guiding principles to deliver the strategy.

If we revise the fuel poverty strategy, some additional key metrics to track the efficiency of implementation should be adopted. For example:

- a. Health and social care budget savings: resultant savings from warmer fuel poor homes.
- b. Innovation:
 - Cost per SAP point per energy efficiency Band.
 - Lowering overhead spend administration and finding costs as a percent of total spend.
 - Targeting efficiency: Government + Supplier spend on fuel poor household energy efficiency as a percentage of total Government + Supplier spend.
- c. Carbon savings per £ spend.
- d. Clean Growth Strategy:
 - Percent of fuel poor homes using heating oil to heat.
 - Sustainable solutions: (Government + Supplier spend on energy efficiency) as a percent of (Government + Supplier spend on energy efficiency and supporting energy bill payments).
- e. Energy Market serving all customers well
 - Reduction in number of households in persistent debt

Response to Consultation Questions

1. *Do you agree with the Government's proposal to update the fuel poverty metric to Low Income Low Energy Efficiency? If not, which metric would you prefer and why?*

Yes. The definition of fuel poverty within the Warm Homes and Energy Conservation Act is retained but the LILEE metric is a better tool to measure progress towards the Fuel Poverty Strategy milestones and target. A change from the current LIHC metric will increase the

number of households living in fuel poverty by over 1 million. A full Impact Assessment should therefore be made to support the proposed change, and this would include an estimate of the costs (in terms of energy efficiency measures and support for payment of fuel bills) to deliver the 2020/25 milestones and 2030 target.

It remains the case however that there are no easy proxies to identify the individual households as the fuel poverty statistics are based on the modelling of a limited number of survey samples. However, as the metric of 'low energy efficiency' is absolute and the measure of 'High Energy Cost' is relative, using the new LILEE metric should make identifying households easier.

2. *The proposed metric update – LILEE – would necessitate certain updates to the current methodology, namely as regards the high costs threshold, but the other aspects of the current LIHC methodology would not necessarily need updating.*

Do you have views or evidence on whether Government should update those other aspects of the methodology on the introduction of LILEE, including the following:

- a. Household energy requirements calculation, including heating regime*
- b. Equivalisation factors, for fuel costs and for income*
- c. Income methodology*
- d. Fuel prices methodology*

All aspects should be reviewed to ensure that fuel poverty policies align with meeting the Net Zero commitment, so as to ensure the worst off in society are not disadvantaged. It will be important that key stakeholders are informed of any methodology changes and an impact analysis is provided to explain and justify the changes.

Improving the energy efficiency of fuel poor homes is a social programme, therefore when evaluating the cost effectiveness of installing energy efficiency measures in fuel poor homes, equity weighted economics should be used. This would avoid the instance where the ECO3 programme selected by Government has inferior economics (£383 million) to the option which had the best focus of fuel poor homes.

Fuel prices used in Impact Assessments should utilise both the fuel costs when viewed through the eyes of the householder (retail) and the benefit to the energy system (long run variable costs - LRVC). For example, the question of 'What are cost effective energy efficiency measures for a privately rented landlord to install' should be looked at through the eye of the tenant (e.g. retail costs).

If a programme is evaluated using LRVC, then this will justify fewer energy efficiency measures than if using retail prices. If this is the case, programme economics should evaluate the cost of 'compensating' householders by calculating the level of financial assistance that they would need to receive, in order to obtain the same reduction in their energy needs as if retail energy prices had been used in the programme's evaluation.

There needs to be more joined up thinking between Government's view of what is cost effective from a fuel poverty perspective and what they consider to be cost effective from a Carbon Budgets perspective. For example:

- The Committee on Climate Change (CCC) recommended in their Central Scenario for the Fourth Carbon Budget (2023 to 2027) that 2 million solid wall home insulation measures should be installed and they stated that 'targeted support mechanisms for fuel poor households will be necessary to allow them to take up solid wall insulation which has high up-front costs'. In the 2018 Annual Fuel Poverty Statistics, showed that only 57,000 out of a total of 1,076,000 fuel poor households with solid walls have insulation. ECO3 (2018 to 2022) only has a target of installing 17,000 solid wall insulation measures per year and it is only 30% focused on fuel poor households. This shows a misalignment of policy.
- The Committee on Climate Change (CCC) assumed in their Central Scenario for the Fifth Carbon Budget (2028 to 2032) that Government will fund 1 million solid wall home insulation measures for fuel poor homes. However, Government is not providing these funds as they deem solid wall insulation measures to, not be, cost effective from an energy efficiency perspective. This results in Government risking missing both fuel poverty milestones and carbon budget milestones.
- The Government should also consider how the fuel poverty metric aligns with general poverty metrics.

3. Do you agree that Government should retain the current target and interim milestones?

Yes. We strongly agree that the current 2030 target and 2020/25 milestones should be retained. These are consistent with the principle of 'worst first' and allow time for technology to be developed to bring down the costs of improving the energy efficiency levels of Band D homes.

Where a milestone is missed or is likely to be missed there should be a time limit by which Government must come forward with plans to reach the milestone. The CFP have identified that the 2020 milestone will not be met, and in the revised LILEE strategy, the responsible Minister should be required to present to Parliament a revised timescale and a plan to resource the shortfall and work more effectively towards the 2025 milestone.

4. Do you have views or evidence on our proposal to add more detail on, and clarify, the meaning of the 'Worst First' principle, including the considerations raised above?

Yes. We strongly agree with retaining the current three guiding principles of:

- Prioritisation of the most severely fuel poor
- Supporting the fuel poor with cost-effective policies, and
- Reflecting vulnerability on policy decisions

These three guiding principles included in the 2015 Fuel Poverty Strategy (Cutting the Cost of Keeping Warm) were designed to ‘underpin the decisions on the action to take to reach our goals’.

We agree with the “Worst First” principle which ensures that those who are experiencing the deepest levels of fuel poverty are not left behind. The Government’s strategy should remain to ensure households facing the biggest fuel poverty gaps are assisted as a priority. For the principle of ‘prioritisation of the most fuel poor’ there was an associated commitment in *Cutting the Cost of Keeping Warm* to use Government data to improve the targeting rates of current policies on the fuel poor ‘so that we can make more progress’. The 2015 Strategy therefore included a Fuel Poverty Scorecard that measures the scale of assistance provided on energy efficiency improvements, direct energy bill support and income support in relation to winter and cold weather from the following programmes:

- Winter Fuel Payments (WFP)
- Cold Weather Payments (CWP)
- Warm Home Discounts (WHD)
- Energy Company Obligation (ECO)

Over the past four years, there has been very limited application of the ‘Prioritisation of the most severely fuel poor’ principle by Government to the design of the above programmes. No improvement in the targeting efficiency of Winter Fuel Payments has been achieved. Although the targeting efficiency of ECO was improved from circa 10% to circa 30% in the ECO Transition programme, no further improvement was made for the ECO3 programme. Some improvements have been made to the targeting efficiency of the Warm Home Discount programme (currently circa 20%), and work is on-going to identify whether use of big data can improve this further. Any revision of this Fuel Poverty Strategy should retain these programs in a scorecard and include a ‘targeting efficiency’ to show what percentage off each programme is actually received by fuel poor households.

Given the current scarcity of funds available to deliver the 2020/2025 milestones, we would not support moving to a whole house or community-based approach without additional and adequate resources being allocated, as this would give large benefits to a small number of fuel poor homes, whilst leaving the rest with unacceptable fuel needs.

However, in limited circumstances:

- Where it is more cost effective to do so, taking a community approach where there is some benefit to others in less severe fuel poverty or who are financially excluded, could be appropriate.
- Where an incremental approach to raising the energy efficiency of a fuel poor property is deemed not to be cost effective (principally solid wall properties off the gas network) by current programmes (e.g. ECO and Privately Rented Minimum Energy Efficiency Standards (MEES)), additional funding should be provided and delivery models tested to help these types under a new **Fuel Poverty Challenge Fund** as proposed by the CFP. This would include tailored energy advice and income maximisation support.

Given Government's target to achieve as many as is reasonably practicable Band C fuel poor homes and their ambition to phase out the use of heating oil in the 2020's, there is a need to take a more holistic approach when evaluating which energy efficiency measures to install in a fuel poor home. For example, when surveying a house for energy efficiency upgrades, it should also be assessed for how best to achieve Band C and other Government targets (e.g. phasing out of heating oil). Any energy efficiency measures installed to raise the SAP rating by one band, should be consistent with the ultimate aim of achieving Band C and other Government targets. This would avoid a 'cheap' worst first energy efficiency measure being installed only for it to be then taken out a few years later because it is not compatible with other longer-term targets or ambitions.

5. *Do you have views or evidence on our proposal to add more detail on, and clarify, the meaning of the cost-effectiveness principle, including the considerations raised above?*

A clearer definition of "as far as reasonably practical" would be welcome including clarity on whether factors such as cost, accessibility, householder acceptance of measures, etc. are included. An accompanying Impact Assessment should show the sensitivity of including each factor. For example, where BEIS or a landlord conclude that a households' energy efficiency standard cannot economically be improved to achieve a milestone or target, they must:

- clearly identify how they calculated this
- identify the measures that are deemed to be 'as far as reasonably practicable' and
- provide evidence that everything reasonably practical has been undertaken.

Improving the energy efficiency of fuel poor homes is a social programme, therefore when evaluating cost effectiveness of installing energy efficiency measures, equity weighted economics should be used. This would avoid the instance where the ECO3 programme selected by Government has inferior economics (£383 million) to the option which had the best focus of fuel poor homes.

The Government in assessing the cost effectiveness of policies aimed at assisting households to either pay for their energy needs or raise the energy efficiency of their homes, should consider the cost to the nation of cold homes. For instance, where a fuel poverty prevention approach is adopted which could result in annual savings to the NHS. Government should undertake a full cost benefit analysis of cold homes.

The issue of 'who pays' is an important consideration when designing programmes as levies and obligations on energy companies are passed through to customers – including those they seek to help. For rented accommodation, the resultant increase in property values from improving energy efficiency levels should also be taken into consideration in Impact Assessments. The Impact Assessment for Amending the Private Rented Sector Minimum Energy Efficiency Standards clearly demonstrated that landlords would financially benefit from improving the energy efficiency levels of their properties, as property values increase with improved energy efficiency ratings. It is therefore wrong to expect that ECO funds be

used on privately rented properties as this would mean that energy customers are paying for improving the value of a landlord's property.

Cost effectiveness is of particular concern when resources are stretched, and the energy efficiency measures to support those in the most severe fuel poverty cost several £thousands (e.g. solid wall insulation). England is the only country in the UK that does not provide any public funding to meet the Government's Fuel Poverty Strategy. At its peak the Warm Homes Fund received £340m a year and provided grant aid for insulation and heating measures plus auxiliary services to low income households across England. Had that funding continued the current fuel poverty gap would be much lower. The new LILEE fuel poverty strategy therefore needs to be adequately funded.

Households who do not pay income tax i.e. those in receipt of means-tested benefits or whose incomes are below tax thresholds (including many of the poorest pensioners) would benefit from shifting obligations on energy companies to public funding sources. This would be more socially equitable and less regressive. We believe that Government must fund ECO appropriately, i.e. the most appropriate source is for it to be funded from General taxation.

6. Do you have views or evidence on our proposal to add more detail on, and clarify, the meaning of the vulnerability principle and, in particular, on our proposed changes to the meaning of the principle?

We support using the current concept of vulnerable as a sub-set of the fuel poor households. It was disappointing that Government did not apply this Guiding Principle when designing the ECO3 programme and widened the eligibility to all low income and some high-income vulnerable households. We would support a tighter definition of how 'a vulnerable person or household' is defined, and we would support a definition that is related to health risks related to living in a cold home. A tighter definition would enable more focus on 'vulnerable fuel poor' versus the current age-related definition which results in the majority of fuel poor households being deemed vulnerable. A link to health for vulnerability would also provide the possibility of health providers directly 'prescribing' household energy efficiency measures, without having to go via intermediaries such as energy companies or local authorities.

There has been a significant amount of work done to improve understanding of how to identify and better support households in vulnerable situations. This includes the Energy Regulator and energy companies themselves who commissioned a report on Vulnerable Customers. The proposal for Government to adopt a new vulnerability principle for the fuel poor is welcome and should be aligned with Ofgem's updated Vulnerable Customers Strategy and learn the lessons from energy industry schemes and partnerships with local government and the third sector. Lessons should also be learned from LA Flex.

If Government wishes to allocate funds to supporting low income non-fuel poor householders who are vulnerable, with their fuel bills, we would support this, however, additional resources will be needed to address vulnerability in the energy and housing markets. Whilst technically outside the scope of the proposed new Fuel Poverty strategy which will focus on LILEE, the symptoms and impacts of being financially vulnerable will be

the same for those households as for the fuel poor, and their call on the NHS and other services will continue. Clearer policy goals would help ensure the desired outcomes are met, but these may be cross cutting. We recognise that there are many examples of existing programmes that support people with particular needs rather than just facing financial vulnerability.

7. *Do you agree with our proposal to create a fourth principle on aligning fuel poverty strategy with current and future Government priorities? Do you have views or evidence that may be useful in creating this principle?*

We fully support aligning the Fuel Poverty Strategy with the ambitions outlined in the Clean Growth Strategy and the Committee on Climate Change's Carbon Budgets. In particular, we support extending the minimum energy efficiency standards for all privately rented homes to Band D in 2025 and Band C in 2030 and implementing similar legislation for social housing. Along with extending the legislation for private landlords, the cap on their expenditure should be reviewed so that a high percentage (over 70% as originally envisaged when legislation was introduced) of the PRS homes reach Band D and C. We also support extending a home energy efficiency programme beyond 2022 and recommend that the fuel poverty strategy should be aligned with any future strategies developed to meet Carbon Budgets.

Energy efficiency should be seen as a low cost, least regret action when looking at carbon reduction targets in the latest 'Net Zero' commitments. As the Government looks at policies to meet the 2050 "net zero" commitment it must ensure, and be able to illustrate, that the low income and most vulnerable in society are not "left behind" and are able to receive equal or better benefit from the associated new services. Furthermore, it is important that they are not financially penalised through being forced to adopt alternatives to heating oil and gas, before affordable alternatives are made available to them (See Committee on Fuel Poverty Response to Ofgem's Consultation on Ofgem's Draft Consumer Vulnerability Strategy 2025¹). Government must provide additional funds for the conversion of fuel poor homes using heating oil to using low carbon fuels and ensure that they are not driven into even deeper levels of fuel poverty.

When designing programmes using a fourth principle of aligning the fuel poverty strategy with current and future Government priorities, Government should aim to meet the UK's commitment to the [UN Sustainable Development](https://www.un.org/sustainabledevelopment/) Goals – 7² which are directly linked to fuel poverty. Energy Justice has grown as a concept in recent years and aspects have been subject to academic studies and research. Research by Centre for Sustainable Energy (CSE)^{3,4} showed that the poor contribute more to policies to reduce carbon whilst benefiting least from them. Households will have different means to respond to policies which will drive zero carbon emissions and specific programmes will be needed to assist fuel poor households through the transition. Innovation funds should specifically, target more

¹ CFP Webpage on Gov.UK - <https://www.gov.uk/government/organisations/committee-on-fuel-poverty>

² <https://sustainabledevelopment.un.org/sdg7>

³ https://www.cse.org.uk/downloads/file/distribution_of_uk_carbon_emissions_implications_for_domestic_energy_policy.pdf

⁴ https://www.cse.org.uk/downloads/file/key_points_from_distribution_of_uk_carbon_emissions.pdf

vulnerable households to understand how to design future services that are affordable to this 16% of the population who are fuel poor under the LILEE metric definition.

8. *Would you suggest any other guiding strategic principles? Do you have any other views or evidence on the guiding principles?*

Consideration should be given to adding a guiding principle that improving energy efficiency levels of fuel poor homes will always be given priority over assisting the households to pay for the energy needs of low energy efficiency homes. Currently, Government/energy companies spend circa £2.1 billion per year assisting householders to pay their energy bills and only circa £0.55 billion per year to improve household energy efficiency levels. In an era aspiring to 'Net Zero', this is not logical. Together with the Committee on Climate Change, we commissioned research (Centre for Sustainable Energy, '[Tackling fuel poverty, reducing carbon emissions and keeping household bills down: tensions and synergies](https://www.gov.uk/government/publications/tackling-fuel-poverty-reducing-carbon-emissions-and-keeping-household-bills-down-tensions-and-synergies)'⁵) which shows that by changing the focus of the Winter Fuel Payments (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 the installation of energy efficiency measures for those most on need.

9. *Keeping in mind the strategy's guiding principles, what policies might be included in a policy plan to improve energy efficiency for households in fuel poverty?*

The CFP would expect to see not just the set of existing policies, but new funding streams and programmes brought forward in a comprehensive plan that will ensure the belated 2020 and the 2025 milestones and 2030 target are met. The current projections shown in our 2018 Annual Report⁶, clearly show that without new funding and approaches the current milestones and targets will not be met.

We fully support aligning the Fuel Poverty Strategy with the ambitions outlined in the Clean Growth Strategy and the Committee on Climate Change's Carbon Budgets. In particular, we support extending the minimum energy efficiency standards for all privately rented homes to Band D in 2025 and Band C in 2030 and implementing similar legislation for social housing. Along with extending the legislation for private landlords, the cap on their expenditure should be reviewed so that a high percentage (over 70% as originally envisaged when legislation was introduced) of the PRS homes reach Band D and C. We also support extending a home energy efficiency programme beyond 2022 and recommend that the fuel poverty strategy should be aligned with any future strategies developed to meet Carbon Budgets.

Consideration should also be made to make household energy efficiency a National Infrastructure Priority, particularly for householders who cannot afford to pay for energy efficiency upgrades (e.g. low-income Owner Occupiers).

⁵ <https://www.gov.uk/government/publications/tackling-fuel-poverty-reducing-carbon-emissions-and-keeping-household-bills-down-tensions-and-synergies>

⁶ <https://www.gov.uk/government/publications/committee-on-fuel-poverty-annual-report-2018>

Policies and programmes aimed at delivering the fuel poverty strategy should be updated on an ongoing basis with links to other industrial innovations including whole systems changes, and demand reduction targets at regional levels; programmes to decarbonise heating systems as part of a new Heat Strategy; housing improvement programmes that are designing and testing new products in situ; local authority HECA and climate change; Winter Planning and social prescribing by health bodies.

In our 2018 Annual Report⁷, we demonstrated that with current programmes, the 2020 milestone will be missed. Even if the ambitions for programmes outlined in the Clean Growth Strategy are implemented, there will still be a shortfall in funding of £8.0 billion (which assumes significantly better targeting of policies) to deliver the 2030 target (of a total of £19.8 billion required). We therefore recommended additional Government funding for our proposal for a **Clean Growth Challenge Fund** to deliver the 2025 milestone (see CFP's webpage⁸ <https://www.gov.uk/government/publications/committee-on-fuel-povertys-challenge-fund-proposal-for-the-period-2020-to-2022>)

Fuel Poverty has an impact that is wider than simply economic hardship. Fuel poverty policy design should always take into consideration the health and wellbeing impacts of fuel poverty. People in fuel poverty are at risk of increased stress and depression resulting from dealing with debt, and unable to provide adequate warmth for their family. At the extreme, cold homes kill as the annual winter deaths statistics reveal⁹. The impact of fuel poverty on morbidity is widely understood and supporting those at risk in cold conditions to improve energy efficiency levels or pay their fuel bills has wellbeing benefits for them and also has significant financial benefits for the health and social care system.

10. What commitments, whether new or retained from the 2015 strategy, might supplement the policy plan in the updated strategy to improve energy efficiency for households in fuel poverty?

Under the LIHC metric developed in the 2015 Fuel Poverty Strategy, Government did not calculate a cost to deliver the milestones and target. This was a fundamental deficiency. For the revised LILEE metric, Government should publish their cost estimate for delivering the milestones and target, and then put in place funding programmes to deliver them.

The current ECO and WHD programmes are funded by energy companies and therefore ultimately by bill-payers. Unless these are sharply focused on those most in need (which they are not currently), they are therefore regressive policies. If retained, the guiding principle of 'prioritisation on those most on need' should be applied to the ECO and WHD so as to prevent them from being regressive programmes and if not, they should be replaced by taxpayer funded schemes focused mainly on the fuel poor.

⁷ <https://www.gov.uk/government/publications/committee-on-fuel-poverty-annual-report-2018>

⁸ CFP Challenge Fund proposal - <https://www.gov.uk/government/publications/committee-on-fuel-povertys-challenge-fund-proposal-for-the-period-2020-to-2022>

⁹ Office of National Statistics - <https://www.ons.gov.uk/peoplepopulationandcommunity/birthsdeathsandmarriages/deaths/datasets/excess-wintermortalityinenglandandwalesreferencetables>

We support extending the minimum energy efficiency standards for all privately rented homes to Band D by 2025 and Band C by 2030, and also implementing similar legislation for social housing. Along with extending the legislation for private landlords, the cap on their expenditure should be reviewed so that a high percentage (over 70% as originally envisaged when legislation was introduced) of the PRS homes reach Band D and C. If Government are unwilling to set landlord's contributions at levels which achieve high levels of rented homes reaching Band C, then Government must provide additional funds to supplement the landlords' contributions.

We support extending a home energy efficiency programme beyond 2022 and recommend that the fuel poverty strategy be aligned with strategies developed to meet Carbon Budgets. Energy efficiency should be seen as a low cost, "no regret" action when looking at carbon reduction targets in the latest 'Net Zero' commitments.

The commitment in the 2015 Fuel Poverty strategy to make better use of the funds from the Winter Fuel Payment (WFP) should be retained (as mentioned in our response to Question 8 above). Lessons should also be learnt from programmes such as the AWS/National Grid Warm Homes Fund; NEA's Technical Innovation and Warmer Homes programmes; and ECO Flex.

Current enforcement of MEES and other programmes suffer from lack of access to timely, accurate, up-to-date data. This was evidence by CFP's commissioned research on the Private Rented Sector Minimum Energy Efficiency Standards (MEES)¹⁰. Government needs to ensure that data is as up to date as possible – for example - on EPCs and HECA plans. The Government should seek commitments from all mandated parties to enforce policies including MEES and should introduce a national landlord registration scheme to underpin enforcement of MEES by local authorities.

There is also an opportunity, under RII02 to ensure network companies' programmes are more aligned with the Government's Fuel poverty strategy. For example, GDNs providing more holistic energy efficiency services

11. Keeping in mind the strategy's guiding principles, what policies might be included in a policy plan to improve partnership and learning on fuel poverty?

The government should seek to look at the many things that are happening at a local level, within energy companies, network companies and regulators with a view to (a) sharing best practice, and (b) investing in those plans that could be scaled nationally.

If Central Government devolve powers to Local Government to implement actions related to delivering the fuel poverty strategy, they should mandate that delivery data is provided by Local Government so that their level of adherence can be clearly measured, and

¹⁰ CFP's commissioned research - <https://www.gov.uk/government/publications/enforcing-regulations-to-enhance-energy-efficiency-in-the-private-rented-sector-research-report-and-cfps-recommendations>

corrective actions taken where necessary. This would require appropriate levels of resources from central government to enable local authorities to fulfil any new duties.

As well as looking for different external partners to improve the efficiency and effectiveness of delivery of programmes that assist fuel poor households, government should work to improve the cooperation between different Government departments. The Digital Economy Act now enables data from across national and local Government to be effectively utilised to identify fuel poor homes (for example Health, DWP, HMRC, MHCLG, local authorities, etc). In addition, programmes such as the NHS Cold Weather Plan and advice such as NICE Guidance on cold homes could be much better integrated with the implementation of the fuel poverty strategy. If better use of data and/or artificial intelligence can be developed sufficiently, programmes such as ECO could be adapted to automatically qualify fuel poor households for assistance, without either the need for 'search costs' or the risk of being rejected because they do not have savings to supplement the cost of ECO energy efficiency measures.

There are many examples where local partnerships are driving forward action on fuel poverty – coordinating existing funds and designing schemes to maximise their impacts. Many of the lessons are well understood but skills and experience have been lost through the last decade of austerity measures when Government grant aid ended for insulation and heating in England, and the ECO scheme was cut by more than 50% - resulting in an annual drop in installing energy efficiency measures of around 80% . Local authorities have also lost many of their teams who engaged on energy efficiency and fuel poverty initiatives within housing, environmental health, energy management and community energy advice workers and centres. Government should incentivise partnerships and stimulate local coordination again to replace local resources that have been lost.

Ensuring that government mandated programmes can align, and dovetail would be welcome – for example, first time heating linking to gas network extensions or providing alternative measures. Mapping tools have been developed but the benefits of different tools are not well understood. NEA provides a wealth of training and sharing good practice opportunities but funding for these types of events should properly be funded by Government. Mandated higher technical standards for the specification of energy efficiency materials, energy advice services and installation of measures should be enforced by Government agencies.

12. What commitments, whether new or retained from the 2015 strategy, might supplement the policy plan in the updated strategy to improve partnership and learning on fuel poverty?

The Commitment to partnership working should be an essential part of any fuel poverty strategy. Fuel poverty is a multi-faceted social issue which impacts on housing, health, incomes, energy and climate change policies. A range of skills and expertise are required to identify households living in fuel poverty; to provide practical assistance to them from home assessments: practical advice on avoiding wasting energy and in the installation of energy efficiency and heating measures.

The commitments to partnership working in the Cutting the Cost of Keeping Warm – the 2015 strategy should be retained but refreshed to meet new policy challenges and commitments including those relating to tackling climate change more aggressively.

The roll out of policy priorities which impact on Fuel Poverty such as net zero carbon must be evaluated for their impact on the fuel poor. Leaving no one behind, in the transition to net zero carbon, should be an overarching commitment for any government.

To enable everyone to benefit from the competitive energy market, and to access services from monopoly networks, meaningful partnerships have been forged with national charities, local authorities, community groups to design and develop programmes that reach households manifesting different symptoms of fuel poverty e.g. indebtedness to utility suppliers, inability to switch supplier due to lack of technology or other barriers. A commitment to evaluate the effectiveness of different approaches, and to sharing the learning from what works, would enhance the ability of existing partnerships to support and advise the fuel poor.

13. Keeping in mind the strategy's guiding principles, what policies might be included in a policy plan to improve targeting for households in fuel poverty?

Firstly, the CFP has consistently advised that targeting of current programmes (ECO, WHD and WFP) could be significantly improved by utilising currently available data. For example, the WFP programme is still less than 10% targeted on fuel poor homes, and there is a significant amount of data and capability today to improve its focus. Improving targeting efficiency with currently available data should, therefore, be the first priority. However, manifesto commitments have prevented any changes to the WFP policy.

Secondly, the CFP believes that more attention needs to be given to ensure that current policies are fully implemented. For example, there is strong evidence that Local authorities are not rigorously overseeing the implementation of the Private Rented Minimum Energy Efficiency Standards (MEES) regulation. The Committee on Fuel Poverty Commissioned research from RSM to look at more effective enforcement MEES¹¹. Their key findings were that a nationwide landlord register is the only means by which properties can be systematically identified. Such a national register (administered centrally but available locally) should be implemented.

The CFP supports any new approaches to improve the targeting efficiency of each programme on the fuel poor (i.e. what percentage of the programme is actually received by fuel poor households) and to also lower the costs for each programme. However, any new approaches should be supported by data and include a rigorous audit programme to prove that they work. The introduction and subsequent expansion from 10% to 25% of ECO via 'ECO Flex' was not supported by data or an audit. Unless ECO Flex is proven with data to improve the targeting of ECO3 on the fuel poor, it should not be a permanent part of ECO3.

¹¹ CFP's commissioned research on PRS, MEES - <https://www.gov.uk/government/publications/enforcing-regulations-to-enhance-energy-efficiency-in-the-private-rented-sector-research-report-and-cfps-recommendations>

There are many new approaches to targeting which should be further developed. These include macro level data sharing between government agencies and others where there is a clear benefit to the household whose data is being shared. It also includes local take up campaigns by trusted intermediaries.

Government could facilitate these through meaningful guidance, identifying proxies and financial support to enable better use of local data and/or the development of artificial intelligence systems.

14. What commitments, whether new or retained from the 2015 strategy, might supplement the policy plan in the updated strategy to improve targeting for households in fuel poverty?

Full utilisation of the guiding principles should be applied to develop existing and new policies to improve targeting levels on fuel poor households.

Evidence of income and EPC rating are essential for accurate targeting. However, some households are reluctant to share personal income data, and it may fluctuate for those working in the GIG economy or have changing circumstances. EPCs have not been carried out on a significant % of properties and many registered EPCs are out of date and therefore not reliable for assessing LILEE. Simple fuel poverty proxies will not easily fulfil the 'worst first' principle. This will still require input from referral agencies and search agents where other evidence is unavailable through data sharing. Under ECO Flex and Warm Home Fund projects, practitioners have been matching up health conditions of households on lower incomes who report low energy efficiency standards, and difficulty in heating their homes. Public Health England (PHE)¹² have encouraged partnerships that will reach individuals more vulnerable to cold conditions. Any evidence of improved targeting by health partnerships and under ECO Flex should be shared.

15. Keeping in mind the strategy's guiding principles, what policies might be included in a policy plan to support households in fuel poverty in high cost homes?

Given a substantial number of fuel poor are in privately rented properties (888,000) and are in the lowest EPC Bands (106,000 F/G), the introduction of the Minimum Energy Efficiency Standards for private landlords is welcome. However, it is unfortunate that the obligation was capped at £3,500, and that the Government did not take the opportunity to reintroduce the Landlords Energy Saving Allowance (LESA). The LESA could incentivise Landlords to speed up improvements to their housing stock. The CFP recommends the reintroduction of LESA and improved enforcement of MEES through a national landlords' registration scheme.

Improved application by Government of the guiding principle of 'prioritisation of the most severely fuel poor' would have resulted in substantially better targeting of assistance to difficult to reach fuel poor households by ECO. 221,000 fuel poor households are in rural

¹² Public Health England - <https://campaignresources.phe.gov.uk/resources/partners/national-partners>

villages, hamlets and isolated dwellings. The design of the ECO Transition (2017/18) and ECO3 programmes (2018 to 2022) deliberately set a 'rural definition' as 'areas that are outside of settlements of 10,000 or more' as it was deemed to be too expensive to reach true rural locations. This resulted in very little assistance reaching those living in true rural areas. We recommend that definitions of 'rural' used in programmes to deliver energy efficiency measures to fuel poor homes are made consistent with those definitions used in the preparation of the Annual Fuel Poverty Statistics.

16. What commitments, whether new or retained from the 2015 strategy, might supplement the policy plan in the updated strategy to support households in fuel poverty in high cost homes?

The starting point should be that households in fuel poverty should not be required to contribute to the costs of energy efficiency improvements. Previous schemes have required householders to make financial contributions which conflicts with addressing the households with the highest levels of fuel poverty, first as they have not been able to afford even a small part of the cost of expensive high cost measures. Equally there should be no reliance on voluntary company initiatives such as the Warm Homes Fund or charities to fill any funding gaps or meet client contributions for measures under ECO.

The National Grid Warm Homes Fund initiative mentioned in this consultation document is a voluntary scheme which is time limited. It has helped to meet funding gaps, particularly where households themselves were unable to contribute to the cost of heating and energy efficiency measures which had been a barrier to them being able to benefit from ECO or the Fuel Poverty Network Extension Scheme (an Ofgem requirement on Gas Distribution Network companies). The new strategy should aim to provide more joined up holistic services where company schemes are better aligned, and funding gaps are addressed. A holistic approach to meeting carbon budgets and fuel poverty strategy targets would result in additional Government funds being made available for installation of solid wall insulation on the 1,109,000 fuel poor homes with uninsulated solid walls.

Additional funding should also be provided to assist the 87,000 fuel poor homes who use heating oil for their central heating to move to low carbon fuels without any economic penalty to the household.

17. Keeping in mind the strategy's guiding principles, what policies might be included in a policy plan to improve support for low income households who are most at risk for adverse health outcomes from living in a cold home?

The role of health bodies will continue to be important in identifying people in or at risk of fuel poverty. Local Health and Wellbeing Boards should hold local health systems to account for effectively using data to target those households in, or likely to enter, fuel poverty through their 'winter resilience planning'. Local health systems, through strong STP leadership (Sustainability Transformation Partnerships¹³) should ensure that commissioners

¹³ STPs - <https://www.england.nhs.uk/integratedcare/stps/>

(working together as Local Authority and Public Health, and Health commissioners) invest in identifying and targeting the circa 5% of households, including those in fuel poverty, that drive winter related costs, admission pressures, and preventable health deterioration. These commissioners should focus on developing stronger local integrated population health data sets. These data sets are currently showing that investment in social prescribing and other preventative, asset-based interventions are the only sustainable solution to excess winter deaths and rising costs. We imagine that each local STP should have in place strong social prescribing and community-based support, through which households, in and at, risk of fuel poverty could be targeted - ideally through a ring-fenced Health Eco Flex scheme.

18. What commitments, whether new or retained from the 2015 strategy, might supplement the policy plan in the updated strategy to improve support for low income households who are most at risk for adverse health outcomes from living in a cold home?

NICE guidance on cold homes and on the impact of the Voluntary and Community Sector (VCSE) should be updated and enforced. We also need to see stronger accountability perhaps via Local Authority Health Scrutiny Committees and Health and Wellbeing boards, on improved outcomes for the fuel poor via delivery of local health inequalities plans. These have been mandated through the new NHS Long Term Plan¹⁴, and we would like to see commissioning funding allocations increase and be held to account for fuel poverty related named improvements in health inequalities. This could be achieved through commissioning regulation tools, scorecards, and the Commissioning for Quality and Innovation scheme¹⁵ (CQUINs). We would also like to see related proposals within the upcoming social care green paper, and within the national winter funding allocations.

Improved targeting of the WFP and WHD on those most in need would provide assistance to those in fuel poverty, and those whose health is most at risk of adverse health outcomes from living in cold homes, without the need for additional Government funds.

NICE guidance¹⁶ on cold homes should also be updated and enforced.

19. Keeping in mind the strategy's guiding principles, what policies might be included in a policy plan to decrease the financial burden of energy bills for households in fuel poverty?

While we support the WHD programme, we remain concerned that the cost of the programme is still borne by energy users, including the poorest. It would therefore be less regressive, if the cost of WHD was moved to taxation or it was substantially better focused at helping those most in need. This will increase the £8 billion lack of funding for the 2030 target but will be a fairer mechanism and will reduce the burden on energy bill payers.

¹⁴ NHS Long Term Plan - <https://www.england.nhs.uk/long-term-plan/>

¹⁵ CQUINs - <https://www.england.nhs.uk/nhs-standard-contract/cquin/cquin-19-20/>

¹⁶ NICE Guidance NG6 - <https://www.nice.org.uk/guidance/ng6>

It would seem appropriate that the targeting of the WFP and WHD policies be urgently reviewed and redesigned using the “worst first” policy principle. Together with the Committee on Climate Change, we commissioned research (Centre for Sustainable Energy, [‘Tackling fuel poverty, reducing carbon emissions and keeping household bills down: tensions and synergies’](#)) 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. This is a win/win/win solution:

- Those most in need receive assistance to pay their energy bills
- £0.8 billion/year is freed up to invest in sustainable energy efficiency measures in fuel poor homes and meet carbon budgets

As targeting efficiency for delivering energy efficiency measures to fuel poor households improves, consideration should be given to a WHD programme that provides higher assistance to those fuel poor households living in low energy efficiency properties (i.e. a tapering of support as energy efficiency levels are improved). This does not mean we are advocating tapering to zero, as, depending upon how the costs of meeting Net Zero targets are shared across energy users, low income families will still require assistance with their energy bills as prices rise due to decarbonising costs.

20. What commitments, whether new or retained from the 2015 strategy, might supplement the policy plan in the updated strategy to decrease the financial burden of energy bills for households in fuel poverty?

Adherence to the commitments to deliver the 2020/25 milestones and 2030 target would decrease the burden of energy bills on households in fuel poverty. The CFP has demonstrated that due to under-investment, the 2020 milestone will be missed, and 160,000 fuel poor households will still be living in Band F/G properties in 2020.

The retention of income supplements to pay towards energy bills will be necessary in the short and medium term for households in fuel poverty – and even beyond meeting the 2030 target date for households who are on the very lowest incomes, even if their properties are relatively energy efficient, depending on the cost of energy price rises

It would seem appropriate that the targeting of the WFP and WHD policies be urgently reviewed and redesigned using the “worst first” policy principle. This is reiterated in our responses to Questions 8 and 19 above.

21. Keeping in mind the strategy’s guiding principles, what policies might be included in a policy plan to create a fairer energy market for households in fuel poverty?

BEIS should consider how it will protect vulnerable and low-income customers once the temporary price cap is lifted. Consideration should be given to mandated social tariffs (see CFP webpage for responses to Ofgem’s Vulnerability consultation)¹⁷.

¹⁷ <https://www.gov.uk/government/organisations/committee-on-fuel-poverty>

22. What commitments, whether new or retained from the 2015 strategy, might supplement the policy plan in the updated strategy to create a fairer energy market for households in fuel poverty?

More work should be carried out to ensure that protocols are followed for changing credit to prepay functionality on smart meters to protect those likely to self-disconnect. The stated commitment of improving access to services provided by the energy market to those living in fuel poverty has not been fully delivered. The energy regulator has wider duties to all vulnerable customers not just those in fuel poverty and often relies on policies that can be implemented cost-effectively, but which does not link directly with the fuel poverty metrics ((see CFP webpage for responses to Ofgem’s Vulnerability consultation)¹⁸.

23. Keeping in mind the strategy’s guiding principles, what policies might be included in a policy plan to improve the evidence base on fuel poverty?

Evidence should not be based solely on statistical analysis and modelling of data based on household surveys. Evidence should continue to be sought from Ofgem’s analysis of how the energy market is working for customers and through qualitative research with practitioners and groups working directly with people in fuel poverty. Evidence from scheme beneficiaries is vital in understanding the impact of policies. Evaluating the health impacts of living in cold homes should continue to be progressed, as should calculating the financial benefits from improving household energy efficiency levels of fuel poor homes to the NHS and social care budgets.

24. What commitments, whether new or retained from the 2015 strategy, might supplement the policy plan in the updated strategy to improve the evidence base on fuel poverty?

BEIS rely on household surveys undertaken by the Department for Housing and Local Government with limited data collected. A review of the evidence from the English Housing Survey and how this could be improved should be undertaken.

25. Are existing arrangements sufficient to meet our commitments to review and scrutinise Government action on fuel poverty?

It is important that the conclusions of the review and scrutiny are acted upon. On current evidence the 2020 target, and beyond will be missed (CFP 2018 Annual Report). We remain concerned there remains insufficient investment and insufficient focusing of ECO, WHD and WFP programmes on fuel poor households. As a result, we do not see how the interim targets can be met unless extra funds are urgently injected.

¹⁸ <https://www.gov.uk/government/organisations/committee-on-fuel-poverty>

In June 2019 the committee wrote to Government requesting £1.08 billion Treasury-funded household energy efficiency programme '[Challenge Fund](#)'¹⁹ to run from April 2020 to April 2022. The fund would complement ECO3 and PRS MEES to fill the short-term gap to meet the fuel poverty 2020 milestone and accelerate progress towards the 2030 target. We remain convinced of the necessity of implementing this request.

The Annual Fuel Poverty Debate is an ineffective way of holding Government to account. The 'Debate' is actually a series of statements made by interested parties and does not highlight deficiencies or provide ideas of how to fill gaps. This 'Annual Debate' should be restructured in a way where there is a true debate and Government is held to account to deliver the milestones and target. The recent BEIS Select Committee review of 'Energy Efficiency – Building Toward Net Zero'²⁰ forms a possible basis for restructuring the Annual Debate.

26 *Do you have any further views or evidence on how the 2015 fuel poverty strategy should be updated?*

No

Committee on Fuel Poverty

Email: CFP Secretariat: cfp@beis.gov.uk

CFP Gov.uk webpage: <https://www.gov.uk/government/organisations/committee-on-fuel-poverty>

¹⁹ CFP's proposal for funding for a new Clean Growth Challenge Fund - <https://www.gov.uk/government/publications/committee-on-fuel-povertys-challenge-fund-proposal-for-the-period-2020-to-2022>

²⁰ BEIS Energy Efficiency Select Committee - <https://www.parliament.uk/business/committees/committees-a-z/commons-select/business-energy-industrial-strategy/news-parliament-2017/energy-efficiency-report-published-17-19/>