Committee on
Fuel Poverty

Tackling fuel poverty, reducing carbon emissions and keeping household bills down: tensions and synergies – a research report by the Centre for Sustainable Energy (CSE)

Key Points in response by the Committee on Fuel Poverty (CFP) – General

- The CFP welcomes the report, commissioned with input from the Committee on Climate Change (CCC).
- The aim was to identify whether existing Government policies could be adapted to more effectively meet the objectives of tackling fuel poverty and addressing climate change by reducing greenhouse gas emissions.
- The CFP led the steering group which oversaw the research which was carried out by CSE during 2017/18. The steering group included members from the CCC secretariat.
- The research has been helpful in identifying how realigning existing policies can have more effective outcomes, but it remains clear that to meet the Government's fuel poverty strategy milestones further new resources will be necessary.

Key Points in response by the CFP – Specific

- As is already well understood, energy efficiency can contribute to both sustainably reduced levels of fuel poverty and reducing greenhouse gas emissions. A key focus of the research was to consider whether poorly targeted income supplements and energy bill rebates could be more effective if used to supplement Energy Company Obligation (ECO) energy efficiency programmes. Although helpful to the recipients, the Winter Fuel Payments and Warm Homes Discount policies are poorly targeted at fuel poor households and do not assist many of those most in need. They also provide only short term assistance.
- The report highlights that a mixture of both financial help and improvements in dwellings are needed to address fuel poverty, but shows how the current policies are inefficiently weighted towards the former. A shift in balance would make greater inroads into reducing greenhouse gas emissions, lifetime fuel bills, and progress towards fuel poverty targets.
- Modelling shows that refocussing Winter Fuel Payments could increase the number of energy efficiency measures installed in the homes of people on low incomes from 3.2 million to 5.1million, with the consequent reduction in energy bills, CO2 and improved comfort. The overall number of fuel poor households would not reduce significantly, but the reallocation of resources could result in a drop of 98,000 in those households living in the deepest levels of fuel poverty in EPC Band F/G homes. The annual aggregate fuel poverty gap would reduce from £1.1 billion to £1 billion.

- Current policies rely heavily on using welfare benefits as a proxy for eligibility. The modelling work demonstrates how effective targeting can be enhanced by using other variables such as housing standards.
- There is an opportunity for the Government to use the learnings from this report to inform its consultation on Warm Homes Discount and ECO. However a cross -party political debate must be had to explore the refocussing of Winter Fuel Payments as modelled in the report.

David Blakemore, Chair of the CFP, said:

"The Government has set out clear milestones within its strategy to tackle fuel poverty. Through adjustments to existing policies and retargeting resources we can make a bigger impact: not just in addressing our social goals of helping those on the lowest incomes have more affordable energy and comfortable homes, but also in delivering climate change budget targets. There are £billions spent on both these objectives out of the public purse and via levies on energy bills. It is vital we see meaningful outcomes from this expenditure in line with Government policy goals."

Lord Deben, Chair of the CCC, said:

"This work shows that present spending on fuel poverty could be much better targeted. This would provide additional benefits in terms of reducing greenhouse gas emissions and comfort for a greater number of low-income households. We welcome the focus on long-term policy objectives as well as on the important call for clarity to the public on who pays, who benefits and why."