



Committee on Fuel Poverty

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Fourth Annual Report

2020

June 2020

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Executive Summary

This is the fourth 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 and provide independent, expert advice on Government's progress on the 2015 Fuel Poverty Strategy for England: Cutting the cost of keeping warm.

Fuel poverty exists across the country with the highest prevalence currently being in the East and West Midlands, the North West and London. There are currently 2.4 million households in fuel poverty representing 10.3% of all households. Of these, by tenure, 51% are owner occupied; 34% are in the private rented sector; and 15% in social housing.

The 2015 Fuel Poverty Strategy sets out a plan to meet Government's statutory fuel poverty target for 'as many fuel poor households as is reasonably practicable' to achieve a minimum Fuel Poverty Energy Efficiency Rating of a Band C by 2030. Based on research by the Committee on Climate Change, we estimate £19.8 billion is required to deliver the 2030 target and recommend Government develops and publishes its own estimate of required funding.

The Fuel Poverty Strategy also contains two interim milestones: a minimum of Band E by 2020 and Band D by 2025. We forecast that as a result of previous governments not targeting available budgets on delivering the milestone, out of the 292,000 fuel poor Band F and Band G homes at the start of the strategy, 120,000 will fail to achieve Band E by 2020 and therefore we forecast that the first milestone will be missed.

In this report, we provide an analysis of the reasons for this, and in our recommendations we include the learnings for future actions. Without additional funding and new programmes we forecast that the 2025 milestone and 2030 target will also be missed.

This report is made against the backdrop of important developments since our third annual report namely, government's commitment to a net zero economy by 2050, and the Covid-19 pandemic and related Government response.

Managing Covid-19 is one of the largest health and economic challenges that the UK has ever faced and the resultant negative economic impact is being felt hardest by those on low incomes. We have therefore framed our advice in a way that acknowledges stretched public

finances, assists in stimulating the much-needed economic recovery through creating skilled jobs across the country, and contributes towards cost-effectively lowering carbon emissions over the longer term.

We continue to recommend that the first source of funding to deliver the 2030 target is to make better use of the £2.5 billion per year budgets of the existing Fuel Poverty Strategy programmes (Winter Fuel Payment, Warm Home Discount and Energy Company Obligation).

Currently less than 15% of the £2.5 billion per year is received as assistance by fuel poor households. Only circa 20% of the total budget is spent on energy efficiency measures with the balance assisting recipients to pay their fuel bills. We have and continue to recommend both increasing the percentage of budget spent on energy efficiency and the amount of assistance received by fuel poor households.

In the short term, priorities are to:

- help assist the fuel poor and low income families to manage the immediate impact of Covid-19 pandemic on their finances;
- upgrade as many as is reasonably practicable of the remaining fuel poor Bands F and Band G homes; and
- accelerate progress towards the 2025 milestone.

We recommend that Government:

- Amend the Warm Home Discount scheme to be more focused on providing automatic energy bill discounts to fuel poor households; and
- Announce funds in the Comprehensive Spending Review or earlier for the £2.5 billion Home Upgrade Grant which is part of the £9.3 billion new public funding trailed in the Queen's Speech for energy efficiency.

Implementing the Home Upgrade Grant (HUG) would also assist existing energy efficiency businesses to create jobs and enable them to scale up quickly and start to rebalance the regional economies, and help work towards addressing this underinvestment.

In the medium term, to deliver the 2025 Band D milestone and make faster progress towards the 2030 Band C target,

We recommend that Government:

- Ensures that delivery of the Fuel Poverty Strategy Band C target should become an integral part of Government's net zero commitment.
- Approve new programmes to implement the ambitions for improving household energy efficiency as outlined in the 2017 Clean Growth Strategy:
 - As a successor to the Energy Company Obligation, introduce a Home Energy Efficiency Programme from 2022 to 2028 mainly focused on owner occupied fuel poor homes.
 - Extend the Private Rented Sector Minimum Energy Efficiency Standards and adjust the landlord's cost cap to achieve a minimum of Band D in 2025 and Band C in 2030. We also recommend actions to ensure robust enforcement.
 - Improve the energy efficiency levels of social housing to a minimum of Band C by 2030, prioritising fuel poor households, by approving the £3.8 billion Social Housing Decarbonisation Fund which is also part of the £9.3 billion new public funding trailed in the Queen's Speech for energy efficiency upgrades.

We also recommend that Government:

- Extend the Warm Home Discount programme from 2022 to 2025 and improve its focus on fuel poor households.

We demonstrate, in this report, how utilising the 2018 Data Sharing Regulations combined with advanced statistics/machine learning could significantly assist in cost-effectively focusing programmes on those most in need, and help to move away from an over-dependency on using welfare benefits as a proxy for fuel poor households. Research (May 2020) commissioned by the CFP into the use of advanced statistics/machine learning in Government programmes identified no major barriers and a potential £100 million NPV benefit to improving the level of targeting fuel poor households for ECO successor programme which would commence in 2022.

We therefore recommend:

- BEIS should pursue their current work with urgency to produce a new machine learning tool to better identify fuel poor households and utilise the improved ability to target fuel poor homes for assistance in the 2022 Home Energy Efficiency Programme.
- In parallel, the machine learning tool should be applied to improve the targeting efficiency of the Warm Home Discount programme.

In the longer term, to further accelerate progress towards the 2030 Band C Milestone, action must be taken to close our estimated funding gap of £7.0 billion that remains after implementing our recommendations above. This can be achieved by switching existing budgets away from assisting high income pensioner households to pay their fuel costs.

We recommend that Government:

- Re-focus the Winter Fuel Payment budget to help those most in need to pay their energy bills and use the balance of funds (circa £0.8 billion per year) to upgrade the energy efficiency levels of fuel poor homes.

If a full revision of the Winter Fuel Payment is not achievable, as an alternative, we recommend that Government:

- Make the Winter Fuel Payment a taxable benefit and use the resultant income tax collected to fund energy efficiency measures in fuel poor homes.

The Covid-19 pandemic has shone a light on the measurement of the UK mortality rates. Covid-19 related deaths have become a focus of daily updates to the public. Government is taking incredible steps to control the number of deaths occurring from Covid-19 and this is understandable. However, the fact that in normal years there are on average around 30,000 excess winter deaths has not received the same level of attention¹. It is estimated that “excess winter deaths in the coldest quarter of housing are almost three times as high as in the warmest quarter with 21.5% of all excess winter deaths attributable to the coldest quarter of housing”².

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, as well as the Department for Work and Pensions who provide support through income supplementary benefits (Winter Fuel Payments and Cold Weather Payments). It also contributes to long term conditions which typically incur a threefold increase in the cost of care.

Even when the worst of the Covid-19 pandemic is over, there will be long-lasting impacts on the level of demand on both the NHS and social services. In our previous annual report, we emphasised that delivering the Fuel Poverty Strategy should be seen in a broader context than

¹ WHO (2011) (Environmental burden of disease associated with inadequate housing: Methods for quantifying health impacts of selected housing risks in the WHO European Region) (page 88):

http://www.euro.who.int/_data/assets/pdf_file/0003/142077/e95004.pdf

² Data sources to support local services tackling health risks of cold homes:

<https://www.gov.uk/government/publications/health-risks-of-cold-homes-data-sources>

one of cold homes and high fuel bills, and we have called for a much closer cooperation with health and social care in tackling fuel poverty. We hope that Covid-19 focus on excess deaths will stimulate the necessary action to avoid the annual preventable deaths and comorbidities arising from people living in cold damp homes.

We recommend that Government:

Improves the utilisation of current planning and investment tools (such as the NHS Long Term Plan, local Health Inequalities Commissioning Plans, Better Care Fund Guidance, Health and Wellbeing Boards winter resilience duties), to reduce the number of excess winter deaths and long term health conditions that are related to living in cold homes.

As part of the transition to net zero, we also wish to ensure that the fuel poor are protected from any fuel cost increases which may result from a switch away from heating homes with lower cost gas and heating oil to potentially higher cost, zero carbon solutions. The fundamental concept of the 2015 Fuel Poverty Strategy is that fuel poor households will benefit from improved energy efficiency by being able to afford to heat their homes to reasonable levels. We need to ensure that this benefit is retained.

We recommend that Government:

Ensures measures for a just transition for low income and fuel poor households are included in the Heat Decarbonisation Strategy when it is published.

In 2019 the Government opened a consultation on updating its Fuel Poverty Strategy. This included the use of a new metric (Low Income Low Energy Efficiency) to measure progress in reducing the number of fuel poor households. We are broadly supportive of this proposal and comment on this in Annex C. We believe that the recommendations made in this report will still be valid for the short to medium term even if the new metric is adopted in a revised Fuel Poverty Strategy.

We welcome this Government's stated commitment to tackling fuel poverty. By providing much-needed immediate and longer-term funding to deliver its new Fuel Poverty Strategy, it will also help regenerate and rebalance the economy through providing skilled jobs across the country. It will also result in reducing carbon and creating better health outcomes.

We recommend that Government act on this report.

Part One Overview

The 2015 Fuel Poverty Strategy for England: Cutting the Cost of Keeping Warm³, has a legally binding 2030 target to upgrade ‘as many as is reasonably practicable’ fuel poor homes to the fuel poverty energy efficiency rating (FPEER)⁴ Band C. It has two intermediate milestones to upgrade as many as is reasonably practicable to a minimum of Band E by 2020 and Band D by 2025. To define a household as fuel poor, the Strategy uses a definition of:

- **High Cost** – households have required fuel costs that are above the national median level; and
- **Low Income** – ‘Income’ is defined as Adjusted After Housing Cost income. This is the household income after deducting mortgage, rent and council tax and then adjusted for the number and age of householders (i.e. the higher the number of householders, the higher the required income). ‘Low’ means that were the household to spend the required fuel cost, they would be left with a residual Adjusted After Housing Cost income which is below the poverty line (60% of the national median level).

In shorthand, this is termed ‘**Low Income**’ and ‘**High Cost (LIHC)**’. Where we refer to ‘income’ in this report, this is shorthand for Adjusted After Housing Cost income. The Low Income threshold is currently £13,925 per annum + required fuel costs, and the High Cost threshold is £1,181 for annual household energy bills.

At the time of publication of the Fuel Poverty Strategy in early 2015, the most up to date fuel poverty statistics were those published in 2014 (which, due to a two year lag on data, showed the actual position in 2012)⁵. We therefore take these statistics published in 2014 as a base from which to measure progress towards the milestones and target.

Since publication of the Fuel Poverty Strategy in 2015, the number of households in fuel poverty has ranged between 2.3 and 2.5 million. Fuel poverty exists across England with the highest prevalence currently being in the East and West Midlands, the North West, and London (Figure 1). The latest BEIS statistics show there are 2.4 million households in fuel poverty representing 10.3% of all households. 51% are owner occupied tenure with 34% in the private rented sector and 15% in social housing.

³ Fuel Poverty for England: cutting the costs of keeping warm, 2015:

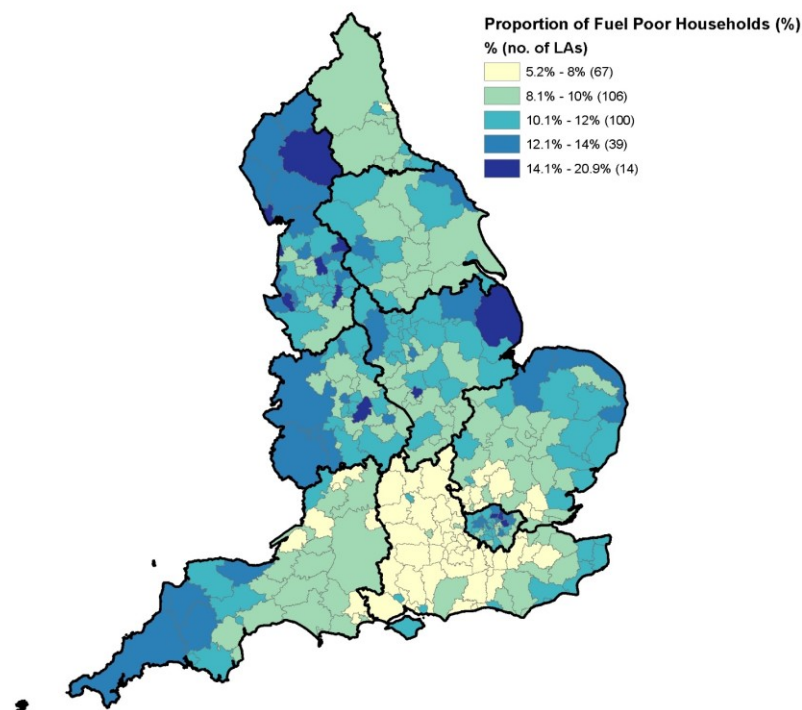
<https://www.gov.uk/government/publications/cutting-the-cost-of-keeping-warm>

⁴ As measured by the Fuel poverty Energy Efficiency Rating (FPEER) system. FPEER is a measure of the energy efficiency of a property based on the Standard Assessment Procedure (SAP) but accounts for policies that directly affect the cost of energy i.e. rebates on heating such as Warm Home Discounts.

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/332236/fpeer_methodology.pdf

⁵ Fuel Poverty Statistics: <https://www.gov.uk/government/collections/fuel-poverty-statistics#2018-statistics>

Figure 1: Map of proportion of Fuel Poor Households (%) in local authorities



Source: Fuel Poverty Statistics: (data 2018)

Government has not published an estimate of the costs to deliver the 2030 Band C target, but our cost estimations continue to be based on a 2014 report commissioned by the Committee on Climate Change - Centre for Sustainable Energy⁶ - *Meeting the proposed fuel poverty Milestones* (Table 1):

Table 1: Meeting the fuel poverty milestones and target

	£ billions
2020 Band E Milestone	1.8
2025 Band D Milestone	5.6
2030 Band C Target	12.4
Total	19.8

⁶ Centre for Sustainable Energy - Meeting the proposed fuel poverty targets, November 2014:
https://www.theccc.org.uk/wp-content/uploads/2014/11/CCC_ModellingProposedFuelPovertyTargets_FinalReport_Nov2014.pdf

In this report **we forecast that the 2020 milestone will be missed** and show that **little progress** is being made towards the legally binding 2030 target. Without approval of new funding streams and new regulations, we forecast that the 2025 milestone and the **2030 target will also be missed**.

The largest budget of programmes to tackle fuel poverty is for the Winter Fuel Payment (WFP) which applies across the UK. The other two main programmes to tackle fuel poverty are the Energy Company Obligation (ECO) and Warm Home Discount (WHD), which are paid for via energy consumers, and are mandated by Government in regulations, on the basis of which, Ofgem sets the detailed rules which apply across Great Britain. The budgets quoted in this report are for these programmes and are estimates of the programme spends within England.

In order to provide clarity for owners of properties on what costs they can expect to incur, and to build the confidence in the energy efficiency supply chain, and to stimulate innovation:

1.1 Recommendation: Development of a cost estimate for delivering the Fuel Poverty Strategy 2030 target

Recommendation 1: BEIS develops a cost estimate for delivering the Fuel Poverty Strategy and puts in place a set of multi-year programmes to deliver the legally binding 2030 target.

1.2 Trends in the numbers of households in fuel poverty

We track the progress towards the milestones and the 2030 target and trends in numbers of fuel poor households, starting with the statistics available in the year in which the Fuel Poverty Strategy was published. These were the BEIS Statistics published in June 2014⁷. The latest BEIS Statistics were published on 30th April 2020. We are mainly focused on the progress towards achieving the milestones and target and accept, that as the measure of fuel poverty is a relative measure, the numbers of households in fuel poverty are affected by many variables and will not fall significantly until the Band C target is achieved.

The latest statistics show (Figure 2) that the number of households in fuel poverty has broken its upwards trend⁸. The percentage of households in fuel poverty has fallen to 10.3% for the first time. However, the Covid-19 economic downturn will threaten to reverse this downward trend in future statistics.

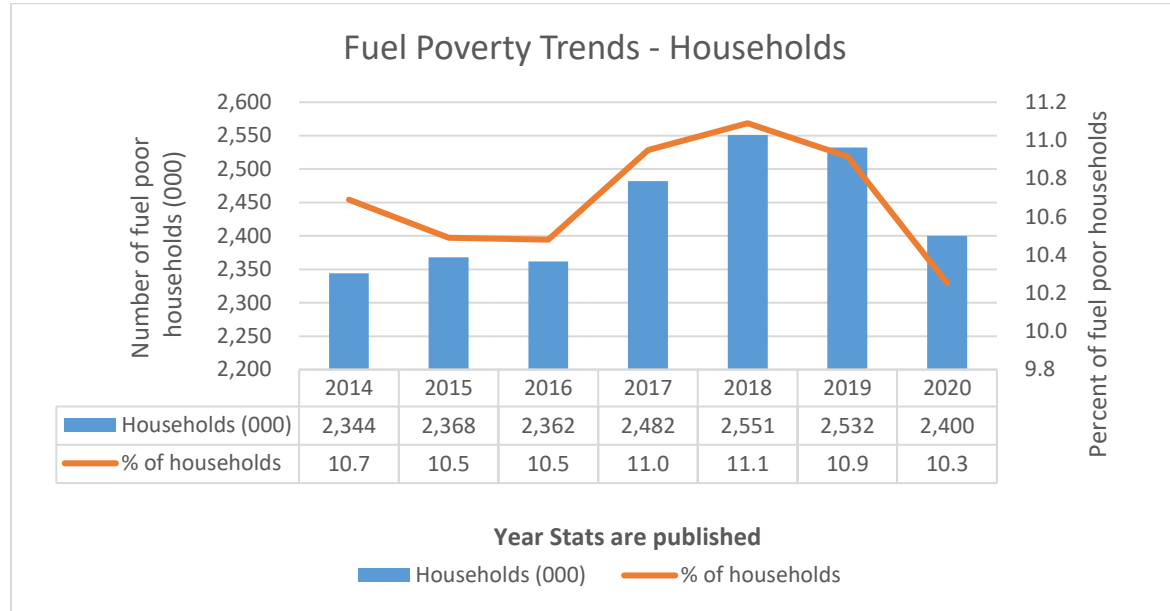
The main reasons given by BEIS for the decrease in the number of households in fuel poverty are that the energy costs of the fuel poor have increased at a slower rate than average (due to the introduction of a prepayment price cap) and that the incomes of low income households

⁷ Fuel Poverty Statistics: <https://www.gov.uk/government/collections/fuel-poverty-statistics>

⁸ Fuel Poverty Statistics: <https://www.gov.uk/government/collections/fuel-poverty-statistics#2018-statistics>

have risen more quickly than average (due to the increased minimum wage). It is not clear what impact the freeze on welfare benefits has had and which has just been lifted.

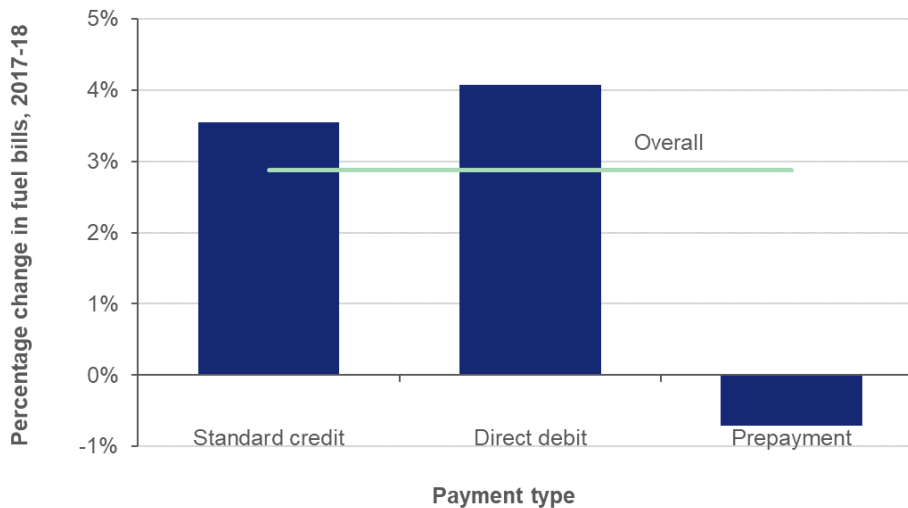
Figure 2 Fuel Poverty Trends – Households



Source: Fuel Poverty Statistics: Data 2018

The prepayment price cap has benefited fuel poor households more than the average householder, as a higher percentage of the fuel poor pay by pre-payment meter as compared with the national average. Conversely, some households who do not pay by pre-payment meters may have dropped into fuel poverty, as their energy bills have increased (see Figure 3).

Figure 3 Average prepayment domestic gas and electricity bill decreased 2017 and 2018

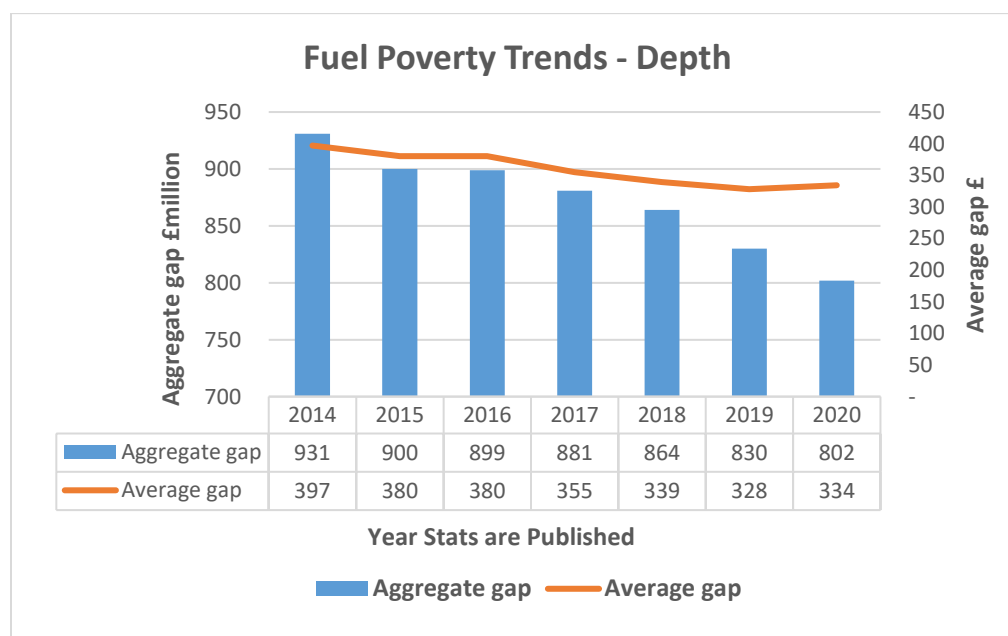


Source: Fuel Poverty Statistics: Data 2018

1.3 Trends in the depth of fuel poverty

Progress is being made on reducing the depth of fuel poverty (Figure 4). The aggregate fuel poverty gap which measures the overall depth of fuel poverty has reduced by 14% over the past 6 years. The average gap which measures the amount that the average fuel poor household would need to pay for their energy needs above the national median, has reduced by 16% over the past 6 years. This is encouraging albeit the average gap has increased this year.

Figure 4 Fuel Poverty Trends – Depth



Source: Fuel Poverty Statistics: Data 2018

1.4 Progress towards 2020 and 2025 milestones and 2030 target

- We forecast that the 2020 Band E milestone will be missed.
- Initial good progress towards the 2025 Band D milestone has stalled.
- Slow progress is being made towards the 2030 Band C target.
- Without additional funding and new regulations, we forecast that the 2025 milestone and 2030 target will be missed.

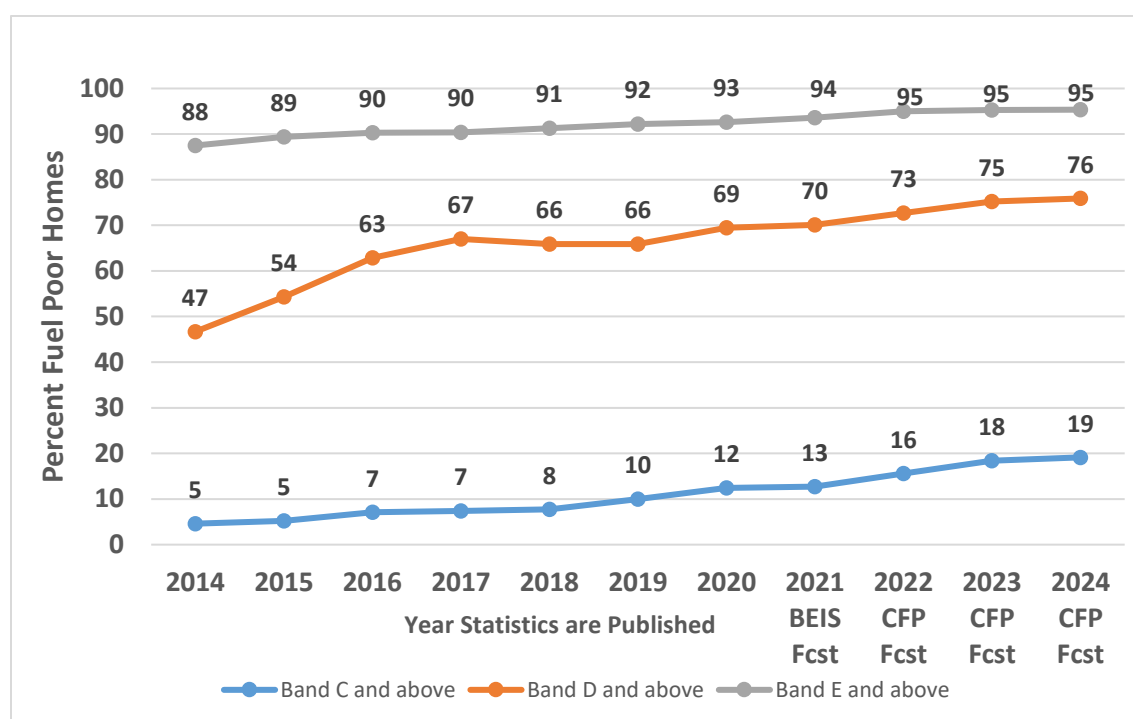
To track progress towards the milestones and the target, we take the year that the statistics are published. For example, we will measure success for achieving the 2020 milestone against the statistics published in 2020 (2018 data). The published statistics normally also contain a projection of progress towards the 2020 and 2025 milestones and 2030 target for two future years. However, in the recently published statistics, a projection is only shown for one year (2019). This is because the impact of the Covid-19 economic downturn on the fuel poverty

statistics was considered too difficult to predict for a 2020 forecast. The BEIS projection for 2019 includes the actual/estimated impact that the current Energy Company Obligation programme (ECO3) and Private Rented Sector Minimum Energy Efficiency Standards (PRS MEES) programmes will have in that year.

We have added our own projections for the following three years to show what we expect will be the full impact of the PRS MEES, which came into effect for all tenancies including new tenancies from April 2020, and ECO3 which completes in March 2022 (Figure 5).

We accept that our projection ignores the future impact of other economic variables (incomes, fuel costs, etc.) which will also impact progress, but these other factors are largely outside the control of the Fuel Poverty Strategy.

Figure 5 CFP's Projected Progress Towards Milestones and Target 2019-2024



1.5 2020 Milestone

The 2020 statistics (2018 data) report shows that there were still 7% (177,000) Band F and Band G homes in 2018 as compared to 12.3% (292,000) at the start of the strategy. We forecast that the full impact of ECO3 and PRS MEES will reduce this to 5% (120,000), assuming no lengthy hiatus in energy efficiency installations due to Covid-19 restrictions. Fuel poor households living in Bands F and G properties suffer some of the extreme levels of fuel poverty with annual fuel needs costing nearly £1,100 more than the national median.

Total funds on Fuel Poverty Strategy related programmes over the period 2015 to 2020 (Winter Fuel Payment (WFP), Warm Home Discount (WHD) and Energy Company Obligation (ECO)) will be over £15 billion, whereas we calculated that only £1.8 billion was required to achieve the 2020 milestone. However, available funds have not been sufficiently focused on helping fuel poor households and, in particular, on upgrading Bands F and Band G fuel poor homes.

An additional cause, we forecast, for missing the 2020 milestone was the ambition to upgrade Private Rented Sector (PRS) homes to a minimum of Band E by 2020 via the PRS MEES, was reduced from 70% of PRS properties when the regulations were first introduced, down to 48% when the regulation was amended. Additionally, there has been limited action by local authorities to enforce these standards (see Annex A - reasons why we forecast that the 2020 milestone will be missed).

We forecast that the 2020 milestone will not be achieved. As many as is reasonably practicable fuel poor Band F and Band G homes will not have been upgraded to Band E by 2020.

In our third annual report⁹, we forecast that the 2020 milestone would be missed as 160,000 Bands F and G homes would not have been upgraded to Band E. The lower figure of 120,000 that we are now predicting in this report is mainly due to using data from the final Impact Assessment for the PRS MEES, versus the consultation stage Impact Assessment. PRS MEES is now forecast to upgrade 48% of PRS Bands F and G properties to Band E versus the consultation which only forecast 30% for the same £3,500 landlords' cost cap.

1.6 2025 Milestone

We forecast that currently approved programmes will only upgrade around 55% of the fuel poor in Bands G, F and E homes to Band D. **Unless new programmes are approved, we forecast that the 2025 milestone will be missed.**

1.7 2030 Milestone

Progress to upgrade fuel poor homes to Band C or above continues to be slow. **Achieving this target will require substantial new commitments to be made.**

1.8 Lessons Learnt from our forecast that the 2020 Milestone will be missed

Previous governments did not adequately apply the Fuel Poverty Strategy guiding principles to revise the design of the Winter Fuel Payment, Warm Home Discount and Energy Company Obligation programmes:

⁹ CFP's Third Annual Report, 2018: <https://www.gov.uk/government/publications/committee-on-fuel-poverty-annual-report-2018>

- *Prioritisation of the most severely fuel poor*
- *Supporting the fuel poor with cost-effective policies*
- *Reflecting vulnerability in policy decisions*

Of the circa £2.5 billion per year budgets for these programmes, less than 15% are aimed at fuel poor households:

- Over 70% of the budgets provide benefits to pensioners who have on average double the after tax and housing cost income levels than fuel poor households.
- About 80% of the budget is spent supporting households to pay their energy bills and only 20% used to improve the energy efficiency of homes.
- There is an over-dependence on using means-tested welfare benefits receipt as a proxy to identify fuel poor households for eligibility under ECO and WHD. The BEIS fuel poverty statistics indicates that only 47% of fuel poor households are in receipt of means tested welfare benefits⁸ (see BEIS Statistics (2018 data) - Table 36).
- Insufficient progress was made to identify fuel poor households by using the 2018 Data Sharing Regulations to access wider non-benefits data sources across Government.
- Over-dependence on the use of benefits leads to certain people automatically becoming eligible for multiple sources of assistance (e.g. some non-fuel poor pensioners receive WFP, WHD and are also eligible for ECO) – so called ‘stacking of benefits’.
- Funding was cut from £740 million per year to £550 million per year in 2017 for the only programme (the Energy Company Obligation) that installed energy efficiency measures in homes (budget for this programme was £1.1b in 2012). The focus on fuel poor homes was only increased from circa 10% to circa 30% and the focus on fuel poor Bands F and G homes was minimal.

The ambition of previous governments to raise the energy efficiency levels of private rented Bands F and G properties to a minimum of Band E by 2020 was diluted from 70% of properties when the PRS MEES regulations were introduced down to 48%¹⁰. This occurred when the regulations were changed to oblige landlords to pay for the upgrade, versus tenants. Landlords’ adherence to the regulation is also not being adequately enforced, thereby reducing even further the number of households likely to benefit from this legislation.

Detailed analysis is at Annex A.

¹⁰ PRS MEES Impact Assessment 2018: <https://www.gov.uk/government/consultations/domestic-private-rented-sector-minimum-level-of-energy-efficiency>

Part Two Recommendations to meet the Fuel Poverty Target

Guiding Principles used for recommendations to deliver the 2025 milestone and 2030 target

2.1 CFP's recommendations follow the guiding principles

When developing recommendations on how to deliver the Fuel Poverty Strategy, we apply the lessons learnt from our forecast that the 2020 milestone will be missed (Annex A) and the following Fuel Poverty Strategy guiding principles:

The Fuel Poverty Strategy contained guiding principles which should underpin Government's decisions on actions 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, including nutrition, which leads to exacerbation of health inequalities.
- **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.

In addition, we apply our own guiding principles:

- **Optimise the use of existing Government programmes before requesting new funds.** Current budgets (totalling £2.5 billion per year) for the WHD, WFP and ECO programmes should be better focused on helping fuel poor householders, before new funding streams are requested.
- **Landlords should fund the required energy efficiency upgrades of their properties.** 34% of fuel poor homes are in the private rented sector and 15% in social housing. We believe that tenants have a right to live in properties that are affordable to heat and are free from damp and mould. As landlords will benefit financially from an increase in the value of their properties resulting from higher energy efficiency levels¹¹, landlords should pay to make their properties energy efficient.

¹¹ Non-domestic Private Rented Sector consultation January 2020:

<https://www.gov.uk/government/consultations/non-domestic-private-rented-sector-minimum-energy-efficiency-standards-future-trajectory-to-2030>

Immediate action to address Covid-19 impact on fuel poor and the forecast shortfall in meeting the 2020 milestone

2.2 Recommendation: Amend Warm Home Discount

To assist low income and fuel poor families to manage the immediate impacts of Covid-19:

Recommendation 2: We recommend immediate action be taken using the proxy of Cold Weather Payments eligibility to widen the automatic entitlement for Warm Home Discount to include low income families in or at risk of fuel poverty.

Since the start of Government's response to the Covid-19 pandemic, the energy supply companies have reported a rise in the number of households in debt and unable to pay ongoing bills. While summer will bring respite on many fronts, unfortunately winter 2020/21 will still see many low-income households unable to access modern standards of comfort, even if, by then, their normal levels of income are restored.

We have therefore written to BEIS Minister for Business, Energy and Clean Growth, to recommend that immediate action be taken by Government to refocus the Warm Home Discount programme (WHD) to help reduce the fuel bills of more than 1 million fuel poor households with children, many of whom are negatively impacted by the current Covid-19 crisis. Currently, only about 20% of the circa 1.8 million WHD recipients are fuel poor.

Given the shortage of time to redesign the programme, we believe that using the current proxy of Cold Weather Payment (CWP) eligibility (Pension Credit, Income Support, income-based Jobseeker's Allowance, income-related Employment and Support Allowance, Universal Credit, Support for Mortgage Interest) would provide a means by which to direct the WHD quickly and effectively and raise its targeting efficiency of the fuel poor. Emergency mechanisms have already been used in the Covid-19 Government response to ensure assistance is quickly provided to people in need. Government should use these emergency mechanisms, if it is not feasible to make changes, in the short term, to statutory instruments that govern the programme.

If, as recommended, the WHD programme is amended for Winter 2020/21, it seems sensible to also utilise the amended programme for Winter 2021/22 and thereby bring future WHD amendments in line with the successor programme to ECO3 which would commence in 2022. This would provide the opportunity to consult on both schemes together and potentially better align the schemes to make them more cost effective and efficient.

2.3 Recommendation: Approve funding £2.5 billion Home Upgrade Grant

Recommendation 3: Announce funds in the forthcoming Comprehensive Spending Review or earlier, for the £2.5 billion Home Upgrade Grant (HUG) which is part of the £9.3 billion new public funding trailed in the Queen's Speech for energy efficiency. This would provide funds to upgrade the remaining fuel poor Bands F and G homes to Band E and help meet the 2025 Band D milestone.

Based on our projections for progress towards the milestones and targets (see Figure 5), we estimate that the residual funding required to deliver the 2020 Band E milestone is £0.7 billion. Compared to our third annual report, the funding gap for the 2020 milestone has reduced by £0.3 billion. The main reason for this is that we use the final Impact Assessment for the PRS MEES in this report, versus the consultation stage Impact Assessment in our previous report.

The PRS MEES consultation document only forecast that 30% of PRS Bands F and G properties will be upgraded to Band E for a £3,500 landlords' cap whereas in the final Impact Assessment this increased to 48%. Our projection assumes full compliance with the regulations. In our previous annual report, we estimated that we would need new capital programmes to provide £1.8 billion of funding to achieve the 2025 milestone. This has dropped to £1.3 billion in this report, partly as a result of using the final Impact Assessment for the ECO3 programme, versus the consultation stage Impact Assessment in our third annual report.

We were delighted to read in the Government's briefing published alongside the Queen's Speech (19 December 2019), proposals to invest £9.2 billion in the energy efficiency of homes, schools and hospitals. We are aware that the Costings Document published alongside the Conservative Manifesto indicated a £2.5 billion Home Upgrade Grant programme to upgrade the energy efficiency levels of homes.

We expect this commitment will be honoured and will be announced in the forthcoming Comprehensive Spending Review or earlier. Based on an assumption that it will be possible to target 80% of HUG at fuel poor homes, this would provide an estimated £2 billion of funding (Table 2). It is imperative that the HUG is approved this year, as £0.7 billion funds are urgently needed to upgrade *as many as is reasonably practicable* of the forecast residual 120,000 Bands F and G fuel poor homes to Band E.

Table 2: CFP's Estimates for utilising HUG funding

£ billion	2020 Band E Milestone	2025 Band D Milestone	2030 Band C Target	Total
Baseline Cost	1.8	5.6	12.4	19.8
Progress based on BEIS projection	0.9	2.5	1.1	4.5
Progress based on completion of ECO3 and PRS MEES	0.2	0.6	0.8	1.6
Balance of Funding Requirement	0.7	2.5	10.5	13.7
Home Upgrade Grant	0.7	1.3	0.0	2.0
Balance of Funding Requirement	0.0	1.2	10.5	11.7

Background work by the Committee leading to HUG

The HUG proposal stems from work carried out by us in conjunction with BEIS in 2018/19. This was subject to informal consultation with stakeholders who supported the need for new public funding to ensure the Fuel Poverty Strategy milestones and goals could be met. This new funding will also help to re-align Government support for fuel poverty linked energy efficiency measures in England to that in the devolved governments.

Funding for the Warm Front energy efficiency and advice scheme in England ended in 2013, and in our third annual report, we recommended a £2.8 billion 'Clean Growth Fuel Poverty Challenge Fund' to fill the predicted funding shortfall to achieve the 2020 and 2025 milestones. We followed this with a more detailed proposal, *CFP's Proposal for a Clean Growth Challenge Fund*¹². BEIS officials developed the Committee's thinking to create the outline for the HUG.

We recommend HUG retains the original four objectives we set out in our initial proposal to:

- **Address** the shortfall in funding to meet the 2020 and 2025 Fuel Poverty Strategy milestones and reduce the fuel poverty gap for those facing the highest energy costs.
- **Meet** the ambition of the Clean Growth Strategy by identifying options for successor programmes to ECO3 beyond 2022 when existing regulations end.
- **Test** new data sharing powers enabled by the Digital Economy Act Regulations.
- **Introduce** innovative technologies and approaches to delivery methods to secure supply chains for whole house solutions and unlock investment from different parties by attracting funds into HUG.

¹² CFP proposal for a Clean Growth Challenge Fund: <https://www.gov.uk/government/publications/committee-on-fuel-povertys-challenge-fund-proposal-for-the-period-2020-to-2022>

Approval of HUG will also help stimulate local economies impacted by Covid-19 where high levels of fuel poverty remain. It is imperative that mechanisms are found to front load delivery of HUG as part of an immediate economic growth stimulus programme, and to also enable lessons to be learnt for longer term energy efficiency programmes. The current energy efficiency supply chain has been badly affected by the Covid-19 lockdown and needs stimulation. Wider outcomes also include supporting the 'levelling up' agenda with many northern locations worst affected by fuel poverty.

We propose that HUG would be administered by a national scheme manager on behalf of BEIS (to be selected by open tender), who would also commission a monitoring and evaluation service. Funding would be awarded to consortia/partnerships, who are able to bring together interested parties and help drive and coordinate activities within their localities. Criteria for funding would be based on clear expected outcomes.

The primary focus of HUG should be on improving the energy efficiency levels of Bands G, F or E owner occupied fuel poor homes. However, we suggest that up to 20% of HUG funds are made accessible to private landlords who provide accommodation in Bands G, F and E rated homes. Over 40% of the 462,000 PRS homes in Bands G, F and E are rented to fuel poor households and they have high fuel poverty gaps. The PRS MEES is only expected to upgrade 48% of Bands F and G PRS properties to Band E and the ambition levels of any extension of the PRS MEES to Bands D and C are unknown. Without HUG funding, this could leave many fuel poor households continuing to live in highly energy inefficient PRS homes.

Support from HUG for private rented sector properties could be in the form of 'match funding'. For example, once the landlord has fulfilled their obligation to invest up to £3,500 under the current PRS MEES (or the cap of any extension of the regulations), HUG will then provide match funding (i.e. landlord's £1 invested above the cap would be matched by £1 from HUG) up to a maximum HUG contribution of £5,000 per property to upgrade the property's energy efficiency rating up to the target level.

Although in theory you could argue that HUG matched funds should allow landlords to improve energy efficiency levels above target levels (e.g. straight to Band C), 20% of HUG funds would quickly be spent on a relatively small number of PRS properties and therefore we would advise against this. Furthermore, it would be difficult to prevent landlords from using HUG funds to avoid future spending on a cost cap to get from D to C under any extension of PRS MEES.

We support designing HUG to enable it to attract funding from other sources to supplement its budget. However, we do not advocate allowing ECO (or its successor programme) to attract HUG funds, as this would dilute the focus of HUG on fuel poor homes.

Actions to achieve 2025 milestone and accelerate progress towards 2030 target

2.4 Recommendation: Strategic alignment of programmes to deliver the 2025 milestone and 2030 target as part of the net zero commitment

Recommendation 4: Programmes to deliver the Fuel Poverty Strategy 2025 milestone and 2030 target should become an integral part of delivering the net zero commitment and should be prioritised based on the principle of “prioritisation of the most severely fuel poor”.

In our October 2019 interim report¹³, we recommended that targets to reduce levels of fuel poverty should be seen within the context of net zero and should now be viewed as forming a subset of the overall net zero plan. Given 10.3% of households in England are in fuel poverty, delivering the Fuel Poverty Strategy energy efficiency measures should be seen as an important part of the move to lowering greenhouse gas emissions from homes.

Under net zero, improving the energy efficiency levels of fuel poor homes should be prioritised, using the principle of “*prioritisation of the most severely fuel poor*”. In addition to reducing greenhouse gas emissions, this will also have beneficial impacts of improving the health and wellbeing of fuel poor householders and assisting in protecting them against any increases in energy prices caused by the need to decarbonise the energy system.

Under the net zero commitment, the focus of delivering the Fuel Poverty Strategy needs to be shifted from improving energy efficiency levels at the lowest cost, to one that focuses on future-proofing fuel poor homes so that they can subsequently be adapted to become the low carbon ready homes in the future.

The Government’s Heat and Buildings Strategy, expected in the autumn, must highlight pathways and mechanisms to support fuel poor households to the transition to decarbonised home heating. If the cost of delivering the Fuel Poverty Strategy is increased as a result of Government introducing new statutory targets (e.g. a commitment to deliver net zero), then in our opinion, additional funds should be provided. A requirement to provide such additional funding could be interpreted in the Warm Homes and Energy Conservation Act 2000 Section 3b¹⁴. It is important that the concept of the original 2015 strategy is not lost (i.e. that fuel poor householders should see a significant reduction in the cost of their fuel needs, resulting from improved energy efficiency, and will thereby be able to afford to heat their homes to reasonable levels). See Annex B for further details.

¹³ Committee on Fuel Poverty: Interim Report October 2019:

<https://www.gov.uk/government/publications/committee-on-fuel-poverty-interim-report-october-2019>

¹⁴ Warm Homes and Energy Conservation Act 2000: <https://www.legislation.gov.uk/ukpga/2000/31/contents>

2.5 Recommendation: Approve the Home Energy Efficiency Programme 2022 to 2028

Recommendation 5: Implement the Clean Growth Strategy ambition for a Home Energy Efficiency Programme from 2022 to 2028, with a budget at least at the level of ECO3 and focus at least 50% of its budget on Band E and Band D fuel poor homes.

We welcomed the October 2017 publication of the government's Clean Growth Strategy¹⁵, (CGS) as it included an ambition for a Home Energy Efficiency Programme (HEEP) which would extend to 2028 at a level of spend at least at the current level of ECO. The Committee believes that it is imperative to ensure there is no hiatus between the current ECO3 scheme which ends in March 2022 and HEEP, and that early consultation should be carried out for HEEP and regulation changes then put in place to allow for an easy transition.

As shown below (Table 3), we estimate that after completion of the PRS MEES in 2020, the ECO3 programme in 2022, and the proposed Home Upgrade Grant, the funding shortfall to meet the 2025 milestone is £1.2 billion. Introducing HEEP in 2022 and targeting it with an efficiency of at least 50% on fuel poor homes will provide an estimated £0.6 billion towards the 2025 milestone and further £1.0 billion towards the 2030 target.

Table 3 CFP's Estimates for current and projected HUG and HEEP funding

£ billion	2020 Band E Milestone	2025 Band D Milestone	2030 Band C Target	Total
Baseline Cost	1.8	5.6	12.4	19.8
Progress based on BEIS projection	0.9	2.5	1.1	4.5
Progress based on completion of ECO3 and PRS MEES	0.2	0.6	0.8	1.6
Home Upgrade Grant	0.7	1.3	0.0	2.0
Balance of Funding Requirement	0.0	1.2	10.5	11.7
Home Energy Efficiency Programme	0.0	0.6	1.0	1.6
Balance of Funding Requirement	0.0	0.6	9.5	10.1

The primary target of the HEEP should be to assist fuel poor owner-occupied households to improve the energy efficiency levels of their properties to Band C. However, a small proportion of HEEP should be reserved to assist PRS landlords to achieve the energy efficiency levels of any extension of the PRS MEES. Similar to our recommendation for a link with the PRS in the HUG,

¹⁵ Clean Growth Strategy, 2017: <https://www.gov.uk/government/publications/clean-growth-strategy>

we would suggest support from HEEP could be in the form of ‘match funding’ after the landlord’s cap has been reached, up to a maximum HEEP contribution of £5,000 per property, to upgrade the energy efficiency rating up to the target level. However, landlords should only be allowed to apply for either HUG or HEEP match funding.

There will no doubt be debate as to whether Government programmes should allow continued use (or stimulate the use) of oil or gas. Philosophically, given Government’s commitment to net zero, we can understand the reluctance to be seen to ‘promote’ the use of fossil fuels. However, by definition, fuel poor owner occupied households will have extremely limited levels of savings and as such, cannot afford to fund large investments such as replacement of old or broken oil or gas boilers. We would therefore suggest that unless Government can provide an alternative low carbon solution with affordable purchase, installation and running costs, then replacement boilers in owner occupied fuel poor homes should be allowed under HEEP.

With average new boiler lives being circa 10 years, this would still allow conversion to lower carbon fuels in time to achieve net zero. However, if replacement boilers are funded by HEEP, then the controls and radiators should be required to be upgraded to be ‘net zero ready’ (i.e. radiator sizes increased for possible future installation of heat pumps). This would be the same ‘net zero ready’ concept that was proposed by the Ministry of Housing, Communities and Local Government in their consultation about new house standards for 2025¹⁶.

Allowing the installation of first time oil or gas central heating or connecting homes to the gas grid are also contentious issues under Government programmes. Fuel poor homes off-gas grid have twice the level of fuel poverty gaps as those on-gas grid. It is therefore difficult to argue that fuel poor homes should not be eligible for connection to the gas grid and for gas central heating to be installed. We would therefore suggest that unless Government can provide an alternative low carbon solution with affordable purchase, installation and running costs, then first time gas central heating should be allowed under HEEP. Again, controls and radiators should be upgraded to be ‘net zero ready’.

Key points made by the Committee in our response to the Government’s consultation on ECO3, which runs from 2018 to 2022¹⁷, will remain relevant to HEEP. These are:

¹⁶ Future Homes Standards consultation 2019: <https://www.gov.uk/government/consultations/the-future-homes-standard-changes-to-part-l-and-part-f-of-the-building-regulations-for-new-dwellings>

¹⁷ ECO3 consultation: <https://www.gov.uk/government/consultations/energy-company-obligation-eco3-2018-to-2022#history>

- ***We fully support using the TrustMark Scheme¹⁸*** to give greater confidence to the quality of work carried out by energy efficiency contractors. It should be a requirement under other Government current and future mandated energy efficiency schemes and have a robust auditing process underpinned by enforcement procedures to take action on those that fall below required competence levels.
- ***As new or improved energy efficiency measures are developed, these should only be approved when full assurance is in place*** that installation of such new technologies are covered by robust and auditable standards for technical competence and quality performance required to protect consumers.
- ***Customer interfacing skills must be ensured*** so that those operating within people's homes do so in a way that is respectful and in line with the good customer service that might reasonably be expected of them.

2.6 Recommendation: BEIS carry out analysis on the outcomes from ECO3 Local Authority Flex

Recommendation 6: BEIS should carry out a thorough analysis on ECO3 Local Authority Flex to identify if it is delivering the desired results. This flexible approach should not be incorporated in a future Home Energy Efficiency Programme unless it is shown and enabled to be effective.

We are concerned about the current application of Local Authority Flex (LA Flex) in the ECO3 programme, as the evidence suggests it is not always currently targeting assistance to those it was designed for. The flexible approach to identify eligible households was introduced in April 2017 under the ECO 2017/18 scheme. In the 2017/18 scheme, energy companies were able to achieve up to 10% of the Affordable Warmth element of the scheme by installing energy saving measures in households declared eligible by local authorities. The two categories of householders that Government intended local authorities to identify¹⁹, were:

- *Fuel poor households, especially those who are not in receipt of ECO eligible benefits, and fuel poor households who are not in receipt of any benefits; and*
- *Low income households who are vulnerable to the effects of living in cold homes.*

¹⁸ Government endorsed quality scheme TrustMark: <https://www.trustmark.org.uk/aboutus/what-is-trustmark>

¹⁹ ECO Flex Guidance: <https://www.gov.uk/government/publications/energy-company-obligation-eco-help-to-heat-scheme-flexible-eligibility>

In principle, we supported introducing LA Flex in 2017 as the ECO programme is very dependent on using receipt of welfare benefits as a proxy to identify fuel poor households, despite only 47% of fuel poor households currently being in receipt of means-tested benefits (Table 4).

Table 4 47% of fuel poor households in receipt of means-tested benefits (2018 BEIS)

In receipt of benefits	Proportion of households within group (%)		Number of households (000's)		Total number of households (000's)	Proportion of fuel poor households (%)	Aggregate fuel poverty gap (£m)	Average fuel poverty gap (£)
	Not fuel poor	Fuel poor	Not fuel poor	Fuel poor				
Yes	81.9	18.1	5,168	1,138	6,306	47.4	362	318
No	92.6	7.4	15,843	1,262	17,105	52.6	439	348
All households	89.7	10.3	21,011	2,400	23,411	100.0	802	334

Source: Fuel Poverty Statistics: Data 2018

England

The share of LA Flex was increased to 25% in ECO3 despite presenting no evidence that it was delivering the desired objectives. To date, there is still no evidence, however, there is evidence that some local authorities have included higher income households with gross incomes up to £77,700²⁰, as being eligible for LA Flex. The scheme is therefore potentially diluting the already low 30% focus of ECO3 on fuel poor homes.

Consideration should be given to using a targeting and assurance tool for LA Flex that is similar to that used by the Department of Health and Social Security's Improved Better Care Fund (BCF)²¹. The BCF is a funding and regulation agreement between national and local government where focused health and social care outcomes are guaranteed through streamlined assurance processes and local system oversight (Health and Wellbeing Boards).

2.7 Recommendation: Use machine learning to improve targeting assistance to fuel poor households

We have recommended that at least 50% of the HEEP be targeted at fuel poor homes. To date, Government has been concerned about the possible high costs of tightly targeted programmes (see Annex A). However, we believe that by using modern technology and a wider set of data such as is available from utilising the Digital Economy Act's Data Sharing Regulations, a cost effective and tightly targeted programme is achievable.

²⁰ ECO Flex Statement of Intent: <https://www.london.gov.uk/what-we-do/housing-and-land/improving-quality/energy-company-obligation-and-flexible-eligibility>

²¹ NHS Better Care Fund: <https://www.england.nhs.uk/ourwork/part-rel/transformation-fund/bcf-plan/>

Towards the end of 2019, CFP commissioned research into *‘Better use of data and advanced statistics/machine learning in delivering benefits to the fuel poor’*²². The research was commissioned to help identify examples of the best practice in other regions and countries in overcoming barriers and challenges in implementing advanced statistics/machine learning (broadly termed AI) in Government schemes. The findings of the report (published, June 2020), evidence no major barriers and suggest that the use of AI can potentially significantly assist in improving the effectiveness and efficiency of delivering the Fuel Poverty Strategy for England.

Recommendation 7: BEIS should pursue their current work with urgency to produce a new machine learning tool to better identify fuel poor households and utilise the improved ability to target fuel poor homes for assistance from HEEP.

In parallel, the machine learning tool should also be applied to improve the targeting efficiency of the Warm Home Discount programme.

The researchers used a conservative hypothetical example (in this example using the ECO scheme) to illustrate that there are potential benefits of over NPV £100 million to be gained from using AI to improve the focus of ECO3 targeting on the fuel poor. Based on this research, we put forward a set of recommendations to BEIS: stating that the combined use of AI with the improved access to government data from the Digital Economy Act should be used to improve the identification of individual households in fuel poverty; that structured governance and resources should be committed to taking this forward as a matter of urgency; and that the collective understanding of the issues raised should be widely circulated across Government and with the AI community and wider stakeholders.

2.8 Recommendation: Extend Private Rented Sector Minimum Energy Efficiency Standards Regulations

We welcomed the October 2017 publication of the Government’s Clean Growth Strategy (CGS)¹⁵ as it included an ambition to look 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’*.

We recognise that *‘where practical, cost-effective and affordable’* are different criteria to that of the Fuel Poverty Strategy which uses *‘as many as is reasonably practicable’*. For owner occupied fuel poor homes, we still recommend using *‘as many as is reasonably practicable’* but accept that it is challenging to differentiate standards between fuel poor and non-fuel poor tenants in rented accommodation.

34% (0.8 million) of all fuel poor homes are in the private rented sector and therefore this sector will play a key role in helping to achieve the Fuel Poverty Strategy 2025 milestone and

²² Better use of data research and CFP’s recommendations: <https://www.gov.uk/government/publications/better-use-of-data-and-ai-in-delivering-benefits-to-the-fuel-poor-research-report-and-cfps-recommendations>

2030 target. For England as a whole, the PRS represents 19% (4.6 million) of all homes and it is therefore, critical that the energy efficiency levels of these properties are improved to help deliver Government's net zero commitment.

Recommendation 8: The current PRS MEES should be extended and the landlord's cost cap adjusted to achieve a minimum energy efficiency of Band D by 2025 and Band C by 2030.

For PRS properties that failed to meet the minimum energy efficiency standards of the prior period, any underspend versus the prior period landlords' cap should be added to the cap for the current period, for example, if a landlord failed to upgrade their property to Band D by 2025:

- 2025 Band D landlords' cap £5,500 - Actual expenditure by the landlord on their Band E property was £3,000 but next measure to get to Band D would cost £4,000 and so was not installed. This property therefore failed to achieve Band D with an underspend of £2,500.
- 2030 Band C landlords' cap £6,500 - 2030 Band C cap for the landlord who failed to achieve Band D in 2025 would be £6,500 plus £2,500 underspend from the prior period, so the landlord would be expected to spend up to £9,000 to improve their property to Band C.

The House of Commons, Business, Energy and Industrial Strategy Committee (July 2019) report on '*Energy Efficiency: Building Towards Net Zero*'²³, broadly supported improving the energy efficiency levels of rented housing.

Table 5 CFP's Estimates for meeting the extended PRS MEES

£ billion	2020 Band E Milestone	2025 Band D Milestone	2030 Band C Target	Total
Baseline Cost	1.8	5.6	12.4	19.8
Progress based on BEIS projection	0.9	2.5	1.1	4.5
Progress based on completion of ECO3 and PRS MEES	0.2	0.6	0.8	1.6
Home Upgrade Grant	0.7	1.3	0.0	2.0
Home Energy Efficiency Programme	0.0	0.6	1.0	1.6
Balance of Funding Requirement	0.0	0.6	9.5	10.1
Extend PRS MEES Standards	0.0	0.5	1.8	2.3
Balance of Funding Requirement	0.0	0.1	7.7	7.8

²³ Business, Energy and Industrial Strategy Committee report: building towards net zero: <https://www.parliament.uk/business/committees/committees-a-z/commons-select/business-energy-industrial-strategy/inquiries/parliament-2017/energy-efficiency-17-19/>

Based on a conservative assumption that extending and enforcing the PRS MEES will upgrade 50% of the PRS homes to each band level, we estimate that the 2025 milestone will nearly be met (see Table 5):

2.9 Recommendation: Compensate PRS Landlords for energy efficiency measures

The Landlord's Energy Savings Allowance (LESA) had previously enabled private landlords to claim up to £1,500 against their income tax liability for energy efficiency measures installed in a property²⁴. It was however withdrawn in 2007²⁵. Re-introducing LESA would assist landlords and would also reduce the chances of them passing on their costs in the form of higher rents.

Recommendation 9: To compensate PRS Landlords for investing in energy efficiency improvements to their properties, the Landlord's Energy Savings Allowance – a former tax allowance on energy saving expenditure by landlords – should be re-introduced.

2.10 Recommendation: Enforcement of PRS MEES by local authorities

The Committee on Fuel Poverty commissioned research, (in 2019) carried out by RSM UK looked into enforcement levels of the Minimum Energy Standards for the Private Rented Sector²⁶. One key finding was that a nationwide private rented property and landlord register is the only means by which properties and their landlords can be systematically and efficiently identified. The study also outlined that enforcement of the regulations by local authorities needs to be significantly improved, if extended regulations are to have any degree of impact. This would include setting up a national register of private rented properties with the accompanying details of the landlords of these properties. We would encourage the Ministry of Housing, Communities and Local Government to reconsider their reluctance to set up a national register and look beyond focusing mainly on 'rogue' landlords.

Recommendation 10: To facilitate the enforcement of the PRS MEES by local authorities, a national mandatory online PRS registration scheme should be set up for England. It should be run centrally but accessed locally by local authorities.

The national scheme should integrate the necessary details on the landlords, their properties, and the energy efficiency ratings of the properties. It should be funded by a charge on landlords and include availability of educational materials to landlords to help them understand their legal obligations. The scheme would require up to date EPC ratings to be provided by the

²⁴ The Landlord's Energy Saving Allowance (LESA) was a unique allowance given to the owners of dwelling houses who used their properties for ordinary property letting. The allowance was limited to £1,500 per dwelling house and given on the cost of acquiring and installing certain energy-saving items.

²⁵ <https://www.gov.uk/hmrc-internal-manuals/property-income-manual/pim7070>

²⁶ Enforcement of PRS MEES RSM UK research: <https://www.gov.uk/government/publications/enforcing-regulations-to-enhance-energy-efficiency-in-the-private-rented-sector-research-report-and-cfps-recommendations>

landlords together with accompanying evidence if they deem any properties to be incapable of meeting the minimum energy efficiency standards. Consideration should be given for the charge on landlords for the national register to also include a fee to fund resources needed by local authorities for enforcement.

2.11 Recommendation: Introduce and fund Social Housing Minimum Energy Efficiency Standards

The spending profile for the Social Housing Decarbonisation Fund (SHDF) should be matched to the size of the challenge (i.e. backloaded post 2025). However, the spending profile could be accelerated if a short-term impact on employment is desirable post Covid-19.

Recommendation 11:

- Regulations should be implemented to require social housing to achieve energy efficiency Band D by 2025 and Band C by 2030.
- A £3.8 billion Social Housing Decarbonisation Fund should be approved in the forthcoming Comprehensive Spending Review or earlier and prioritisation given to upgrading the energy efficiency of social housing homes of fuel poor households.

We welcomed the Clean Growth Strategy as it included an ambition to look at how social housing can meet similar standards to the plan for private rented sector properties, on the same timetable (i.e. minimum of Band C by 2030). We also welcomed the National Infrastructure Commission's National Infrastructure Assessment (NIA report)²⁷, 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..."

The NIA report also 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 other carbon abatement costs and represent value for money.

We were delighted to read in the background briefing notes published alongside the Queen's Speech on 19 December 2019²⁸, proposals to invest £9.2 billion in the energy efficiency of

²⁷ National Infrastructure Assessment, 2018: <https://www.nic.org.uk/publications/national-infrastructure-assessment-2018/>

²⁸ Briefing note published alongside the Queen's Speech, December 2019: <https://www.gov.uk/government/publications/queens-speech-december-2019-background-briefing-notes>

homes, schools and hospitals. We are aware that the Costings Document published alongside the Conservative Manifesto indicated a £3.8 billion Social Housing Decarbonisation Fund to upgrade energy efficiency levels.

From a Fuel Poverty Strategy perspective, the increased levels of vulnerability of those in social housing, and the expectation that this community will have been adversely impacted by the Covid-19 economic uncertainty, underlines the need for the fund. Upgrading the energy efficiency levels of fuel poor social housing is mainly a post 2025 issue, as most fuel poor social housing homes are already Band D or above (see Table 6).

As noted above, the NIC estimated that a cost-effective programme of £3.8 billion would upgrade social housing energy efficiency standards to Band C by 2030. Fuel poor households occupy 20% of the Bands G, F, E and D social housing properties. We have conservatively assumed that social housing owners will want to upgrade all of their properties at once, rather than prioritising upgrading the homes of ‘those most in need’ (i.e. the fuel poor).

Table 6 Energy efficiency levels of fuel poor social housing households

Bands F and G	0*
Band E	48,000
Band D	258,000
Band C	49,000
TOTAL	361,000 (15% of fuel poor homes)

* numbers hidden due to very low sample count (less than 10)

Source: Fuel Poverty Statistics: Data 2018

We have therefore assumed that only 20% of the £3.8 billion SHDF is made available to upgrade the energy efficiency levels of the homes of the fuel poor living in the social rented sector (circa £0.8 billion). On this basis, the 2025 milestone would be met, however a £7.0 billion funding gap would still remain to achieve the 2030 Band C target (Table 7). We would obviously advocate that the SHDF prioritise fuel poor households to ensure they all achieve Band C. If this were to happen, the £7.0 billion funding gap would reduce by up to £1 billion.

Table 7 CFP's estimate of SHDF upgrade of social housing to Band C

£ billion	2020 Band E Milestone	2025 Band D Milestone	2030 Band C Target	Total
Baseline Cost	1.8	5.6	12.4	19.8
Progress based on BEIS projection	0.9	2.5	1.1	4.5
Progress based on completion of ECO3 and PRS MEES	0.2	0.6	0.8	1.6
Home Upgrade Grant	0.7	1.3	0.0	2.0
Home Energy Efficiency Programme	0.0	0.6	1.0	1.6
Extend PRS MEES Standards	0.0	0.5	1.8	2.3
Balance of Funding Requirement	0.0	0.1	7.7	7.8
Social Housing Decarbonisation	0.0	0.1	0.7	0.8
Balance of Funding Requirement	0.0	0.0	7.0	7.0

2.12 Recommendation: Extend the Warm Home Discount Scheme

We support the extension of the WHD programme from 2022 out to 2025 and believe rebates will continue to be needed until 2030 or until all fuel poor households are able to live in properties with a minimum Band C rating. We reiterate our previous advice that all suppliers should be obliged to offer this rebate irrespective of the number of customers. We will work with BEIS to identify the best way to improve its targeting on fuel poor homes beyond the current 20%, including the use of advanced statistics/machine learning and data sharing regulations.

Recommendation 12: The Warm Home Discount programme should be extended beyond 2021 and its focus on fuel poor households be significantly improved.

2.13 Recommendation: Accelerate progress to achieving 2030 Band C Target

As can be seen from Table 7, there is a £7.0 billion funding gap to deliver the 2030 Band C target. If government (see our comments in Part 1 and Annex C) adopts a new Low Income Low Energy Efficiency metric to measure fuel poverty as outlined in their July 2019 consultation, this will significantly increase the number of Band D households defined as being in fuel poverty and will therefore significantly increase the £7.0 billion funding gap to deliver the Band C target.

Annex B of the Consultation on the Fuel Poverty for England (July 2019)²⁹, showed that changing the metric from LIHC to LILEE would result in the following changes to the number of households deemed to be in fuel poverty (see Table 8).

Table 8 Impact of change from LIHC to LILEE

Energy Efficiency Band C and above	-200,000
Energy Efficiency Band D	1,200,000
Energy Efficiency Band E	70,000
Energy Efficiency Band F/G	No change

Source: Fuel Poverty Statistics: Data 2018

The increase on the call for additional government funding will be reduced, as 44% of the additional properties are in the private rented sector and 27% are in social housing, and these energy efficiency improvements should mainly be funded by landlords under the extension of PRS MEES or under the SHDF.

2.14 Recommendation: Better utilisation of the Winter Fuel Payment budget

Recommendation 14: To help fund the delivery of the 2030 Band C target, the Winter Fuel Payment budget should be re-focused to help those most in need to pay their energy bills and the balance of funds used to upgrade the energy efficiency levels of fuel poor homes.

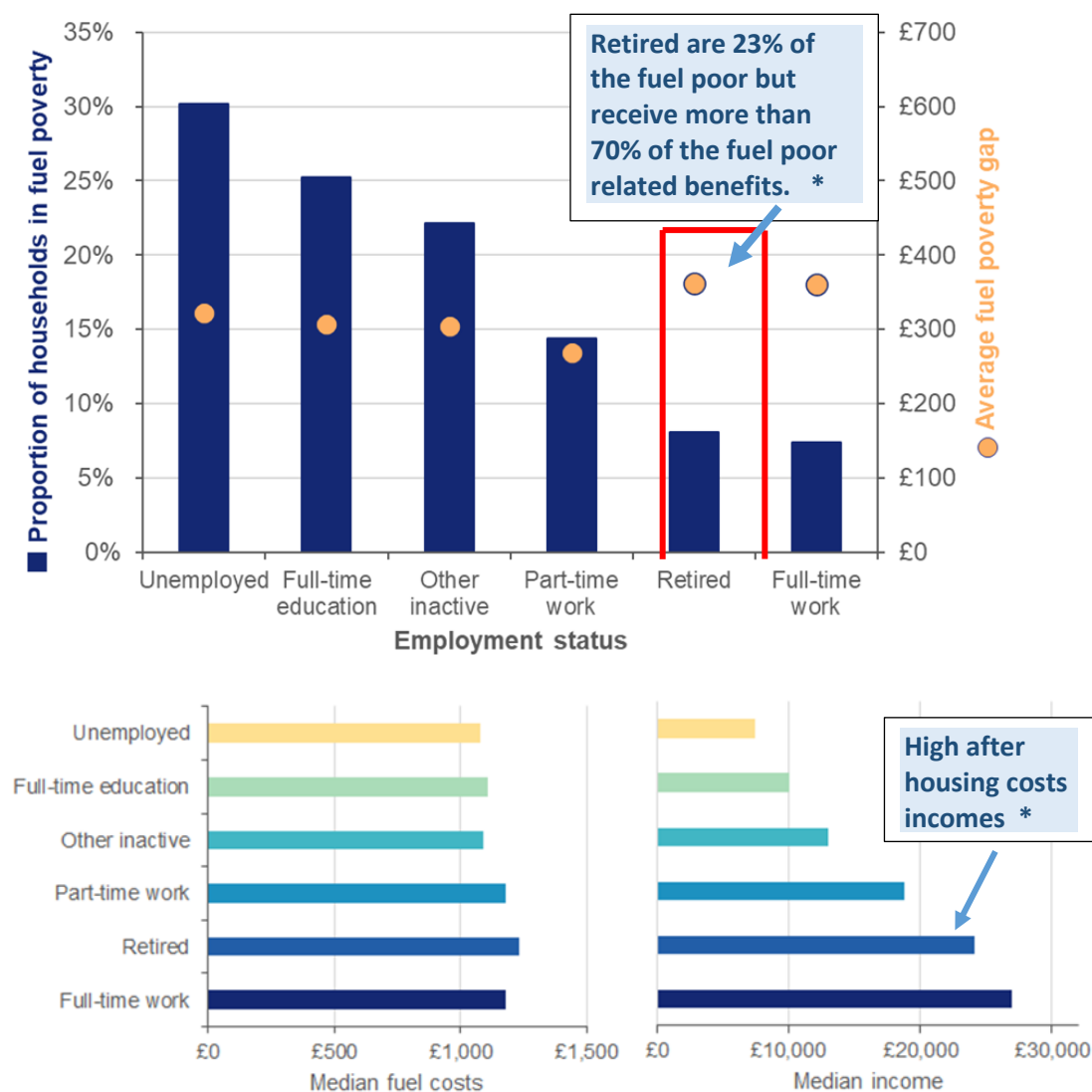
In our previous reports we recommended that additional funds for energy efficiency measures in fuel poor homes be freed up from existing budgets that assist householders to pay their energy bills or that provide discounts against their fuel bills. The main focus was to better utilise the £1.7 billion per year Winter Fuel Payment budget that currently pays a tax-free allowance of between £100 to £300 per year to State Pensioners to help pay their heating bills. However, less than 10% of pensioners are fuel poor and many have high incomes (Figure 6).

The Covid-19 situation will compound the issue of intergenerational fairness that has been highlighted in many reports. Households over state pension age, as a group, have amongst the highest equivalised after housing cost household incomes⁸, State Pensions have been protected against inflation by the Triple Lock and in addition they receive other age-related benefits such as Winter Fuel Payment, free bus passes, and other tax related support.

On the other hand, younger generations are struggling to find secure well-paid jobs and affordable housing. Only around 40% of pensioner households (single pensioner households 50% and couples 30%) have incomes in deciles 1 to 4 whereas the incomes of all fuel poor households are in this range.

²⁹ Fuel Poverty Strategy for England Consultation (2019): <https://www.gov.uk/government/consultations/fuel-poverty-strategy-for-england>

Figure 6 Fuel Poverty Statistics of fuel poor households by income and fuel costs



* Figure 6 includes CFP's annotated comments Source: Fuel Poverty Statistics: Data 2018

The issue of intergenerational inequality has been highlighted by:

- House of Lords Select Committee on Intergenerational Fairness & Provision 2017-19³⁰:

"...Alongside the state pension there are a number of other age-related social security payments. These benefits do not appear to be well targeted to achieve their purposes. An example of this is the Winter Fuel Payments of between £100 and £300 (depending on age and whether the individual lives alone) which are paid to all those over 65, ... to help them pay their fuel bills. ..."

³⁰ House of Lords Select Committee report: <https://www.parliament.uk/intergenerational-fairness>

- House of Commons Work and Pensions Committee Intergenerational Fairness – Third Report 2016-17³¹:

“...The Winter Fuel Payment is a universal benefit that is not focused on those who need it most. It is a blunt instrument for alleviating fuel poverty amongst the least well-off pensioner households and gives a cash payment to many households who do not need it. The longer universal benefits remain protected, the more they may come to be reviewed as integral entitlements. Their relatively recent introduction, however, means that they should not be seen as sacrosanct elements of the welfare settlement that beneficiaries have paid for during their working lives. Universal pensioner benefits should not be off limits when spending priorities are set in future parliaments...”

- More recently, in July 2019 the House of Commons, Business, Energy and Industrial Strategy Committee’s Report ‘Energy Efficiency: Building Towards Net Zero’³²:

“...We recommend that Government access the value of refocusing the Winter Fuel Payment to those most in need and using any savings to invest in energy efficiency programmes for fuel poor households...”

Together with the Committee on Climate Change, we commissioned research which shows that by changing the focus of the WFP and WHD programmes to assist those most in need, £0.8 billion per year of funds could be transferred from support in paying energy bills, to installing energy efficiency measures in fuel poor homes (*Tackling fuel poverty, reducing carbon emissions and keeping household bills down: tensions and synergies*)³³. The main changes modeled were:

- Winter Fuel Payments made to those on Pension Credit and state pensioners with a limiting long term health condition or disability.
- Warm Home Discount provided to those on Pension Credit or those eligible for a Cold Weather Payment.

We recognise that amending the Winter Fuel Payment scheme may be problematic given manifesto commitments and that it may be an issue that requires cross-party agreement.

If a full revision of the Winter Fuel Payment programme is not achievable, as an alternative:

³¹ House of Commons: <https://www.parliament.uk/business/committees/committees-a-z/commons-select/work-and-pensions-committee/inquiries/parliament-2015/intergenerational-fairness-15-16/>

³² House of Commons BEIS Select Committee Energy Efficiency: Building Towards Net Zero : <https://publications.parliament.uk/pa/cm201719/cmselect/cmbeis/1730/173002.htm>

³³ 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>

2.15 Recommendation: Winter Fuel Payments should be a taxable benefit

The House of Commons Library Briefing paper 'Winter Fuel payments Update - 5 November 2019'³⁴, shows that taxing recipients of WFP could raise £200 million per year.

Recommendation 15: The Winter Fuel Payment should be made a taxable benefit and the resultant income tax collected used to fund energy efficiency measures in fuel poor homes.

³⁴ HoC Library Winter Fuel Payments Update: 5 November 2019: <https://commonslibrary.parliament.uk/research-briefings/sn06019/>

Part Three Reducing excess winter deaths and long term health conditions from cold homes

3.1 Recommendation: Better integrate NHS and social care to deliver the Fuel Poverty Strategy

In our third annual report, we emphasised that delivering the Fuel Poverty Strategy should be seen in a broader context than one of cold homes and high fuel needs. In particular, we emphasised the importance of taking into consideration how health is impacted by living in fuel poverty.

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, and the Department of Work and Pensions in the form of income supplements. It also directly contributes towards the number of excess winter deaths.

Recommendation 16: Government should better utilise current planning and investment tools (such as NHS Long Term Plan, local Health Inequalities Commissioning Plans, Better Care Fund guidance, Health and Wellbeing Board winter resilience duties) to act on the plans, guidance and programmes that are already in place to substantially boost the level of coordination to reduce the levels of fuel poverty and the number of excess winter deaths and long term health conditions that are related to living in cold homes; and

Any redesign of the ECO flex programme should include local system scrutiny and accountability for meeting integrated health and fuel poverty targets (perhaps via Health and Wellbeing Boards)

The Public Health England Cold Weather Plan for England states that there is strong evidence that some of the c.30,000 annual excess winter deaths in England are related to cold temperatures and living in cold homes. However, we noted that 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 and it includes recommendations for commissioning services to assist people who are particularly vulnerable to the health effects of living in cold homes.

We also noted in our third report that BEIS have been working for some time to model the reduction in health and social care costs that could result from enhancing the energy efficiency of fuel poor homes. We continue to recommend that high priority be given to this modelling work and that once agreement to a model is obtained across government departments, (the NHS, Public Health England and Department of Health and Social Care), the financial value of health benefits should be fully taken into account for programmes that assist householders to pay their energy bills or that enhance the energy efficiency of their homes.

The recent Covid-19 pandemic has shone a light on the measurement of UK mortality. Covid-19 related deaths have become a focus of daily updates to the public, and government and all of its departments are taking incredible steps to control the number of deaths occurring from Covid-19, and this is understandable. We would like a similar focus now to be put on reducing the number of excess winter deaths due to living in fuel poverty and cold homes.

We recognise that not all people whose health is impacted or suffering from living in cold homes, will fall under the definition of being fuel poor. However, we support energy efficiency improvements for households whose health is impacted or are suffering from living in a cold home, even if they are not deemed to be fuel poor. Our initial focus is on improving the effectiveness of the 25% of the £550 million per year ECO3 budget utilised for the LA-Flex programme. As outlined in Section 2.6, we have concerns that the LA-Flex programme¹⁹, may not be currently be helping identify:

- *Fuel poor households, especially those who are not in receipt of ECO eligible benefits, and fuel poor households who are not in receipt of any benefits, and*
- *Low income households who are vulnerable to the effects of living in cold homes.*

We are pleased to see an increasing alignment of policy as government recognise the significant impact of cold homes and fuel poverty on both excess winter deaths and on health exacerbations - calculated by Age UK as costing the NHS c £1.36 billion per year:

Fuel poverty is a key factor in causing or exacerbating health conditions or complications, these can include many routine health issues such as diabetic complications, peptic ulcer disease, osteoarthritis and hip fractures following an increased risk of falls in the elderly as cold adversely affects mobility and dexterity. Studies have shown that those in fuel poverty are at risk of health complications, social isolation, and also at risk of reducing their calorific intake during cold weather with impacts on malnutrition, mobility, and long-term conditions. These complications include families of circulatory disease, for example coronary heart disease and cerebrovascular disease which is more prevalent in cold temperatures - lowering the room temperature by 1 can raise the blood pressure. Similarly, respiratory disease such as bronchitis, asthma and pneumonia, is clearly linked to cold and damp housing with evidenced rises in percentage of GP presentations, and a significant rise in hospital admission rates. Studies have also found significant effects upon mental health, concluding that anxiety and depression were strongly associated with cold and damp homes.

*Sourced from Fuel poverty: significant cause of preventable ill health
Edin Lakasing, James G. Johnson, GM Journal, 04 April 2019*

The annual national Cold Weather Plan; the NICE Quality standard, QS117, (Preventing excess winter deaths and illness associated with cold homes); the PHE Outcomes Framework Indicator on Fuel Poverty; and the prioritisation of health inequalities and of prevention in the new NHS Long Term Plan, all signify the ambition to address fuel poverty; however, national and local mechanisms to take and enforce action are still weak or poorly utilised.

One of the five key messages in the Cold Weather Plan outlines:

“Long-term planning and commissioning to reduce cold-related harm both within and outside the home is considered core business by health and wellbeing boards and should be included in joint strategic needs assessments and joint health and wellbeing strategies”.

Health and Wellbeing Boards (HWB) have a statutory duty to encourage the integrated delivery of health and social care to advance the health and wellbeing of people in their area. They have a number of tools which could be used more effectively in the targeting of households in, or at risk of, fuel poverty. They produce joint strategic needs assessments (JSNAs), which are assessments of the current and future health and social care needs of the local population.

The targeting of households in fuel poverty remains a significant delivery issue, and HWBs should play a role in data driven multi-agency targeting of vulnerability. HWBs also produce joint health and wellbeing strategies (JHWS), which are strategies for meeting the local health needs identified in the JSNA. Like JSNAs, JHWSs must be taken into account by local authorities, Clinical Commissioning Groups (CCG) and NHS England when preparing or revising commissioning plans. Again, there is a significant opportunity here to target fuel poverty action at the most vulnerable.

Health and Wellbeing Boards also perform a significant accountability function. Local Health commissioners and the CCGs, must consult the HWB on commissioning plans, and the HWB can refer the plan to NHS England if it thinks the JHWS is not being taken account of properly. The HWB also contributes to the annual performance appraisal of each CCG. Finally, each HWB signs off an annual Better Care Fund (BCF) plan, the BCF is a £5.3 billion pooled budget to allow health and social care services to target additional joint action. These BCF plans are another potential tool to target action at the most vulnerable.

However, a number of studies have found that very few HWBs are maximising their ability to direct or hold health systems to account on action to address fuel poverty and cold homes. Given the concerns raised by the CFP on ECO LA Flex it is even more crucial that HWBs hold local authorities and health partners to account on effective targeting of support and prevention. There are significant opportunities lost annually as each HWB is responsible for oversight of winter resilience plans.

It is essential that action is taken urgently as the NHS and social care have experienced unprecedented demand on services due to Covid-19. It is estimated that recovery from the

pandemic will cover many phases, and will continue to impact planning especially around those with comorbidities or underlying health conditions, and result in a significant challenge as the NHS works through the backlog of non-Covid cases.

The data shows that failure to address fuel poverty results in avoidable costs to the NHS and social care, and:

- It is estimated that “excess winter deaths in the coldest quarter of housing are almost 3 times as high as in the warmest quarter with 21.5% of all excess winter deaths attributable to the coldest quarter of housing” (Public Health England).
- Between 10 and 25% (Marmot Review, 2011)³⁵, of the 43,900 excess winter deaths (EWDs) in England and Wales in 2014/15 were attributable to fuel poverty and cold homes.
- The World Health Organisation now estimates 30% of EWDs are attributable to cold homes. For every EWD there are an estimated eight hospital admissions and 100 GP consultations (Roche, 2010).
- The Building Research Establishment (BRE) has calculated that reducing hazards in housing including cold could deliver £600 million of savings per annum for the NHS.
- It has also been estimated that for every £1 spent on fuel poverty prevention there is a saving of 42 pence in NHS health costs (Liddell, 2008).

We recognise that achieving this ambition will require multiple stakeholders to coordinate action. Annex D contains a number of additional recommendations, specially related to health and wellbeing, that build on current capabilities within the health and care system. These will need further testing and development with stakeholders before being finalised and ready to action.

³⁵ Fair Society Healthy Lives, Marmot Review: <http://www.instituteofhealthequity.org/resources-reports/fair-society-healthy-lives-the-marmot-review>

Part Four Ensure a just transition to net zero for fuel poor and low income households

4.1 Recommendation: Publish impact assessment on fuel poverty of the move to net zero

The transition to net zero means moving households away from using low cost fossil fuels and towards using higher cost low/zero carbon fuels. This primarily means a move away from using natural gas, heating oil or other fossil fuels for heating. Philosophically, we support the replacement of fossil fuel heating with low carbon heating as part of the drive to decarbonise. However, 81% of fuel poor households currently use gas or heating oil for their heating⁵. Natural gas and heating oil retail unit energy prices are currently (and are forecast for the mid-2020's by Treasury Green Book) about 1/3 of the price of electricity so any move towards using renewable electricity or hydrogen for heating has the potential to increase fuel costs for fuel poor households.

In response to the Government's commitment to reach net zero by 2050, it now needs to bring forward a coherent strategy to decarbonise household heating which is also fair for low income and fuel poor households. This had been expected early in 2020, but as with many other new policy areas, this was initially delayed due to Brexit and latterly by Covid-19.

Recommendation 17:

- BEIS to publish impact assessments on those in fuel poverty from the move to net zero when pathways have been agreed; and
- Ensure a just transition for low income and fuel poor households in the Government's Heat Decarbonisation Strategy to protect them from being adversely impacted.

Only 8% of all homes currently use electricity to heat. To meet the 2050 net zero target a major energy retrofit programme will be required, potentially upgrading an average of over 20,000 (UK), properties a week for the next 25 years. There remains uncertainty as to the most efficient and cost-effective pathways to meeting the target but reducing the demand for heat is a no regrets policy. Significant investment will be needed for different solutions as it is likely that no one solution will be appropriate and different localities have potentially different opportunities/options available to them for the decarbonisation of heat.

Currently the majority of policy costs have been placed on the electricity bill and this creates a somewhat perverse incentive as it discourages the move away from gas or oil to electricity and hence a reduction in carbon emissions. As addressing decarbonisation of heating becomes more pressing and policy costs rise, it is important these costs are recovered in a fair and equitable manner. Our preference would be that these policy costs are not passed on to consumers via the bill but instead are recovered in income taxation, which would be less

regressive. However, in the short term, we would support a rebalancing of bills where additional renewable energy policy costs are added to the gas bills but that measures are taken to protect fuel poor households against the resultant cost increases.

We suggest the Heat Decarbonisation Strategy should specifically address the following issues:

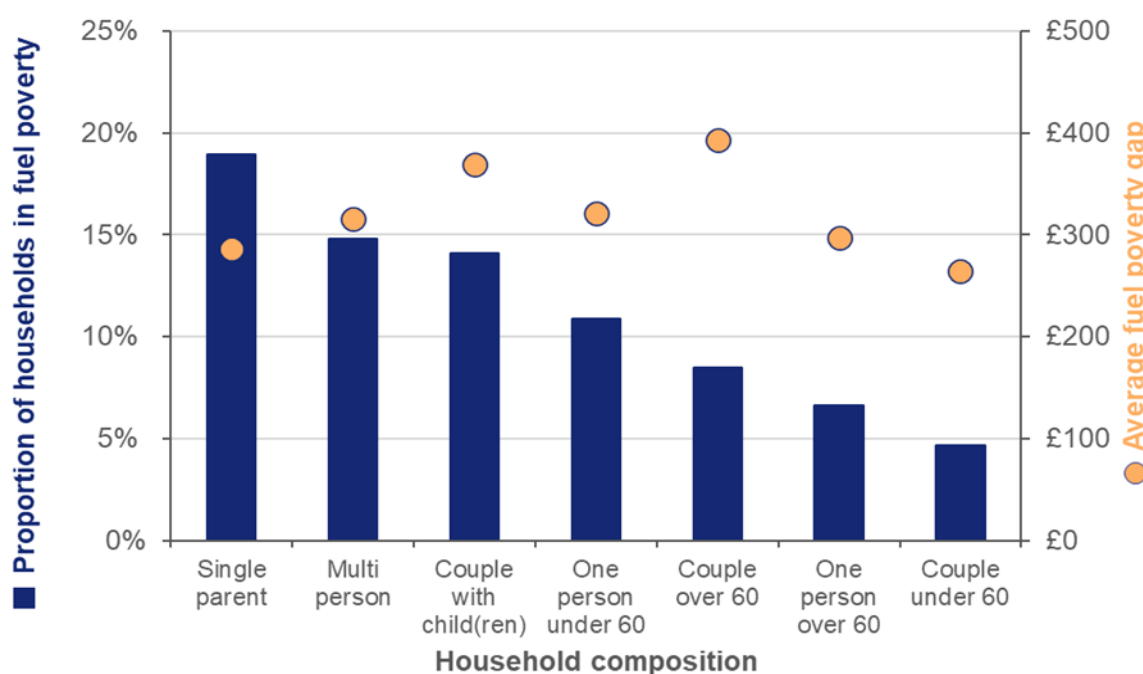
- Funding and financing of up-front costs for any retrofitting measures for households in fuel poverty who are unable to meet them.
- Affordability of the lower carbon intensive fuels during the transition period.
- Access to impartial advice and support and meaningful engagement to help fuel poor households make the best decisions and to understand any new heating systems.
- Distributional impacts of the costs associated with heat decarbonisation over the transition period and an understanding of who pays and who benefits (learning lessons from the roll out of Feed In Tariffs).

ANNEX A Reasons why we forecast that the 2020 milestone will be missed

Analysis

1. Previous governments did not act on the CFP's recommendation to utilise the budgets from the Warm Home Discount and Winter Fuel Payment programmes to target assistance to help pay the fuel bills of those most in need, and to use the resultant circa £800 million per year of surplus funds in new programmes to install energy efficiency measures in the homes of the fuel poor.

The Winter Fuel Payments³⁶ budget is currently circa £1.7 billion per year in England and it pays out a tax-free allowance of between £100 to £300 per year to state pensioners to help them pay their heating bills. The WFP is very poorly targeted at those most in need as less than 10% of pensioners are in fuel poverty (see also Section 2.14).



Source: Fuel Poverty Statistics: Data 2018

This is clearly an unfair situation, given that circa 1.85 million fuel poor households, including the 1 million fuel poor households with dependent child(ren) are not eligible for a WFP.

³⁶ Winter Fuel Payments statistics:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/837631/winter-fuel-payments-annual-statistics-background-info-and-methodology.pdf

The WHD Programme budget is circa £0.27 billion per year for England and it provides a one-off £140 discount on the electricity bills of eligible customers between September and March. People who are on pension credit or guaranteed pension credit receive a WHD automatically. They also receive a WFP. Others, who are on a low income or are in receipt of certain means-tested benefits can apply for a WHD, but there is a limited budget available. It is estimated that about 0.9 million people receive the WHD automatically and a further 0.9 million are successful in applying for it. BEIS modelling shows that only circa 20% of WHD recipients are fuel poor.

The WHD 2017/18 Final Impact Assessment³⁷, shows that WHDs are paid out to some individuals who live in households with incomes above decile 5 (39% of Core Group and 23% of Broader Group) whereas 77% of households in fuel poverty have incomes in the bottom deciles 1 and 2 and the remaining 23% in deciles 3 and 4⁵. This is clearly an unfair situation, given that circa 2 million fuel poor households do not benefit from a WHD.

Together with the Committee on Climate Change, we commissioned research which shows that by changing the focus of the WFP and WHD programmes to assist those most in need, £0.8 billion per year of funds could be transferred from supporting paying energy bills, to installing energy efficiency measures in fuel poor homes (*Tackling fuel poverty, reducing carbon emissions and keeping household bills down: tensions and synergies*)⁶. Changes modeled:

- Winter Fuel Payments made to those on Pension Credit and state pensioners with a limiting long term health condition or disability.
- Warm Home Discount provided to those on Pension Credit or those eligible for a Cold Weather Payment.

The House of Commons BEIS Committee report 'Energy Efficiency: Building towards net Zero'²³, said 'In principle we are in favour of refocusing Winter Fuel Payment to those most in need'.

2. Previous governments only partially acted on CFP's recommendation to improve the focus of the Energy Company Obligation scheme on fuel poor homes, especially those in Bands E, F and G properties. The ECO budget was cut from around £740 million per year to £550 million per year for England in 2017 (having previously been cut from £1.1 billion a year in 2013).

ECO is a domestic energy efficiency scheme in Great Britain to help reduce carbon emissions and tackle fuel poverty. Medium and larger energy suppliers with customer accounts above a certain number, pass on the cost of funding the installation of energy efficiency measures in eligible households to their customers. The minimum customer account numbers were reduced from 250,000 to 200,000 in 2019 and further down to 150,000 in 2020. The current

³⁷ Warm Homes Discount 2018 Impact Assessment: <https://www.gov.uk/government/consultations/warm-home-discount-scheme-2018-to-2019>

scheme adds an estimated £27 per year onto the average domestic electricity bill (ECO3 IA p28³⁸).

In 2016 when the CFP was formed, we estimated that only circa 10% of ECO energy efficiency measures were then being installed in fuel poor homes. Consistent with applying the Fuel Poverty Strategy guiding principle of ‘prioritise those in the deepest fuel poverty’, we recommended that the future focus of ECO should be on fuel poor households and in particular, the circa 730,000 fuel poor living in Bands E, F, G homes.

In the 2017/18 ECO Transition scheme Final Impact Assessment the focus on fuel poor homes was improved to circa 28%, albeit 4.7 million households were potentially eligible for energy efficiency measures under the scheme and the measures were based on carbon savings and not on delivering the Fuel Poverty Strategy.

However, in the subsequent ECO 2018/22 scheme, the government focus was on keeping scheme costs down, versus improving the focus on fuel poor homes. The government selected a final design for the 2018/22 ECO scheme (ECO Final Impact Assessment page 27³⁸) which has 6.6 million eligible households and only 29% (we have rounded this to 30% elsewhere in this report) of its energy efficiency measures are forecast to be installed in fuel poor homes. The scheme is particularly poorly focused on fuel poor Band F and Band G homes. For a scheme spend of circa £2 billion, it is only forecast to upgrade 25,000 fuel poor Band F and Band G homes to Band E and therefore will have a negligible impact on achieving the 2020 Band E milestone. Despite 430,000 of the fuel poor Bands E, F and G homes having solid walls, the selected ECO3 scheme is only forecast to install 60,000 to 70,000 solid wall insulations across all of the 6.6 million eligible households. In addition, due to cost concerns there is no specific focus on the 48,000 Band F and Band G fuel poor homes in villages, isolated and rural locations.

An option for the 2018/22 scheme with a tighter focus on 3.5 million low income homes, was recommended by the CFP and was rejected, despite it having a superior equity weighted Net Present Value of £383 million versus the selected case with 6.6 million eligible households. The more tightly focused option demonstrated the social value that is generated by applying the Fuel Poverty Strategy guiding principle of ‘prioritise those in the deepest fuel poverty’. However, our recommended case was rejected based on concerns about possible higher costs related to finding eligible households in a smaller pool of 3.5 million.

We have concerns about whether the projected 29% of measures received by fuel poor households, will actually be achieved as there are a lack of controls around the Local Authority Flexibility element of the scheme (LA Flex). The selected design for the 2018/22 ECO scheme included allowing the obligated energy suppliers to meet up to 25% of their obligations by installing energy efficiency measures in households identified by local authorities – LA Flex. The

³⁸ ECO3 IA 2018: <https://www.gov.uk/government/consultations/energy-company-obligation-eco3-2018-to-2022>

flexible approach to identifying eligible households was originally introduced under the ECO 2017/18 scheme. In the 2017/18 scheme, energy companies were able to achieve up to 10% of the Affordable Warmth element of the scheme by installing energy saving measures in households declared eligible by LAs. The two categories of households that government intended local authorities (LAs) to identify¹⁹, were:

- Fuel poor households, especially those who are not in receipt of ECO eligible benefits, and fuel poor households who are not in receipt of any benefits; and
- Low income households who are vulnerable to the effects of living in cold homes.

In principle, we supported introducing LA Flex in 2017 as the ECO programme is dependent on using receipt of welfare benefits as a proxy to identify fuel poor households, despite only 47% of fuel poor households currently being in receipt of means-tested benefits³⁶.

In the ECO3 Consultation¹⁷, it was proposed to increase the percentage of LA Flex to 25% 'Should the evidence demonstrate that flexibility eligibility is resulting in the intended outcomes'. Despite presenting no data to demonstrate that LA Flex in the ECO 2017/18 scheme was meeting its objectives, the final 2018/22 ECO design allowed energy suppliers to meet up to 25% of their obligation under LA Flex (estimated value of around £0.5 billion over the obligation period).

At the time of writing this report, there is still no data available to show how LA Flex is helping to identify Low Income High Cost fuel poor households in England. However, there is evidence that some local authorities have included high income households as being eligible for LA Flex. For example, the Greater London Authority has decided that a household with a gross income of £77,700 is eligible for ECO measures³⁹. BEIS have informed the CFP that although they have issued guidelines to local authorities on how to administer ECO Flex, they have no authority to impose the guidelines, under the current scheme.

3. The ambition to raise the energy efficiency levels of private rented Band F and Band G properties to a minimum of Band E by 2020 was diluted from 70% of properties down to 48%, when regulations were changed to oblige landlords to pay for the upgrade instead of tenants. The previous government did not act on our recommendation to cap landlords' costs at £5,000 and instead set the limit at £3,500. Nor did it act on CFP's recommendation to set up a national private rented property and landlord register to enable local authorities who enforce the regulations to efficiently and systematically identify private rented properties and their landlords.

52% of Band F and Band G fuel poor households are in the private rented sector, with an average fuel poverty gap of close to £1,000 per year. We believe that tenants of rented

³⁹ GLA 2019:

https://www.london.gov.uk/sites/default/files/gla_eco_flexible_eligibility_statement_of_intent_191204_0.pdf

properties have a right to live in homes that are safe and affordable to heat and that landlords should fund any necessary upgrades to their properties.

The Private Rented Property for England and Wales Regulations (2015) (PRS MEES), requires private landlords to upgrade the energy efficiency level of their Band F and Band G properties to a minimum of Band E by 2020. However, as originally written, this regulation effectively required the tenants of the PRS properties to fund the energy efficiency upgrades of the properties they rented.

Landlords would take out a loan to pay for the upgrades and the tenant would repay the loan via levies applied to the energy meter. The regulations recognised that not all Band F and Band G properties could be upgraded economically, but it was expected that 70% of all PRS Band F and Band G properties would be upgraded to band E by 2020. However, the scheme supplying loans to landlords with repayments made by levies at the meter was cancelled and as a result, very few landlords upgraded their properties.

We therefore welcomed the Government's announcement in December 2017 to amend the PRS MEES to make them more effective and to require the landlord to pay for upgrading their properties. In the consultation for the amendment, Government's preferred option was to set a £2,500 cap on landlords' costs. Whilst this would have been an improvement on the status quo where the tenant pays for the upgrade, it was forecast to only result in fully upgrading 30% of the private rented Band F or Band G homes to Band E, versus the 70% upgrade envisaged in the original 2015 Regulations.

We recommended the option with the highest cap of £5,000 which got the closest to the original 70% upgrade of Band F and Band G properties. To compensate for the higher cap on landlord's costs we also recommended the reintroduction of the Landlords Energy Saving Allowance which had previously enabled private landlords to claim up to £1,500 against their income tax liability for energy efficiency measures installed in a property²⁴. It was however withdrawn in 2007²⁵. Both of our recommendations were not acted on.

The final amendment to the PRS MEES set a cap of £3,500 on landlords' costs and is forecast to only upgrade 48% of the Band F and Band G PRS properties to Band E. We do accept however that the 52% of PRS Bands F and G properties that do not achieve Band E, will have had some energy efficiency improvements made on them.

We also recommended:

- Enforcement of health, wellbeing, energy efficiency and safety-related regulations in the private rented sector should be significantly enhanced; and
- The Housing Health and Safety Rating System (HHSRS) guideline scores for the health and safety impact of cold homes on children and pensioners are reviewed (and updated if necessary).

We are pleased to report that MHCLG are reviewing the HHSRS; however, without adequate compliance and enforcement action we believe that this will largely remain ineffective⁴⁰.

Given our concerns about the lack of enforcement of the PRS MEES by local authorities, we commissioned research in 2019 from RSM UK Consulting (*Enforcing regulations to enhance energy efficiency in the private rented sector: research report and CFP's recommendations*²⁶), to look at enforcement levels and to understand the barriers to enforcement.

The study found that current enforcement levels in England are low, and that local authorities who are responsible for the enforcement of the regulations do not have access to accurate data on PRS properties and landlords which are necessary for efficient enforcement. Local authorities said they need easy to access up-to-date data on PRS landlords and the EPC ratings of their properties. Although data is available, it is in disparate sets of data and is not always up to date, accurate or complete.

The study also found little ownership for checking whether PRS properties that register as 'unimprovable' were in fact not able to upgrade EPC Band E economically. The study also concluded that the cost of non-compliance of the PRS MEES needs to be much higher than the cost for landlords to comply – the current maximum penalty is £4,000.

The research concluded that a nationwide PRS property and landlord register for England is the only means by which PRS properties and their landlords can be efficiently and systematically identified. The research looked at national registration schemes in Scotland, Wales and Northern Ireland. These demonstrated that national schemes could gather accurate data on a high percentage of PRS properties/landlords and can be funded by landlords at reasonable costs. By adding a small additional levy, a national scheme could also be used to fund enforcement by local authorities and provide education to those landlords who are unaware of all their regulatory responsibilities.

We recommended to the Ministry of Housing, Communities and Local Government that they set up a national licensing scheme to help enforcement of the PRS MEES, but they could not see a need and were more focused on enforcement of regulations on the minority of the so called 'rogue landlords'. We note however that BEIS is working with selected local authorities to identify and share best practice for enforcement.

⁴⁰ Housing Health and Safety Rating System: <https://www.gov.uk/government/collections/housing-health-and-safety-rating-system-hhsrs-guidance>

ANNEX B Integrating Fuel Poverty Strategy with Net Zero

Net zero means that by 2050, government commits to reducing, as far as possible, all greenhouse gas emissions, and that any remaining emissions would be balanced by schemes to offset an equivalent amount of greenhouse gases from the atmosphere, such as planting trees or using carbon capture, usage and storage technologies.

Passing legislation to move to net zero by 2050⁴¹, will have a dramatic impact across all government departments and society. Government is developing a set of plans to deliver the target. Delivering this commitment will require billions to be invested across multiple sectors of the UK's economy. Under net zero, the economics of home energy efficiency measures need to be assessed not in the simple narrow terms of energy cost savings payback on investment, but rather in the context of what practical measures are needed to meet net zero at the lowest carbon cost. This would have the added benefit of being able to assess the cost effectiveness of household energy efficiency measures against other carbon reducing measures in the wider economy.

With increasing levels of renewable generation, as the percentage of the energy bill becomes increasingly fixed (transmission and distribution charges, Contracts for Differences and others) the traditional economic payback models based on variable cost savings may become less useful. We have worked extensively with BEIS modelling and believe that there are measures that reduce fuel poverty, as well as assist to boost the economy and reduce carbon emissions.

The Committee recognise that if delivering the 2030 Band C fuel poverty target now includes making homes 'net zero ready', then additional work will be needed in the homes beyond that originally envisaged when the fuel poverty strategy was developed in 2015. For example, preparing a property to be 'net zero ready' may involve installing larger low flow temperature radiators and possibly require improving energy efficiency levels beyond Band C. We are working with BEIS to understand whether, and in what circumstances, it would therefore be better (e.g. less intrusive for the householder) to carry out multiple measures in a house in one visit and therefore take it from Band F or Band G to Band C in one move, or whether it would be better to add measures incrementally i.e. take them through the Bands in a series of visits as per the current approach.

Key to this analysis has been whether the cost of measures are likely to fall over time as technology improves, versus the inconvenience and cost of revisiting a home and carrying out works on multiple occasions. However, there may be resistance from householders to carrying out a 'one time' major refit of the home. If we were to move to installing multiple measures in the same house then, based on a fixed annual budget, the number of households treated in a given year would be reduced. See Annex F for a breakdown of CFP's engagement across government and a range of stakeholders in driving forward this agenda.

⁴¹ [Climate Change Act 2008 \(2050 Target Amendment\) Order 2019](#)

ANNEX C Committee on Fuel Poverty: response to BEIS consultation on the Fuel Poverty Strategy for England

In July 2019, Government consulted on proposed revisions to the Fuel Poverty Strategy²⁹. The proposal included:

- **Metric:** Update the way in which fuel poverty is measured to better track progress against the statutory fuel poverty target. The proposal is to broaden the measure to capture all low income households living in energy inefficient homes.
- **Target and Milestones:** Retain the statutory fuel poverty target to ensure as many fuel poor households as is reasonably practicable are improved to a minimum energy efficiency rating of Band C by the end of 2030 and the supporting interim milestones of as many fuel poor homes as reasonably practicable to a minimum of Band E by 2020 and Band D by 2025.
- **Sustainability principle:** A new principle which would ensure that policies contributing to the fuel poverty target are complementary to other government priorities such as the Clean Growth Strategy and the Industrial Strategy.

The revised metric would still reflect the three key drivers of fuel poverty (income, energy efficiency and fuel prices) and would still measure the number of households in fuel poverty and the fuel poverty gap. Under the proposed metric of Low Income Low Energy Efficiency (LILEE), a household would be classed as fuel poor if it is:

- living in a property with an energy efficiency rating of Band D, E, F or G as determined by the most up-to-date Fuel Poverty Energy Efficiency Rating Methodology (FPEER); and
- has a disposable income (after housing costs/energy needs) below the poverty line

Overall, we could not see any significant downsides for making a change, but we could see many upsides⁴².

We see the LILEE definition as more ambitious than both the current LIHC definition for England and the 10% of Income definition used by other UK countries. It is also better integrated with the Clean Growth Strategy's ambitions. Another advantage of the LILEE metric is that measurement of progress towards the milestones and target should be more transparent. It should also be easier to find LILEE fuel poor homes on the ground as LILEE substitutes a household's relative energy needs with a metric related to the SAP rating. Using the LILEE definition would mean that the current numbers in fuel poverty would increase by a net 1.1 million (Table 8).

⁴² CFP's response to Fuel Poverty Consultation, 2019: www.gov.uk/government/publications/cfp-response-to-consultation-fuel-poverty-strategy-for-england

Government will need to increase the level of funding to deliver the fuel poverty 2030 target as there will be a further 320,000 fuel poor owner occupied households in fuel poverty.

As most of our recommendations in this report are to achieve the 2025 milestone and upgrade the residual Band F and G fuel poor homes, any change to using the LILEE metric would not change our recommendations as its main impact is to add to the number and cost of Band D homes that need upgrading to Band C.

We support the additional sustainability principle.

ANNEX D Committee on Fuel Poverty: Recommendations for discussions with health and social care stakeholders

Health and Care Recommendation 1

Local Health and Wellbeing Boards should hold local health systems to account in effectively using data to target those households in, or likely to enter, fuel poverty through planning instruments such as local 'winter resilience plans', Health and Wellbeing Strategies, and the CCG Health Inequalities plans. They also are ideally placed to scrutinise the effective targeting of the ECO LA Flex at the genuinely Fuel Poor, as per the spirit of the BEIS guidance. We recommend HWBs are required to submit annual returns to BEIS on their degree of assurance.

Health and Care Recommendation 2

Local health systems, through strong STP leadership (Sustainability Transformation Partnerships) should ensure that commissioners (working together as Local Authority & Public Health, and Health commissioners) invest in population health capabilities – the capability to identify and target the % of households, specifically those in fuel poverty, that drive winter related costs, admission pressures, and preventable health deterioration.

These commissioners should focus on developing strong local integrated population health data sets. These data sets are currently showing that investment in social prescribing and other preventative, asset-based interventions are a sustainable and cost effective solution to fuel poverty related excess winter deaths and rising health exacerbation costs. We recommend that each of the 44 local STPs should have in place strong social prescribing, community based support, through which households in and at risk of fuel poverty could be targeted - ideally through working up a successor to the LA Flex scheme using regulation and HWB oversight similar to the Improved Better Care Fund (iBCF) tool.

Health and Care Recommendation 3

Existing guidance issued by NICE (*Community engagement: improving health and wellbeing and reducing health inequalities NICE guideline [NG44]* & *Excess winter deaths and illness and the health risks associated with cold homes NICE guideline [NG6]*), should ideally be refreshed to include current and evidenced actions on addressing fuel poverty in a Health and Wellbeing context; and that the **guidelines' 5 recommendations** are monitored and reported back to a joint BEIS / DHSC working group via Health and Wellbeing Boards:

- developing a strategy for people living in cold homes
- identifying people at risk from cold homes
- training practitioners to help people with cold homes
- raising awareness of how to keep warm at home
- ensuring buildings meet required standards

Health and Care Recommendation 4

We also recommend stronger accountability perhaps via Local Authority Health Scrutiny Committees and Health and Wellbeing Boards, on improved outcomes for the fuel poor via delivery of the recently mandated local health inequalities plans. These have been mandated through the new NHS Long Term Plan, and we would like to see commissioning funding allocations increase and be held to account for fuel poverty related named improvements in health inequalities.

Health and Care Recommendation 5

We recommend that fuel poverty targets be integrated through planning instruments such as commissioning regulation tools, scorecards, and inclusion in the Commissioning for Quality and Innovation (CQUIN) framework, which supports improvements in the quality of services and the creation of new, improved patterns of care. The Long Term Plan sets out the requirement that Primary care networks will be expected to take a proactive approach to managing population health and from 2020/21, will assess the needs of their local population to identify people who would benefit from targeted, proactive support. To incentivise this, a 'shared savings' scheme has been proposed, under which networks will benefit financially from reductions in accident and emergency (A&E) attendances and hospital admissions. We recommend that fuel poverty actions be integrated into this emerging delivery framework.

Health and Care Recommendation 6

We recommend that consideration is given to the significant economic and social benefits of addressing fuel poverty in the long delayed social care green paper, and within the national social care winter funding allocations.

Health and Care Recommendation 7

We recommend that a number of pilot sites on exemplar integrated approaches to targeting households are included in NHS England's Menu of evidence-based interventions for the Long-Term Plan. This should complement the Economic modelling work on health benefits currently stalled between BEIS and NHS Digital.

ANNEX E Committee on Fuel Poverty: 2020 Recommendations

Recommendations to meet the Fuel Poverty Target

- Recommendation 1: BEIS develops a cost estimate for delivering the Fuel Poverty Strategy and puts in place a set of multi-year programmes to deliver the legally binding 2030 target.

Recommendations for immediate action to address Covid-19 impact on the fuel poor and address the shortfall in meeting the 2020 milestone

- Recommendation 2: We recommend immediate action be taken using the proxy of Cold Weather Payments eligibility to widen the automatic entitlement for Warm Home Discount to include low income families, in or at risk, of fuel poverty.
- Recommendation 3: Announce funds in the forthcoming Comprehensive Spending Review, or earlier, for the £2.5 billion Home Upgrade Grant (HUG) which is part of the £9.3 billion new public funding trailed in the Queen's Speech for energy efficiency. This would provide funds to upgrade the remaining fuel poor Bands F and G homes to Band E and help meet the 2025 Band D milestone.

Recommendations for strategic alignment of programmes to deliver the 2025 milestone and 2030 target as part of the net zero commitment

- Recommendation 4: Programmes to deliver the Fuel Poverty Strategy 2025 milestone and 2030 target should become an integral part of delivering the net zero commitment and should be prioritised based on the principle of *"prioritisation of the most severely fuel poor"*.
- Recommendation 5: Implement the Clean Growth Strategy ambition for a Home Energy Efficiency Programme from 2022 to 2028, with a budget, at least, at the level of ECO3 and focus at least 50% of its budget on Band E and Band D fuel poor homes.
- Recommendation 6: BEIS should carry out a thorough analysis on ECO3 Local Authority Flex to identify if it is delivering the desired results. This flexible approach should not be incorporated in a future Home Energy Efficiency Programme unless it is shown and enabled to be effective.
- Recommendation 7: BEIS should pursue their current work, with urgency, to produce a new machine learning tool to better identify fuel poor households and utilise the improved ability to target fuel poor homes for assistance from HEEP. In parallel, the machine learning tool should also be applied to improve the targeting efficiency of the Warm Home Discount programme.

- Recommendation 8: The current PRS MEES should be extended and the landlord's cost cap adjusted to achieve energy efficiency Band D by 2025 and Band C by 2030. For PRS properties that failed to meet the minimum energy efficiency standards of the prior period, any underspend versus the prior period landlords' cap should be added to the cap for the current period, for example, if a landlord failed to upgrade their property to Band D by 2025:
 - 2025 Band D landlords' cap £5,500 - actual expenditure by the landlord on their Band E property was £3,000 but next measure to get to Band D would cost £4,000 and so was not installed. This property therefore failed to achieve Band D i.e. an underspend of £2,500;
 - 2030 Band C landlord's cap £6,500 - 2030 Band C cap for the landlord who failed to achieve Band D in 2025 would be £6,500 plus the £2,500 underspend from the prior period = £9,000
- Recommendation 9: To compensate PRS Landlords for investing in energy efficiency improvements to their properties, the Landlord's Energy Savings Allowance – a former tax allowance on energy saving expenditure by landlords – should be re-introduced.
- Recommendation 10: To facilitate the enforcement of the PRS MEES by local authorities, a national mandatory on-line PRS registration scheme should be set up for England. It should be run centrally but accessed and enforced by local authorities locally.
- Recommendation 11:
 - Regulations should be implemented to require social housing to achieve energy efficiency Band D by 2025 and Band C by 2030;
 - The £3.8 billion Social Housing Decarbonisation Fund should be approved in the forthcoming Comprehensive Spending Review or earlier, and upgrading the energy efficiency of social housing homes of fuel poor should be prioritized.
- Recommendation 12: The Warm Home Discount programme should be extended beyond 2021 and its focus on fuel poor households be significantly improved.

Recommendations to accelerate progress to achieving 2030 Band C Target

- Recommendation 13: To accelerate progress to achieving the 2030 Band C Target.

- Recommendation 14: To help fund the delivery of the 2030 Band C target, the Winter Fuel Payment budget should be re-focused to help those most in need to pay their energy bills, and the balance of funds used to upgrade the energy efficiency levels of fuel poor homes.
- Recommendation 15: The Winter Fuel Payment should be made a taxable benefit and the resultant income tax collected and used to fund energy efficiency measures in fuel poor homes.

Recommendations to better integrate the NHS to help deliver the Fuel Poverty Strategy

- Recommendation 16: Government better utilises current planning and investment tools (such as the NHS Long Term Plan, local Health Inequalities Commissioning Plans, Better Care Fund guidance, Health and Wellbeing Board winter resilience duties) to act on the plans, guidance and programmes that are already in place to substantially boost the level of coordination to reduce the levels of fuel poverty and the number of excess winter deaths and long term health conditions that are related to living in cold homes; and

Any redesign of the ECO flex programme should include local scrutiny systems and accountability for meeting integrated health and fuel poverty targets (perhaps via Health and Wellbeing Boards).

Recommendations for BEIS to publish Impact Assessments on move to net zero

- Recommendation 17: BEIS to publish an impact assessment on those in fuel poverty from the move to net zero when pathways have been agreed; and

Ensure a just transition for low income and fuel poor households in the Government's Heat Decarbonisation Strategy to protect them from being adversely impacted.

Recommendations for discussions with health and social care stakeholders

- Recommendations 1 to 7 (see Annex D for details).

ANNEX F Committee on Fuel Poverty: Stakeholder Engagement (January 2019 to June 2020)

Month 2020	Topics of discussions with stakeholders (including Government officials): meetings and correspondence	Responses to Consultations, Reviews and calls for evidence
30 June	CFP's 4 th Annual Report – presented to a wide range of stakeholders, outlining the key messages from the Report and discussions	
22 June	Audit Committee sent CFP's 4 th Annual Report (embargoed) copy	CFP's response to Environment Audit Committee's inquiry into Energy Efficiency in Homes
22 June	CFP's 4 th Annual Report (embargoed) copy sent to Kwasi Kwarteng, Minister of State for Business, Energy and Clean Growth, and copied to Ministers in Government Departments for Work and Pensions, Department of Health and Social Care, and Ministry of Housing, Communities and Local Government, and HM Treasury	
22 June	CFP's 4 th Annual Report to BEIS DG, Dir, and DD Energy Efficiency	
23 June	Paul Massara hosted (with Deloitte) a virtual workshop to share and discuss CFP's commissioned research on better use of data and AI to better target the fuel poor	
8 June	Virtual Workshop by Energy Centre at Newcastle University. Liz Bissett and Jenny Saunders presented CFP's key recommendations to a group of over 30 participants	
9 May	Letter with CFP Recommendations on Commissioned research from Deloitte on better use of AI in targeting fuel poor – sent to Kwasi Kwarteng, Minister of State for Business, Energy and Clean Growth, and copied to Ministers in Government Departments for Work and Pensions, Department of Health and Social Care, and Ministry of Housing, Communities and Local Government	
7 May	CFP meeting with BEIS Fuel Poverty Statisticians – fuel poverty stats	
6 May	CFP meeting with BEIS Analysts on fuel poverty modelling	
16 April	CFP (virtual/TEAMS) Board Meeting: BEIS Update with DD Warm Homes, Deloitte Phase 2 findings; and CFP's Annual Report and proposed research for 2020	
9 April	Letter to Kwasi Kwarteng, Minister of State for Business, Energy and Clean Growth, cc to HMT on impact of Covid-19 and supporting fuel poor families by extending & focus Warm Home Discount.	
9 April	Jenny Saunders meeting Martin Coppack (CX) and Carl Packman, Fair By Design regarding Warm Homes Discount	
April to May (various dates)	CFP members teleconferencing with Deloitte Researchers –on the CFP's commissioned research on <i>Better use of Data /Machine Learning to support the fuel poor</i> . Phase 1 in March and Phase 2 findings in April	
26 February	Email correspondence and meetings with Citizens Advice, Head, Future Energy Services through how net zero impacts the policies and delivery of the fuel poverty strategy	CFP's comments on CA's report, 'Zero Sum'. Jenny Saunders, Anu Singh and Liz Bissett met with CA.

25 March	David Blakemore and Jenny Saunders - Teleconference with Kwasi Kwarteng, Minister of State for Business, BEIS	
24 February	Jenny Saunders and Liz Bisset attending Werin Networking Lunch on 24 February 2020: <i>Will NetZero by 2050 result in complete fuel poverty alleviation in the UK?</i>	
20 February	CFP Board Meeting: BEIS Update, and discussions with official from NHS Long Term Plan and health inequalities - CFP's aim is to better align fuel poverty with health policy agendas	
30 January		Response to Citizens Advice Draft Consumer Workplan 2020/21
29 January	Letters to Kwasi Kwarteng, Minister of State for Business, Energy and Clean Growth - on Manifesto Commitments and CFP's recommendations. Copied to BEIS's SoS, Permanent Secretary, DG for Energy Transformation and Clean Growth and Director Energy Efficiency and Local	
29 January	Letter to Chancellor of the Exchequer, HM Treasury on Manifesto Commitments and implementation of Clean Growth Strategy. Copied to BEIS SoS and Minister for Business, Energy and Clean Growth	
29 January		CFP's response to Citizens Advice Draft Consumer Workplace 2020/21
20 January	David Blakemore meeting with Director General, BEIS, Energy Transformation and Clean Growth	
17 January	Jenny Saunders discussion with Peter Smith, NEA regarding Home Upgrade Grant (HUG)	
16 January	CFP Board Mtg: BEIS Update & presentation by Energy Retail Markets	

Month 2019	Topics of discussions with stakeholders (including Government officials): meetings and correspondence	Responses to Consultations, Reviews and calls for evidence
7 November	Teleconference meeting Ofgem's Customer & Social Working Group – Fuel Poverty Network Extension Scheme - Jenny Saunders	
7 November	Launch of Sheffield Hallam University and Citizens Advice report Hardest to reach connecting energy advice to those who need it most - Liz Bisset represented CFP. Dr Aimee Ambrose, William Baker CA, Colin Brooks Energy UK, Brenda Boardman Oxford University, David Weatherall Energy Savings Trust	
31 October	Telekit with BEIS Statisticians on CFP's path forward - Fuel Poverty Stats Modelling Review	
17 October	CFP's Interim Report sent out via email to over 100 key fuel poverty CFP stakeholders and other networks, and also to BEIS Energy Minister	
16 October	Eaga Charitable Trust reception at House of Commons – fuel poverty stakeholders – Jenny Saunders on behalf of CFP to meet stakeholders for launch of fuel poverty library – opportunity to promote the Committee's Interim report	
2 October	Committee on Climate Change, CFP and BEIS on alignment of policies – David Blakemore and Paul Massara	
23 September	CSE workshop on research into how transition to smart energy system is fair to people in fuel poverty - Jenny Saunders	

Month 2019	Topics of discussions with stakeholders (including Government officials): meetings and correspondence	Responses to Consultations, Reviews and calls for evidence
19 September	Teleconference with BEIS Dep Dir Warm Homes Team, Energy Efficiency and Local Directorate	
16-18 September	NEA conference 16-18 September CFP: Anu Singh, Jenny Saunders, and Liz Bisset Presentation workshop on CFP priorities and PRS MEES	
13 September		CFP's response: Fuel Poverty Consultation for England
12 September		CFP members' feedback to Public Health England's survey on e-learning on cold homes & fuel poverty
5 September		CFP's response to Ofgem and BEIS Consultation Flexible and Responsive Energy Retail Markets
3 September	Fuel Poverty Stats Modelling Review with BEIS Stats team	
23 August	Letters on RSM research and CFP Recommendations to new MCHLG Minister and copied to BEIS Minister Energy	
23 August	Letters on CFP Challenge Fund and Recommendations to BEIS senior officials, and copied to HMT	
7 August		CFP response to the consultation on Ofgem Draft Consumer Vulnerability Strategy 2025
6 August		CFP's response to ECO3: Improving consumer protection consultation
24 July	Ofgem invited to discuss fuel poverty and vulnerability and joint working initiatives such as Ofgem's Draft Vulnerability Strategy 2025. Dermot Nolan, CEO, and Anthony Pygram, Dir, Conduct & Enforcement, Ofgem	
18 July	Letter to Secretary of State for Housing, Communities and Local Government) on PRS Enforcement research	
15 July	Letter to HMRC and HMT on PRS Enforcement research and CFP's recommendations based on research	
15 July	Letter to stakeholders on PRS Enforcement research, and CFP recommendations	
2 July	Green Finance Summit, London July 2019 - Paul Massara.	
Early July	David Blakemore Telekits with Director of BEIS Energy Efficiency & Local Directorate	
20 June	Jenny Saunders met Peter Smith, NEA regarding policy statements	
11 June	David Blakemore attended HMT Roundtable meeting	
31 May	Letter to BEIS Minister on PRS Enforcement research and CFP's recommendations	
21 May	Meeting David Blakemore with BEIS Warm Home Discount team	
20 May	Paul Massara met with Green Finance Initiative team, how to attract funds into the retrofit market	

Month 2019	Topics of discussions with stakeholders (including Government officials): meetings and correspondence	Responses to Consultations, Reviews and calls for evidence
8 May	Exec Direct - Customers and Markets Mary Stark at Ofgem	
15 May	Chair met BEIS Warm Homes Discount team	
15 May	Mtg with Minister on CFP Challenge Fund and other topics – rescheduled to later in year	
April	Agility Eco regarding EE funding and delivery post 2022	
23 April	Energy UK <u>reception</u>	
27 March	British Energy Efficiency Board presentation	
26 March	NEA House of Lords Reception	
13 March	Letter sent to Jeremy Pocklington (DG MHCLG)	
7 March	Letter to BEIS Minister on deep dive Fuel Poverty Strategy, Challenge Fund and Low-Income Low Energy Efficiency (LILEE) metrics	
6 March	Presentation to BEIS Energy Efficiency Board	
28 February	Meeting with BEIS, Dep Dir., Warm Homes	
26 February	BEIS Select Committee on Energy Efficiency (Private Briefing session)	
19 February	Select Committee preparatory sessions	
19 February	Letter to Amber Rudd, submitted 30 Nov 2018. DWP's response received 8 March 2019	
13 February	End Fuel Poverty Coalition mtg with CFP	
9 February		Submission on No Deal Data Preparations
8 February	Jenny Saunder's conversations with Peter Broad	Response to Citizen Advice 2019/2010 Work plan
5 February	Mtg on the Climate Change Committee	
5 February		Response to OFGEM's Impacts of Ofgem's Targeted Charging Review: Significant Code Review consultation.
31 January	Submission Fuel Poverty Challenge Fund to Minister – sent 31 Jan 2019	
23 January	APPG on Fuel Poverty and Energy Efficiency	
23 January	NEA Heat Heroes reception in Parliament	
23 January	Jenny Saunders met with Meghna Tewari regarding Ofgem's CVS (customer vulnerability strategy) championing this so no customers left behind as decarbonisation agenda continues	
22 January	John Healey MP Shadow Housing Sec	
17 January	BEIS Energy Efficiency Select Committee preparations – Q&As	CFP's sub to BEIS EE Select Committee on EE
10 January	Phone call between David Blakemore and MHCLG. scoping review of the HHSRS which will report in April	

ANNEX G Committee on Fuel Poverty: Members

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 been reappointed as the Chair from 7 November 2019.

David 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.

Liz Bisset

Liz Bisset 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.

Paul Massara

Paul Massara is a Chairman, Non-Executive Director and Board adviser to a number of companies in the energy technology space. He is also Chair of Sovereign Housing Association and Medicinema, a film charity. Prior to these roles, he was CEO of Npower from 2013-2015 and was also a member of Centrica Plc Executive Committee, and President of Direct Energy (Canada).

His other roles include:

- Board Director Zeigo Energy
- Board Director of Isize Technologies
- Chair of Sovereign Housing
- Chair of Medicinema
- Associate at Creative Destruction Lab, Oxford University
- He is also an investor in Electron, Verv and Habitat Energy

Jenny Saunders, CBE, DCL

Jenny Saunders has a number of current roles:

- Member of Northern Powergrid's Customer Engagement Group
- Chair of NGN's Customer Engagement Group
- Non-Executive Dir. of Affordable Warmth Solutions Community Interest Company
- Member of Innovate UK's Advisory Group: Prospering from Energy Revolution
- Associate Fellow at Durham University

Jenny was Chief Executive of National Energy Action from 2007 to 2017, and prior to that their Director of Communications. She was a member of UKERC Advisory Board (2014 – 2019).

Anuradha Singh

Anu is a board level local government and health professional. She has been a statutory Director of Social Services; and has led on new relationships with communities for County Councils, City Councils and a London Metropolitan Borough Council. Anu is also Vice Chair of the Whittington Health Integrated Care Trust in north London, and from January 2020, was appointed non-executive director to the Parliamentary and Health Service Ombudsman (PHSO), which is responsible for investigating complaints about poor or unfair services as a result of actions by a government department, body or the NHS.

Anu was Director of Patient & Public Participation and Insight for NHS England, ensuring that the voice of patients, service users, carers is at the heart of the way NHS works. She was also responsible for Equalities and Health Inequalities, Person Centred Care, and relationship with the Voluntary and Community Sector.

Lawrence Slade

Lawrence Slade has been the Chief Executive of the Global Infrastructure Investor Association since January 2020. Before his current appointment, he was Chief Executive of Energy UK since July 2015, and prior to this was its Chief Operating Officer when it was formed in 2012 and had specific executive responsibility for all energy supply activities including retail markets, smart metering and 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 building an understanding of the geopolitics of energy and how the sector is central to everyday life and supports thriving economies. Lawrence ran the Energy Retail Association before Energy UK was formed and is a non-executive director of the Money Advice Trust and Fellow of the Energy Institute.