



Committee on
Fuel Poverty

Warm. Affordable. Fair.

The journey to eliminate fuel poverty.

Committee on Fuel Poverty Annual Report 2026

September 2026



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Contents

About the Committee on Fuel Poverty	4
Introduction by the Chair of the Committee on Fuel Poverty	5
Key Recommendations	7
Chapter 1 A Year of Change	9
Chapter 2 Fuel Poverty - What do the statistics tell us about the fuel poor?	19
Chapter 3 Why has fuel poverty reduced?	24
Chapter 4 A Plan for Warmer Homes	30
Chapter 5 A new Fuel Poverty Strategy	39
Chapter 6 Social Housing Energy Efficiency	44
Chapter 7 The Private Rented Sector	47
Final Conclusions	52
Annex A Progress since 2025 Summer Update	54

About the Committee on Fuel Poverty

In 2025, the Government designated the Committee on Fuel Poverty (CFP) as an expert group, tasked to provide independent advice to Government.

Our sponsoring department is the Department for Energy Security and Net Zero (DESNZ).

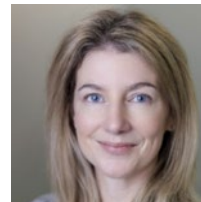
We advise on the effectiveness of policies aimed at reducing fuel poverty and encourage greater co-ordination across the organisations working to reduce fuel poverty.

To that end, our role is to:

- monitor and report on progress of the government's [Fuel Poverty Strategy for England - GOV.UK](#)
- support and challenge the government on delivery
- encourage and foster a partnership approach between government and stakeholders
- work where appropriate with the [Committee on Climate Change](#)

Current Membership of the Committee

Rt Hon Caroline Flint (Chair), Ross Armstrong, Prof. Richard Fitton, Belinda Littleton, Gordon McGregor, Anthony Pygram, Fallon Wilkinson,



Introduction by the Chair of the Committee on Fuel Poverty

The Committee on Fuel Poverty has existed since 2015, a successor to the Fuel Poverty Advisory Group which existed from 2001-2015.

It is a reflection of the consistent policy of successive Governments to end fuel poverty, that this is an active area of public policy, and that each Government has welcomed an independent group – the Committee on Fuel Poverty – to advise and provide constructive feedback to improve the impact of policies over time.

Since our last report, the Department has designated the Committee on Fuel Poverty as an expert group, still providing independent advice to Ministers. We are grateful for the Government reconfirming our important role in scrutinising policies to reduce fuel poverty and to ensure a fair transition to Net Zero.

We produced our last full Annual Report in 2024, and a Summer Update in 2025, before many of the policy initiatives we consider in this report.

In the intervening time, the new Government has produced a flurry of policy initiatives, new strategies and Budget announcements that directly impact on our work. Whilst we deferred our Annual Report until those policies were fully fleshed out and published, we made several consultation responses and submissions, each of which may be found on the Committee on Fuel Poverty pages of the DESNZ website.

In the time since our last report, there have been structural changes made to energy bills; changes to direct payments related to winter fuel and warm homes; a new Fuel Poverty Strategy; a Warm Homes Plan; a new Child Poverty Strategy; new energy efficiency regulations for the private rented sector and for the social housing sector; the abolition of a key home insulation programme – ECO4; and more besides.

Indeed, there has been such a volume of new policy that this report devoted a chapter to those changes, and a separate chapter for each of the major policies.

This report also identifies where recommendations we have advocated have been incorporated in whole or in part into Government policy.

Since our Summer Update 2025, there have been changes of Ministers; a new Secretary of State and Prime Minister. This report necessarily only covers the established policy already published and does not cover the emerging policy outlined by Prime Minister Andy Burnham during his first days in Downing Street. The Committee will continue to track and comment on emerging policy in due course.

Our Parliamentary Under-Secretary of State (Minister for Energy Consumers) Miatta Fahnbulleh was replaced in the role by Martin McCluskey and returns as Secretary of State. We wish Rt Hon Ed Miliband every success in his new role as Foreign Secretary.

I'd like to thank Parliamentary Under Secretary McCluskey for re-iterating the Department's commitment to providing a considered written response to our Annual Report going forward. The engagement with Ministers has improved in the last two years, and, for a small committee, the feedback and dialogue in response to our work is most appreciated. We look forward to this continuing with Secretary of State Fahnbulleh and Minister for Energy Consumers Polly Billington.

In the past year, we have said goodbye to Anu Singh and Liz Bisset who have served as active members of this Committee for 6 and 8 years respectively. We would like to thank them for their contribution to our work in that time.

We are pleased to welcome new members: Ross Armstrong, Prof. Richard Fitton and Fallon Wilkinson, who are already getting their teeth into their new role. This increases our small Committee from six to seven members. As this Committee commissions its own research, and drafts its own reports and submissions, I welcome the range of experience and expertise our new members will bring.

As always, our committee could not perform this role without the ongoing support of officials in the Department and the regular evidence, policy analysis and administration they provide. For that we remain continually grateful.



Rt Hon Caroline Flint
Chair
Committee on Fuel Poverty

Key Recommendations

- Within well-targeted, locally delivered programmes, the Government should reward councils or providers who deliver good quality results at the required scale and show value for money. (page 10)
- The Government should provide a timeline and details of the new single programme as quickly as possible, including the governance, oversight and quality assurance of future programmes to protect vulnerable consumers and ensure value for money. (page 12)
- Government should urgently set out how the (*£5billion to support low-income households*) funding will be deployed and how this will ensure that fuel poor owner occupiers will benefit from upgrades to contribute to the fuel poverty target. (page 12)
- Local authorities should play a key role in promoting and implementing the new single programme succeeding ECO4 with the required resource in place to ensure the appropriate levels of support and enforcement powers. (page 12)
- The Committee welcomes the extension of Warm Home Discount. In keeping with its original purpose to lift people out of fuel poverty, we recommend WHD is both better targeted at the fuel poor and increased to reflect the rise in energy bills since its introduction. (page 15)
- The Committee would welcome fuel poor households being exempted from paying an enhanced unit rate on their bills. (page 16)
- There must be greater transparency about every policy intervention funded by energy bills and clarity on how these costs are effectively scrutinised to bear down on the affordability of energy costs for all. (page 17)
- That data restrictions are amended to enable the pooling of data and effective partnership working to deliver, well-targeted energy efficiency programmes and support at local level. (page 23)
- Whilst targeted cash payments will be required for the foreseeable future, the Committee believes that a lasting and meaningful improvement in the homes occupied by fuel poor households will provide a more sustainable route out of fuel poverty; be more consistent with long term net zero goals; and provide greater value for money for limited public funds. (page 26)
- Fuel poor households should not incur additional charges on their energy bills for the debts of other consumers and a more equitable method of recovering these amounts should be explored. (page 27)

- The Committee asks Government to consider the merits of a lower-cost tariff for low-income and vulnerable households to either replace or complement the Warm Home Discount to meet the promise of affordability for all. (page 29)
- That quality, thermal upgrading of homes remains central to protecting low-income households from future increases in energy costs. (page 33)
- More evidence to be collected as heat pumps are installed in low-income households to minimise the risks of either, unsuccessful installations, or higher bills. (page 34)
- The thermal efficiency of homes must be the first order of importance in upgrades and a priority for new investment in a cold home. (page 35)
- The new EPC standard is agreed as a matter of urgency. (page 36)
- The Committee recommends that the £10,000 value for money cap should be interpreted flexibly; to enable programmes to spread savings from other properties below the £10,000 cap to maximise the number upgraded to a C. (page 43)
- The Government look creatively at how to reward investment in the short term (by social housing providers), to accelerate the rate of home upgrades. (page 46)
- The Government to consider the avenues for loans or funding for smaller landlords of low-cost properties. (page 50)
- That Government ensures that the exemptions allowed do not undermine the central policy objective of the MEES regulations (page 51)

Chapter 1 A Year of Change

The last year has been a busy period for policy development.

After a period of little policy development following the 2021 Fuel Poverty Strategy, the new administration has begun refreshing policy across several areas that directly affect fuel poverty.

The new major policies, such as the Warm Homes Plan; Fuel Poverty Strategy; and new Minimum Energy Efficiency Standards – proposed for owner occupiers the social housing sector and the private rented sector; are each given a separate chapter.

The main policy initiatives which we have identified as impacting on fuel poverty are:

- The Warm Homes Plan – January 2026 discussed in **Chapter 4**
- The new Fuel Poverty Strategy, published alongside the Warm Homes Plan, is discussed in **Chapter 5**
- Changes to Minimum Energy Efficiency Standards - regulations related to the social rented sector, announced April 2026, are discussed in **Chapter 6**
- Changes to Minimum Energy Efficiency Standards - regulations related to the private rented sector. Decision announced January 2026 discussed in **Chapter 7**

Other changes to payments; grants and funded programmes are discussed in this chapter, namely:

- Winter Fuel Payment extended to more pensioner households.
- Changes to Warm Home Discount.
- The abolition of the ECO4 scheme was confirmed 26 November 2025, to take effect from 31 December 2026. ECO4 was due to end on 31 March 2026, along with the Great British Insulation Scheme (GBIS). GBIS ended, but ECO4 was granted an extension to 31 December 2026 to complete existing work and rectification.
- Warm Homes Agency to be established from 2027.
- £1billion per year Crisis and Resilience Fund– a 3-year funded programme to 31 March 2029, replacing the Household Support Fund which ended in April 2026.
- Changes to Energy Bills standing charges.
- A new Child Poverty Strategy was announced in December 2025.

Funded programmes over more than 1 year

2025 saw the beginning of funded programmes announced in the Autumn 2024 Budget, the first of the new Government. Those programmes included a blend of energy efficiency and low carbon technology to reduce bills. They included:

The Warm Home Local Grant scheme: £500million (April 2025-2028) – free energy saving upgrades for low-income homeowners and private renters and homes in the lowest two deciles of deprivation. The main targets properties are cold homes with low energy ratings D-G. The scheme is administered by local authorities, with funding allocations managed by DESNZ, and is open – on a demand-led basis – to applicants that meet the eligibility criteria.

Warm Homes Social Housing Fund (previously the Social Housing Decarbonisation Fund) £1.29billion for 2025-2028 focuses on socially rented homes with EPC energy ratings below C. The scheme allows social housing providers to apply for match funding to support pre-planned programmes of work that provide insulation and low-carbon heating systems that aim to reduce bills. The past year has seen 1,500 households receiving full retrofit upgrades.

Boiler Upgrade Scheme: Grants of up to £9,000 to replace fossil fuel heating with low carbon heating systems such as heat pumps and biomass boilers. Switching to these systems can be particularly useful for rural properties off-grid, replacing oil, LPG or electric heating, as they can benefit from both annual running cost savings and the prospect of stable prices, which is not the case with heating oil and LPG. However, the requirement for a contribution to the new system makes it unlikely to appeal to fuel poor rural households.

The Committee particularly welcomes the focus of schemes on targeting colder homes; and replacing older outdated heating systems with more affordable low-carbon alternatives.

We also welcome that the implementation of Warm Homes Local Grant is led by local authorities, and we particularly welcome that higher performing LAs with a proven track record of delivering can bid for increased funding if they can evidence their ability to deliver.

KEY RECOMMENDATION

Within well-targeted, locally delivered programmes, the Government should reward councils or providers who deliver good quality results at the required scale and show value for money.

The Committee recognises that greater devolution of resources should be accompanied by greater openness and scrutiny, with contingency plans to safeguard fuel poor households in areas where councils do not rise to delivery challenge.

The end of the Energy Company Obligation (ECO)

The Energy Company Obligation (ECO) has been the subject of considerable criticism by the Committee on Fuel Poverty, in part because of its poor success rate in reaching fuel poor households.

ECO, which began in 2013, obliged energy companies to fund improved insulation, and related measures, to low-income households. The current programme ECO4, ran from 2022-2026. In total, the scheme had contributed to improvements in 2.6million homes. However, many were not fuel poor or vulnerable households.

This Committee was critical of energy companies taking advantage of the scope of the scheme to shift the focus away from physical upgrades such as cavity wall insulation, to measures such as new heating controls. This allowed, potentially, millions of measures to be installed, many of which had a negligible impact on the warmth of a home.

In 2023, the Government of the day launched the Great British Insulation Scheme, which was intended to benefit 300,000 homes over a two-year funded programme. In reality, fewer than a third of this number of homes received support from GBIS, of which an even smaller proportion were likely to be in, or at risk of, fuel poverty.

Both ECO and GBIS under-delivered on their targets and were widely criticised for poor quality work. In their inquiry report Faulty Energy Efficiency Installations, the Commons Committee on Public Accounts noted:

“a clear and catastrophic failure with the quality of installations of external and internal wall insulation in ECO4 and GBIS has left over 30,000 homes with defects. Of external cladding installed up to mid-January 2025, an estimated 98% (approximately 22,000 to 23,000) homes had defects requiring remediation, as does 29% of internal wall insulation.”

In November 2025, the Chancellor confirmed that there would be no ECO5. The ECO scheme end date was set at December 2026. The GBIS funding would not be renewed and the targets included in this programme would be included a new single programme, drawing several funding pots together into a new single scheme.

The Government has set an ambition to accelerate the rate of home upgrades and will be placing a new Warm Homes Agency in the lead role. This change is hoped to bring funding, co-ordination and consumer protection, under one roof, to simplify the mission of upgrading millions of homes.

The sub-standard work delivered by ECO and GBIS led to the suspension of 39 companies involved in the programmes.

Whilst it is essential that the remediation and completion of the existing programmes is satisfactorily concluded, we believe that timely confirmation of new programmes is important to prevent a loss of skills across all regions; as occurred in the mid-2010s when sharp cuts in feed-in tariffs led to a collapse of jobs in solar installation.

This Committee believes that the new single programme for upgrading homes must be effectively, and rigorously, monitored at local level and quality assured by the Warm Homes Agency to prevent a recurrence of these problems of delivery.

KEY RECOMMENDATION

The Government should provide a timeline and details of the new single programme as quickly as possible, including the governance, oversight and quality assurance of future programmes to protect vulnerable consumers and ensure value for money.

The Warm Homes Plan committed £5 billion to support low-income households. The plan committed to saying more about plans for a combined scheme for low-income households by Spring 2026.

KEY RECOMMENDATION

Government should urgently set out how the funding will be deployed and how this will ensure that fuel poor owner occupiers will benefit from upgrades to contribute to the fuel poverty target.

Local government have always been essential partners in the delivery of ECO4 and predecessor programmes. Their local knowledge, combined with the Government's desire to improve data sharing, could lead to the more accurate targeting of fuel poor households for the next generation of home upgrades.

KEY RECOMMENDATION

Local authorities should play a key role in promoting and implementing the new single programme succeeding ECO4 with the required resource in place to ensure the appropriate levels of support and enforcement powers.

Finally, given the published target in the Warm Homes Plan for one million fuel poor homes to benefit from energy saving measures in their homes by 2030, it is critical that the new single programme is designed in such a way that it enables, rather than inhibits, delivery at the pace and scale that will be required to achieve this goal.

Five big financial changes affecting households in 2026/2027

Beyond the new strategies, and new policy, which were extremely welcome, the Government made five big policy changes with big financial implications for the fuel poor.

- ***Winter Fuel Payment eligibility is changed to pensioner households but with amounts reclaimed by HMRC from individuals earning £35,000+***

- **Warm Home Discount scheme expands to all billpayers receiving a means-tested benefit - reducing fuel poverty by a further 214,000 households.** (Overall, WHD lifts 574,000 households out of fuel poverty in 2026 – last year's figures projected a reduction of 282,000 households under the 2024, non-expanded scheme).
- **Autumn 2025 budget energy bills package begins, taking an average £150 of costs off people's energy bills from April 2026.**
- **Two-child limit on Universal Credit ends from April 2026 and free school meals were extended.**
- **Warm Home Discount cost recovery moves from standing charges to unit costs.** This removed the cost for WHD paid for by billpayers from the standing charge and spread it across the unit rate to reflect usage. **The change took effect on 1 January 2026 and will operate until 31 March 2027.**

Winter Fuel Payments

The Winter Fuel Payment was first introduced in 1997, available to every household containing a person of State Pension age (by a qualifying date in September). Rising gradually over time, the payment has settled at £200; or £300 for a household with someone aged 80 or over.

Up to winter 2023/2024, every pensioner household in England and Wales received a winter fuel payment; 10.8million pensioners, in 7.6million households.

In July 2024, the Chancellor reduced eligibility to those in receipt of Pension Credit and a limited number of eligible benefits. This restricted the payment to 1.4 million beneficiaries.

After this change, the Committee wrote to the Minister for Energy Consumers. Our letter included the following:

"The Committee on Fuel Poverty has long supported better targeting of this payment. Whilst we recognise that the Government is facing some very hard financial choices, we were disappointed to find that the money withdrawn from Winter Fuel Payments was not being redirected to help those who most need support."

One of our ongoing concerns about cash payments or energy efficiency programmes is that money is directed efficiently to have maximum impact on fuel poverty. In our view, savings from changes to winter fuel payments could have been employed to reducing fuel poverty.

The Committee's criticism that Winter Fuel Payments, under successive Governments, has not been a very well targeted payment going to some people who were not in fuel poverty and did not need the payment. This was a view articulated by various select committees, and bodies such as the IFS and IPPR, for over a decade.

However, the changes were met with widespread concern that the restriction may have affected some pensioners who were not the intended target of the change.

For example, data suggested that nearly 900,000 households who would qualify, had not applied for Pension Credit.¹ There was also concern for some of those sitting just above the Pension Credit threshold, who would lose out.

The Committee's letter to the Minister for Energy Consumers in August 2024, summed up the concern:

"We hope the department will examine whether there is a significant group of pensioners on low and fixed incomes outside the threshold chosen by the Chancellor who may suffer genuine hardship. Particularly, we would ask the Government to consider the impact on those pensioner households with annual incomes above the Pension Credit threshold up to £18,200. There are also up to 880,000 households who currently do not claim Pension Credit and previous campaigns have not been successful in significantly boosting take up."

In June 2025, the Government responded to the pressure, announcing that the winter fuel payment would be paid to more pensioners. The Chancellor, later, confirmed that going forward, it would be paid to all households of the qualifying age, but any individual with an income over £35,000 would have the payment clawed back through the tax system.

This change meant the total recipients increased to approximately 9million; compared to 10.8million before the WFP was restricted².

Compared to 2024, before the restrictions, the new eligibility saved the Government £250million per year, not the £1.5billion originally intended.

The Committee recognises that the final landing place was informed by political circumstance rather than by the issue of fuel poverty. If the decision had been solely about the best approach to reducing fuel poverty, the future of the Winter Fuel Payment would have been better considered within a consultation on the new Fuel Poverty Strategy.

Warm Home Discount

Following changes to Winter Fuel Payments, the Government made two significant policy changes: on Warm Home Discount eligibility; and on standing charges on energy bills. First, Warm Home Discount (WHD) – a one-off payment towards energy bills which went to a core group of 3.3 million households, altered its eligibility.³

¹ Torsten Bell MP, 8/12/25; [Pensioner Poverty - Hansard - UK Parliament](#)

² [Written questions and answers - Written questions, answers and statements - UK Parliament](#)

³ [Warm Home Discount statistics, 2024 to 2025 - GOV.UK](#)

The expansion removed the "high-cost-to-heat" criteria in England and Wales, allowing many more low-income households to qualify automatically through means-tested benefits.

The latest Warm Home Discount statistics, published June 2026, state:

*"In 2025/26, a total of 5.52 million households in Great Britain received the WHD rebate in the Core Groups, equivalent to 18.6% of households. This is a substantial increase from 2024/25 (2.29 million more households)."*⁴

Whilst most of the additional recipients were not in fuel poverty, this extension of WHD is projected to reduce fuel poverty to 2.13million households (8.4%) in 2026.⁵

The annual payment of £150 will be received just before winter. WHD will also continue at least until 2030/31.

In the Committee's view, there remains a problem over the declining value of WHD. Whilst its extension to more households clearly has a positive effect. In real terms, it is worth less each year.

At its introduction in 2011 as a measure to reduce fuel poverty, WHD was paid at £120. This rose to £140 in 2014, and then to £150 in 2022. If the original amount had been inflation adjusted to maintain its real value, WHD would be more like £180. today.

If the level of WHD had kept pace with the rise in energy bills between 2011 and 2025, the rebate would have grown by around 55%; this would give a figure closer to £190.

KEY RECOMMENDATION

The Committee welcomes the extension of Warm Home Discount. In keeping with its original purpose to lift people out of fuel poverty, we recommend WHD is both better targeted at the fuel poor and increased to reflect the rise in energy bills since its introduction.

Warm Home Discount moving to the Unit Rate

The Committee noted in a recent submission to Government that £37 of the standing charge for all bill payers, funds WHD. That means that for a recipient of WHD, the net amount they receive is £113.

In December 2025, it was confirmed that the cost of Warm Home Discount which formed part of the standing charge on energy bills, would be spread across the unit rate.

The policy change to spread the recovery of the cost of WHD across the rate people pay for consumption of electricity; and not added to the standing charge, had a modest, but net progressive effect, particularly benefitting low consumption households.

⁴ [Continuing the Warm Home Discount Scheme - GOV.UK](#)

⁵ [Continuing the Warm Home Discount Scheme: impact assessment](#)

In our response to the consultation, the CFP noted that it is unfair to burden the fuel poor with either a standing charge or an enhanced unit rate to pay for a scheme to reduce their fuel poverty.

Also, the Committee recognised that some with high energy needs, such as for medical reasons, would incur more in WHD costs. Therefore, we recommended that to offset this regressive effect, it would be better if all recipients of WHD were excluded from being charged an enhanced unit rate.

On balance, the Committee welcomes the modest contribution this change makes to those in fuel poverty. However, we recognise that it should not be treated in isolation from other policies that directly affect energy bills, some of which increase costs for fuel poor households, especially those households with high energy needs.

KEY RECOMMENDATION

The Committee would welcome fuel poor households being exempted from paying an enhanced unit rate on their bills.

Policy costs

The removal of the costs of the Energy Company Obligation (ECO) from energy bills was preceded by the Chancellor's announcement that the latest programme, ECO4, was to end on 31 March 2026. The Renewables Obligation, which funds renewable energy schemes, and is currently funded by a levy on bills, is also being transferred off bills. From 1 April 2026, 75% of the cost will be funded by the Treasury, 25% by energy suppliers.

The removal of ECO costs from standing charges saves £59-£62/annum per household. The average saving from these two changes together is £154 per household on a dual fuel bill.

Notably, this Committee has argued that standing charges are regressive – in that they cost the lowest income household the same as the wealthiest, the smallest user of energy the same as the largest.

Research we commissioned identified that:

“Currently, the lowest-income 5% of households typically allocate 1.1% of their income to low-carbon policy costs, compared to 0.18% for the highest-income group.”⁶

We also argued that new infrastructure should be funded from general taxation, rather than by bill payers. In this context, we note that the costs of Warm Home Discount, which arise from Government policy not from any connection to provision of energy, are borne by billpayers. Therefore, given the shift of ECO costs to the taxpayer, it would be

⁶ [Exploring options for improving energy bill equity for fuel poor households - GOV.UK](#)

welcome if the Government would clarify, going forward, the principles underlying which items go onto bills and which are borne from taxation.

However, from the point of view of equity, and easing the burden on low-usage consumers, we welcome the reductions to standing charges as far they go.

As highlighted above, over the past year there have been a number of policy interventions which seek to reduce energy costs. These are broadly welcomed, however this is against a context of rising wholesale costs as well as policy costs that create an upward pressure on bills and exacerbate the challenge of alleviating fuel poverty.

There must be greater transparency about every item included within bills, whether by virtue of Government policy or Ofgem regulation. Annual energy bills remain substantially above pre-pandemic levels, therefore, there must be a determination from the centre to bring down bills, not just in the short term, but in the coming years to improve affordability and fairness for all. Over the past year the Committee have requested details of the breakdown of individual components of an energy bill and how decisions around what is added or removed from a bill is governed. We note the Autumn 2025 Budget committed to introducing a new framework for scrutinising energy bill levies, however to date Government has not been able to provide sufficient details on the existing arrangements to oversee decision making across Government on policy which impact energy bills and how these are effectively scrutinised.

KEY RECOMMENDATION

There must be greater transparency about every policy intervention funded by energy bills and clarity on how these costs are effectively scrutinised to bear down on the affordability of energy costs for all.

The Child Poverty Strategy

In December 2025, the Government published its new Child Poverty Strategy: **Our Children, Our Future: Tackling Child Poverty**. Perhaps in recognition of the relationship to fuel poverty, the Committee took part in the Child Poverty Strategy workshops with other stakeholders during the consultation stage.

Among the immediate policy initiatives contained within the Strategy was a change to Universal Credit:

“we will take immediate action to remove the two-child limit, lifting 450,000 children out of relative poverty within this parliament.”

The extension of the child element of Universal Credit to more families was complemented by an extension of free school meals:

“expanded free school meals in England to all children in households in receipt of Universal Credit, lifting 100,000 children out of relative low

income by the end of this parliament.²⁵ We are including school-based nurseries, school sixth forms and Further Education settings..."

The impact of these policies is discussed in **Chapter 4 – why has fuel poverty reduced?**

Conclusion

Whilst there are policy adjustments or decisions we may question in the course of this report, the Committee welcomes the clear focus, energy and momentum that has been applied to producing a large amount of new policy, which must serve to refresh and give impetus to the cause of reducing fuel poverty.

We also welcome that, in general, the new policies have consistent threads and complement each other, adding to a sense that – in relation to fuel poverty – different arms of Government are beginning to work together with common purpose. The related challenges of fuel poverty; affordability; and the long-term transition to Net Zero; have been pulled together to create a direction of travel and vision that provides us with much to test, scrutinise and comment on in the years ahead. This strategy will only be effective if energy costs reduce to make energy more affordable for all, alongside support for those that need it most.

Chapter 2 Fuel Poverty - What do the statistics tell us about the fuel poor?

The previous two Annual Reports of this Committee in 2023 and 2024 were quite pessimistic.

In 2023, our report entitled *Meeting or Missing the Milestones* we observed a marked slowing in the reduction in fuel poverty; and we questioned whether, without a marked improvement in delivery, the Government would meet its fuel poverty milestones.⁷ In the same year, the World Economic Forum declared that the rising cost of living was now the biggest threat facing the planet in the short term.⁸

In 2024, our Report entitled *Can Fuel Poverty be Ended?* observed that, over the previous five years, fuel poverty had not fallen “to any meaningful extent”.⁹ It had flatlined. Whatever, the policy intention and resources directed at lifting low-income households out of fuel poverty, there had been precious little progress to show.

We had previously noted that from 2010 to 2019 there had been a forty per cent reduction in fuel poverty – progress achieved predominantly during periods when public spending was severely constrained.

The Committee had always thought that, in theory, there was sufficient resources allocated to bear down on fuel poverty to meet Government's 2030 milestones. Therefore, the failure must lie with the policy levers, the delivery.

We should add an important caveat to the criticism implied in the above summary. The Committee has always been conscious that between 2010 and 2019, energy prices in the UK were stable and more affordable than they have been in recent years. This created a lack of urgency in the Government's fuel poverty strategy.

The years from 2019 to 2025 have been anything other than benign. The UK came through Covid-19 - the most significant episode of social, political and economic upheaval in our lifetimes - which halted much of the necessary home upgrade work that was planned during 2020. This was followed in 2022 by the Russian invasion of Ukraine, which is still ongoing. There was a generally recognised cost of living crisis¹ which peaked in 2023. And in 2025, there were world trade uncertainties due mainly to US foreign policy and ‘tariff wars’.

The impact of those jolts to economic stability, particularly the Russia-Ukraine conflict, led a huge spike in energy prices, exacerbating energy debt and levels of fuel poverty.

All these factors made the continued reduction of fuel poverty more challenging, but do not fully explain away the five years of little progress.

⁷ [Committee on Fuel Poverty annual report: 2023 - GOV.UK](#)

⁸ [Global Risks 2023: Tensions Peak between Urgent Cost of Living Crisis and Sustainable Climate Action > Press releases | World Economic Forum](#)

⁹ [Committee on Fuel Poverty annual report: 2024 - GOV.UK](#)

The 2026 Statistics

2024 and 2025 marked a turnaround, despite international turbulence. The Committee is pleased to report that the proportion of households in fuel poverty resumed its downward trajectory.

This report will comment on what mechanisms influenced that downward trend, but at this stage it is worth summarising the main headlines from these statistics, which are based on 2024 final estimates and the provisional estimates for 2025.

The headline figures:

- In England, ***fuel poverty has fallen to below 10% for the first time ever (using the LILEE metric)***. The revised 2024 figure was 9.9% of households, 2.47million. The 2025 estimate is a fall to 9.4% of households, 2.36million, the lowest level of fuel poverty ever achieved. The 2026 projection is a fall to 8.4% of households, 2.13million. However, this projection does not factor in the US-Iran conflict effect on energy prices for the remainder of 2026.
- In 2025, the average fuel poverty gap remained almost unchanged at £379, similar to the £381 for 2024. The fuel poverty gap is the reduction in fuel costs needed for a household to not be in fuel poverty. It is one way to measure the depth of fuel poverty among those fuel poor households. If the total fuel poverty gap of each fuel poor household is aggregated, the total for 2024 was £941million. In 2025, the estimate is £896million – a 5% reduction.
- While the rate of fuel poverty largely flatlined between 2019-2022, the welcome drop in fuel poverty resumes the steady downward trend that began in 2014. In that decade fuel poverty reduced to two thirds its 2014 level.
- The fuel poverty gap widened considerably between 2019-2023, the impact of the pandemic and the Russia invasion of Ukraine contributing to a substantial rise in otherwise steady fuel prices in the previous decade.
- Low-income households who no longer have to live in a cold home but benefit from one with a Fuel Poverty Energy Efficiency Rating (FPEER) of C or better, reached 62.6% in 2024. In 2025, this rose further to 65.2%. However, much of this is not a real upgrading of homes, rather than a statistical adjustment for the “effect” of receipt of Warm Home Discount on properties marginally below an EPC C rating.
- The 2025, data considers affordability of energy with two measures. First, a measure adopted by Government in 2001: ***the number of households required to spend more than 10% of their income (after housing costs) on energy***. The 10% measure was superseded by the LILEE metric but, as this Committee has noted in previous reports, this figure captures the wider problem of energy affordability. In 2024, over a third of all households exceeded this threshold, 8.55million; 34.4%. In 2025, we saw a welcome reduction to 7.63million, 30.4%. That is a reduction of 912,000 households, despite energy prices remaining 45% above pre-pandemic levels.¹⁰

¹⁰ [Annual fuel poverty statistics report: 2026 - GOV.UK](#)

- A further affordability measure was included in the statistics, for the first time, that of *median energy costs*. This measure is looking at the typical household's required energy costs as a proportion of residual household income (after housing costs are deducted).

The median figure represents the midpoint where half of households have more income and half have less. This provides a more accurate reflection of typical energy costs in relation to income than the mean, which is skewed by high earners.

In 2025, the median household, spent 6.8% of residual income on energy, down from 7.5% in 2024. If we look at this measure for low-income households, they spent 14.9% in 2025, down from 15.8% in 2024. Therefore, low-income households on average were spending more than twice their residual income on energy than a typical billpayer, despite lower-income households generally living in small accommodation than more affluent households.

The median proportion of income spent on energy may serve as a general cost of living indicator but does not contribute meaningfully to our understanding of fuel poverty.

Statistical Revision to the 2024 data

Our 2025 Summer Update had to take at face value the provisional data for 2024. The fuel poverty statistics rely heavily on the English Housing Survey. Each year that survey combines data for two financial years to provide the most reliable estimate.

However, this year's statistics include a correction of the 2024 data, which showed greater progress than reported in the Committee's last annual review.

The original 2024 data underestimated the proportion of households for whom small measures lifted their EPC rating from D to C. (This included those who were notionally lifted by the contribution of WHD). The 2024 data was also predicated on predicted median energy prices that were £144 less than final estimates.

That said, this Committee has never fully endorsed adjusting the numbers living in cold homes with EPC's D to G, simply because some at the higher end of the D rating get a specific energy grant in the form of Warm Home Discount. Those households in properties close to the C rating threshold, still live in homes that are not warm enough. Our contention is that the biggest financial saving to the households, and to the state, is derived from physical improvement in the insulation of a home, so the savings in heating that home are experienced every year, irrespective of income or energy prices.

Having noted the revision to the 2024 statistics, we should echo the caveat the Government including relating to this year's data. We welcome the estimates for 2026 – forecasts based on limited data but including projected energy prices from early 2026. Those prices clearly do not include the impact of the US-Iran conflict in the Gulf, which at the time of writing is still ongoing.

Both the OBR and Ministers have noted that this conflict, even if it ends relatively soon, will still impact energy prices, inflation and jobs in the economy – all negatively – which cannot be accounted for in the current data.

Regional and Local Fuel Poverty Data

In recent Annual Reports and our Summer Update 2025, the Committee has emphasised the centrality of good data to inform the effort to reduce fuel poverty.

For example, we have noted that previous energy efficiency programmes have had a lower than 50% hit rate in the effort to target households at risk of, or in, fuel poverty.

We also recognise that the regional fuel poverty data, being based on 2024 data, only serves as a backward-looking device to observe general trends in fuel poverty. For example, it might show if there was a growing north south divide; or if certain regions were seeing a reduction in fuel poverty while others made no progress.

Indeed, the Government publishes a 'health warning' about this data that:

*"They should not be used to identify detailed trends over time."*¹¹

The 2024 regional data indicated:

- Whilst England's fuel poverty rate had fallen to 9.9%, the highest rates of fuel poverty were found in the West Midlands (12.1%) and Yorkshire and the Humber (11.3%).
- The lowest rates were in the South East (8.2%), the North East (9.2%) And the East of England (9.3%). This indicates that there wherever these pockets of fuel poverty reside, it does not reflect a general North-South divide.
- Every region saw a fall in fuel poverty between 2023 and 2024, except for London, which saw a 0.3% increase.

By their very nature, the regional data is illustrative – painting a broad picture – but of little practical value.

In order to find more practical data which might help to inform the funding of programmes or improve the targeting of energy efficiency programmes at a neighbourhood level, we must look elsewhere.

The government publishes supplementary data: sub-regional data tables which seek to model fuel poverty data at county, local authority, parliamentary constituency, and Lower Super Output areas.

However, these also come with a significant caveat about the way the data has been extrapolated. This warning states:

"Fuel poverty statistics are based on data from the English Housing Survey (EHS). Given the sample size of the EHS in 2024 (14,501 households with physical surveys in the combined 2023/24 and 2024/25 dataset, it is not possible to reliably estimate fuel poverty levels in smaller

¹¹ [Sub-regional fuel poverty in England, 2026 report \(2024 data\) \(accessible webpage\) - GOV.UK](#)

geographical areas, such as Local Authorities, without the use of statistical modelling.”¹²

In previous reports, the Committee has urged a “revolution” in data sharing among all the partners in the effort to tackle fuel poverty: energy companies, local authorities (and now sub-regional Mayors), NHS, housing and third sector partners. The ability, if granted, for these organisations to pool household data from different sources might yield the granular data that could enable effective action.

If Government strategy is to place local government or regional Mayors in a role of strategic leadership to deliver programmes envisaged in the Warm Homes Plan (see Chapter 4) then real neighbourhood-level data could ensure more accurately delivered programmes, with greater value for money.

For this overriding purpose, data modelled from a study of 14,501 household in England will not suffice.

Data protection places important obligations on the data handlers and rightly so. But in the interests of reducing fuel poverty and improving the circumstances of many vulnerable households, perhaps it is time for Government to do things differently whilst handling people's data responsibly.

KEY RECOMMENDATION

That data restrictions are amended to enable the pooling of data and effective partnership working to deliver, well-targeted energy efficiency programmes and support at local level.

¹² [Sub-regional fuel poverty in England, 2026 report \(2024 data\) \(accessible webpage\) - GOV.UK](#)

Chapter 3 Why has fuel poverty reduced?

Fuel poverty, on the using the LILEE metric, has fallen to below 10% of households for the first time ever.

We have noted that the main drivers of fuel poverty may have different effects on the levels of fuel poverty. Between 2024 and 2025, the net effect of those factors on fuel poverty were as follows:

- Energy efficiency (and the impact of WHD) – 153,000;
- Uneven increase in household incomes + 15,000;
- Rising housing costs +37,000;
- Lower modelled energy prices – 8,000.

The biggest factor reducing fuel poverty was identified as “energy efficiency” – but the Government commentary suggests that most of that impact was the cash benefit derived from more households receiving Warm Home Discount. Notably, uneven increases in incomes have added 15,000 households into fuel poverty but that reflects the uneven increase in incomes, not a fall. Indeed, overall incomes rose by 2% in real terms between 2024 and 2025.

Increased housing costs had a marked impact, increasing fuel poverty by 37,000 households. But notably, fuel costs were generally falling between 2024 – 2025, from the high point in 2023, as the Russian invasion of Ukraine spiked energy prices. The fall in energy prices reduced fuel poverty by 8,000 households.

For 2026, the projections show a similar pattern:

- Energy efficiency (and the impact of WHD) —167,000;
- Uneven increase in household incomes -58,000;
- Rising housing costs +4,000;
- Energy prices -14,000;¹³

The net effect of these projections is to reduce fuel poverty from 2.36million households to 2.13million.

With the caveat that these projections were calculated before the US-Iran conflict began, the pattern does raise policy questions.

First, energy efficiency is credited with reducing fuel poverty by 153,000 in 2025, and 167,000 in 2026. This is twice the rate of reduction achieved 2019-2024 the Government describes in their Fuel Poverty Strategy.

During that period, fuel poverty reduced by just 89,000 per year.

For clarity it would be helpful to disaggregate the impact of real energy efficiency upgrades; i.e. investment being made into work to improve the heat retention of homes,

¹³ [Annual fuel poverty statistics report: 2026 - GOV.UK](#)

from the impact of a wider distribution of Warm Home Discount to 2.2million more households.

Assuming that ECO4 did not produce a surge in home upgrades for fuel poor households, it would appear a sensible conclusion that most credit for reducing fuel poverty is attributed to increased cash payments to households.

Prospects for 2026

The Fuel Poverty Statistics published in March 2026, include a projection for changes anticipated in 2026.

The second biggest factor in the 2026 projections is the impact of rising incomes, which would reduce fuel poverty by 58,000.

Two immediate impacts of the Child Poverty Strategy were policy changes on Universal Credit, to extend the child element from a two-child limit to all large families. And to extend free school meals.

This would appear to answer the question as to whether the anticipated rise in incomes was expected to arise from low-income families taking up more work to boost incomes, perhaps as a result of growth or more job opportunities; or an indirect impact of the change to the Universal Credit two child limit to encompass larger families and the expansion of free school meals eligibility from 3.5million children and young people to 4.1 million.¹⁴

Save the Children estimated that from April 2026, the extension of the two-child limit to larger families is worth £3,500 per annum per child.¹⁵

For the half a million extra children set to receive free school meals, this is worth £495 per year per child.

The Resolution Foundation noted that package of measures in the Child Poverty Strategy:

“Will result in child poverty rates falling in 2026-27, the first time in nine years.”¹⁶

The Committee welcomes the fall in rates of fuel poverty, but we note that the lion's share of this change appears to be the effect of wider and more generous benefits and Warm Home Discount; increased UC benefits; and expanded free school meals.

¹⁴ [Release home - Estimate of additional children claiming Free School Meals following expansion of eligibility - Explore education statistics - GOV.UK](#)

¹⁵ [Two-child limit scrapped: what it means for UK families in 2026 | Save the Children UK](#)

¹⁶ [Rate of child poverty set to fall over the Parliament, with over half a million children lifted out of poverty thanks to scrapping of two-child limit and expansion of Free School Meals • Resolution Foundation](#)

KEY RECOMMENDATION

Whilst targeted cash payments will be required for the foreseeable future, the Committee believes that a lasting and meaningful improvement in the homes occupied by fuel poor households will provide a more sustainable route out of fuel poverty; be more consistent with long term net zero goals; and provide greater value for money for limited public funds.

The Impact of the US-Iran conflict

The reasons for this continuing conflict, which began on 28 February, is beyond the remit of this Committee. However, like the Russian Invasion of Ukraine, this conflict and the prolonged disruption of oil through the Strait of Hormuz, has affected the cost of energy in the UK.

In the first instance, it was the cost of petrol at the pump that has been most affected.

However, it was only a matter of time, before energy prices would also rise. On 27 May, Ofgem announced that the energy price cap would rise by 13% from July 2026.

Ofgem Energy Price Cap	£	+/-	%	£ above Winter 2019
Winter 2019-2020 (for comparison)	£1,179	-	-	-
April – June 2023 (EPG ends June)	£2,500	-	N/A	£1321
July – September 2023	£2,074	-£426	-17%	£895
October – December 2023	£1834	-£240	-12%	£655
January – March 2024	£1928	£94	5%	£749
April – June 2024	£1690	-£238	-12%	£511
July – September 2024	£1568	-£122	-7%	£389
October – December 2024	£1717	£149	10%	£538
January – March 2025	£1738	£21	1%	£559
April – June 2025	£1849	£11	6%	£670
July – September 2025	£1720	-£129	-7%	£541
October – December 2025	£1755	£35	2%	£576
January – March 2026	£1758	£3	0%	£579
April – June 2026	£1641	-£117	-7%	£462
July – September 2026	£1862	£221	13%	£683
Average Energy Price Cap 2023-2026	£1785	-	-	£606

In the table above, the new price cap (in red) is £1,862; a £221 increase, wiping out Government efforts, announced in the Spring Statement, to cut bills.

From 1 July 2026, Ofgem updated the Typical Domestic Consumption Values (TDCVs) used to calculate the headline annual price cap figure. The update reflects lower

household energy consumption since the previous review in 2023, with typical electricity and gas consumption estimated to be around 7% and 17% lower respectively. Using the updated TDCVs, the headline annual price cap level for a typical dual-fuel household is £1,663 for the period from 1 July to 30 September.¹⁷

The winter 2019-20 price cap would be more like £1,554 today (using Ofgem's prior TDCV), according to the Bank of England inflation calculator, which leaves households facing bills over £300 more expensive in real terms than before the energy crisis sparked by the Russian invasion of Ukraine. However, it should be noted that there remain other pressures on energy prices, beyond the conflicts mentioned above.

That household electricity and gas consumption has dropped 7 and 17% since 25th May 2023 is a worrying trend. The scale of this decrease over a small period cannot be attributed to energy efficiency measures or the discontinuing of gas boilers alone, but indicates that households are rationing their energy usage as a result of consistently high prices, leaving people in colder homes.

Energy Debt

2025 saw energy prices some £500-£600 above Winter 2021 levels, without adjusting for inflation.

Ofgem reported:

*"Our latest published data shows that by June 2025, domestic consumer energy debt had reached £4.43²⁴ billion – an increase of 20% from the same time in 2024, and 71% since 2023"*¹⁸

And:

*"Currently a typical consumer pays around £52 per year towards the cost of managing and writing off energy debt."*¹⁹

It remains another consequence of the way in which bills are compiled that fuel poor households are paying the same flat amount of £25 per year of their energy bills towards writing off the debts of other, perhaps, fuel poor households. As a proportion of income, this places a far greater additional burden on these households than others.

KEY RECOMMENDATION

Fuel poor households should not incur additional charges on their energy bills for the debts of other consumers and a more equitable method of recovering these amounts should be explored

¹⁷ [Summary of changes to energy price cap 1 July to 30 September 2026](#)

¹⁸ [Debt strategy update: supporting the reduction of energy debt | Ofgem](#)

¹⁹ [Debt strategy update: supporting the reduction of energy debt | Ofgem](#)

This would suggest that typical energy bills rising and remaining at £1,700+ per year exacerbates an ongoing affordability problem.

This Committee's Summer Update 2025, noted that 3.5million households had energy debt, totalling £4.15billion in the first quarter of 2025.

That total household energy debt appears to be rising. The increase in one quarter of nearly £300million is worrying.

Over 1 million households had no plan for repayment, and the average arrears was £1,716 (a year of energy use by a typical UK household).

In November 2025, Ofgem consulted on a Debt Relief Scheme, which Ofgem stated was aimed at assisting 200,000 of the most vulnerable households. The scheme only targeted £500million of historic debt; at a cost of £5 per households for all energy bill payers.

At the time of writing, this measure remains to be implemented. When it is, the measure would appear to add (modestly) to the bills of low income and fuel poor households, to support the debt relief of less than one in ten of indebted households.

As many of the most vulnerable customers cannot repay any debt, even a modest increase in the energy price cap makes their situation worse, not better.

Debt repayment

Ofgem data showed that for customers on prepayment meters (often fitted because the household has a history of arrears) repayment periods for electricity were up to 737 weeks, with an average of 365. For prepayment customers with gas arrears, repayment was up to 619 weeks; an average of 342 weeks.

Therefore, assuming that these customers can meet their bills and repay the energy debt, a typical customer is taking between 6.5 and 7 years to repay the energy supplier.

The amount repaid each week varied from £2.69-£17.17 for electricity depending on the supplier, and £3.80-£6 per week for gas.

Ofgem noted that around half a million gas and half a million electricity customers self-disconnected for short periods at least once on the winter months.

Given the new energy price cap of £1,862, unless energy bills can be brought down by around £500 per year in the short term, it is very unlikely that indebted households will repay much of this debt. Even if using the new TDCV which places the price cap at £1,663, it requires a significant drop in bills of around £300 needed to see households be able to repay most of their debts. Indeed, based on Ofgem data from 2025, an increase in consumer debt and arrears should be anticipated in 2026.

The Secretary of State reiterated the Government approach to energy bills in his introduction to the Warm Homes Plan:

"Families are struggling with energy bills that are too high and we are determined to do everything we can to bring them down."

This Committee cannot see circumstances in which the Government (or any Government) can reduce energy bills for all consumers by the degree necessary for households to clear energy debt.

In previous reports the Committee has emphasised the importance of working with households on the management of debt and we have rejected blanket approaches such as pressuring households to accept prepayment meters in all circumstances where debts have arisen. We have also urged that where prepayment meters are deemed necessary, that smart meters are used, allowing real time monitoring to prevent periods of self-disconnection.

Furthermore, if supplier obligations were amended to focus more on preventing arrears from arising, and the provision of sustainable repayment methods for existing debts, it may be possible to prevent further increases in the debts of low-income households.

However, we consider a lower-cost tariff may be more feasible. A discounted tariff for low income and vulnerable households, such as those with very high energy consumption due to disability or medical needs, may be a preferable way to reduce debt and fuel poverty. Indeed, it may be possible to replace Warm Home Discount with such a scheme.

KEY RECOMMENDATION

The Committee asks Government to consider the merits of a lower-cost tariff for low-income and vulnerable households to either replace or complement the Warm Home Discount to meet the promise of affordability for all.

Chapter 4 A Plan for Warmer Homes

In January, the Government published the Warm Homes Plan a wide-ranging plan:

“to upgrade the nation’s homes, help families cut their energy bills, and tackle fuel poverty”

The commitments within the plan included:

- Upgrading 5 million homes by 2030.
- Lifting 1 million households out of fuel poverty.
- Creating 180,000 additional jobs in energy efficiency and clean heating by 2030.
- Helping to address the climate crisis by helping households to transition from fossil fuels to “clean, homegrown power”.

The Investment behind the Plan

£15billion of funding underpins the Warm Homes Plan. This comprises:

- £5billion for low-income schemes
- £2billion for consumer loans
- £2.7billion for the Boiler Upgrade Scheme
- £1.1billion for Heat Networks
- £2.7billion to finance the Warm Homes Fund for home upgrades
- £1.5billion for devolved administrations.

The plan represents the largest scale investment in upgrading the energy efficiency of homes in modern times. The Committee welcomes the ambition within it and the potential momentum it could generate in retrofitting homes across the country. However, this is subject to successful, effective and rapid mobilisation to ensure delivery at the required scale.

The Committee’s main interest is in the low-income measures. This includes £4.4billion in direct capital grants.

The Government accepts that whilst expanding Warm Home Discount, helps millions of households, *“fuel poverty is a structural problem, with home upgrades one of the best long-term solutions.”*

The Plan has ambitious targets and some clear priorities. The significant shift in policy is not only the determination to spread clean technologies to more homes, but to see those technologies as key to cutting future bills.

For example: the Warm Home Plan states

“Our analysis... suggests that households that adopt a heat pump, solar PV and a battery could save up to £550 per year.”

The savings for different architypes is shown, ranging from £450 - £550 at 2024 prices.

Home improvement retailer Wickes’ advice on solar is: *“Generally, a solar panel installation for a three-bed semi-detached house with four occupants will be around £10,000 - £14,000 with battery storage included and using a trusted provider”.*²⁰

In relation to the provision of heat pumps for existing homes, Energy Supplier E.ON suggests a 3-bedroom semi requires a *“5kw – 7kw heat pump”*.

Which? states:

“It can cost more than £10,000 to buy and install an air source heat pump, but there are substantial government grants to help reduce that.

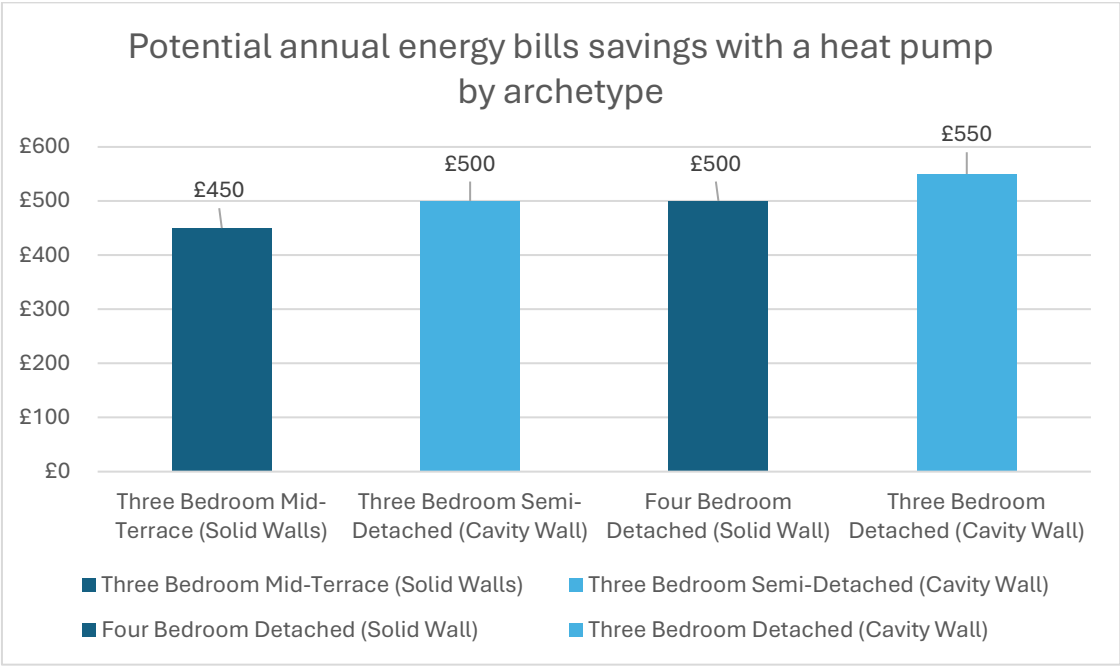
The Energy Saving Trust, which offers independent advice, states:

*“Typical installation costs [of air source heat pumps] are around £12,000.”*²¹

In relation to the size of heat pump required, E.ON offers the following advice:

“Your home’s insulation. Heat pumps work best in well-insulated homes, where that lovingly produced warmth won’t sneak out. It might be advised to get your home insulated before you go down the heat pump route.”

“Your home’s heat loss. This is the most important factor. Heat loss refers to how quickly your home loses warmth through the walls, windows, roof, and floor. A leaky, uninsulated house will need a much larger unit to keep you warm.”²²



²⁰ [Solar Panel Costs: Everything You Need to Know | Wickes Solar](#)

²¹ [Find out more about air source heat pumps](#) - EON

²² <https://www.eonnext.com/air-source-heat-pumps/guides/size-of-heat-pump> - EON

Well-wrapped homes reduce bills, reduce emissions, and place less strain on the energy system. However, the E.ON advice is also a warning about not putting the cart before the horse.

The Committee's view is that it is not good policy to put a large heat pump unit into a cold home; instead, it is better to insulate the home first, before choosing the appropriate heating system

It is difficult to see how a heat pump – an electrically powered appliance – should not be enabled to work at its maximum efficiency. In homes and buildings, achieving maximum efficiency means addressing the fabric envelope first in order to drive optimum performance and therefore optimising the potential for cost savings.

A heat pump installed in a cold, draughty, home, will have to work substantially harder to heat that property to the required temperature, creating higher bills for the household. However, should the home have its insulation upgraded, or windows/doors replaced, as part of a decent homes programme, this can result in the heat source being over-sized. This emphasises the criticality of heat pump systems being well-designed and tailored to the specific circumstances of each home in which they are installed.

As Airahome.com explain, on their website page, *"Why your heat pump bills may be higher than expected"*:

"An undersized heat pump may struggle during very cold periods and rely more heavily on electric backup heating; which is far less efficient.

*An oversized system can short cycle, switching on and off too frequently, reducing efficiency and increasing wear."*¹

Irrespective of the heating system in a home, fabric improvements are a safeguard reducing the risk of low-income households facing higher bills. These improvements should be made before, or at the same time, as installing a heat pump to prevent the heat pump operating less efficiently, reducing bill savings.

The various example costings outlined for the purposes of this report are only illustrative, rather than scientific averages; it would appear that the ball-park costs of applying clean technology to a typical 3-bedroom home is about £20,000+.

The running costs of a heat pump can quickly rise above the average if the home is not already of an EPC C or better, because the unit must generate more heat to counter the excessive heat loss from the home. Alternatively, the household must be provided with a larger unit than would be necessary if the home was well-insulated, which also costs more to run.

These observations are necessarily broad-brush. However, the clear consensus provided by the industry and consumer advice sites indicates that ensuring a home has good thermal efficiency is a first order concern, which means that value for money is achieved through correctly sized, well-designed heat pump systems, maximising efficient running; and the lowest possible bills.

Irrespective of the heating system or energy generation within a home, the most sustainable contribution to reducing future bills for low-income households, is the quality delivery of thermal upgrading of their homes.

To that end, Government must ensure robust standards to ensure quality insulation of England's homes.

KEY RECOMMENDATION

That quality, thermal upgrading of homes remains central to protecting low-income households from future increases in energy costs.

The transition to heat pumps

This report has summarised the Committee's view of the best circumstances in which to employ a heat pump in a domestic dwelling. For reasons outlined elsewhere in this report, we regard a well-insulated home as the ideal circumstances to minimise cost and to ensure the correct sizing of heat pumps.

However, the Committee understands the rationale for reducing domestic emissions and accepts the advice of the Committee on Climate Change (CCC) which, in preparing the Government Seventh carbon Budget, for the period up to 2040, recommends that:

"... by 2040, our Balanced Pathway sees around half of homes in the UK heated using a heat pump, compared to around 1% in 2023." This requires the annual rate of heat pump installations in existing residential properties to rise from 60,000 in 2023 to nearly 450,000 by 2030 and around 1.5 million by 2035, a rate of increase in line with that seen in other European countries such as Ireland and the Netherlands."

England has approximately, 25.6million homes (about 84% of the UK total). On the timeline offered by the CCC, the England 2040 target would involve half of all English homes, some 14million, being heated via a heat pump. The Government's Future Homes Standard determines that all newly built homes will require low carbon heating from 2028 onwards.

Should this, and subsequent Governments, build 250,000 new homes per year, and England's proportion is assumed to be 84% (its current share of all UK homes), by 2040 then England would have 2.52million additional homes with heat pumps, from a stock of 28.1million homes in total.

Of these, 14million are expected to have heat pumps which implies 11.5million existing homes undergoing whole system retrofits, replacing largely gas central heating with new heat pump and radiators.

The CCC observed that:

"Heat pumps are around three-to-four times more efficient than gas boilers, which should lead to lower household energy bills, provided policy costs are removed from electricity bills."

The Committee on Fuel Poverty recognises that, based on the currently available technology, heat pumps will become the dominant heating system in UK homes by the 2040s.

However, our focus is on the impact of this shift for fuel poor households. The Committee's 2025-26 Research Project "*How to ensure a successful transition to heat pumps for households at risk of fuel poverty*"²³ noted that:

- Pre-existing thermal efficiency should inform complementary measures, including fabric improvement where necessary.
- Solar PV and battery storage should supplement heat pump installations in fuel poor homes where feasible.
- Time-of-use tariff savings should be treated as additional benefits, not a core component of the affordability case for fuel poverty programmes.
- Time-of-use tariffs should not be assumed to benefit fuel poor households, unless the household is confident at managing them or automation removes that burden,

Our research found that successful heat pump deployment for low-income households requires verified commissioning standards and specification, (including an assessment of the fabric envelope of the dwelling); practical handover and follow-up, in-situ performance monitoring, clear performance guarantees and effective routes to remediation where a system goes wrong.

We recognised that the evidence base for our research was small, as a small proportion of fuel poor homes in England currently have heat pumps.

KEY RECOMMENDATION

More evidence to be collected as heat pumps are installed in low-income households to minimise the risks of either, unsuccessful installations, or higher bills.

Low-income households are more likely to have experienced energy debt; more likely to live in cold homes; and have every reason to be risk averse about new technology. The Committee considers a central reassurance must be the offer of significantly lower bills, not in the distant future, but year on year.

Therefore, the promise of stable bills, must also contain a promise of lower bills, as the most reliable contributor to a route out of fuel poverty.

The Value for Money Benchmark

The Warm Homes Plan is consistent with the new minimum energy standards for the private rented and social housing sectors in setting a figure of £10,000 as reasonable spend for upgrading (or in the case of PRS properties valued below £100,000 - 10% of the market value).

²³ [How to ensure a successful transition to heat pumps for households at risk of fuel poverty - GOV.UK](#)

The Plan states:

“Landlords will be able to choose between the smart or heat metrics, to choose what will work best for their property, and the spending cap will be limited to £10,000, with an average predicted cost of around half of that.”

Given the illustrations of the costings of measures like solar, heat pumps and external wall insulation, it is difficult to see where the estimate of an “average predicted cost” of £5,000 per property comes from.

If the Government is setting a general value for money benchmark of £10,000 (at 2025 prices) for reasonable upgrading to homes; then a choice will have to be made between solar/battery OR heat pump OR insulation.

It does not appear possible to have any two of these options in combination without far exceeding the £10,000 cap, even excluding the inflationary impacts over the five-year purview of the Plan.

The Committee welcomes a plan to transform and future proof Britain's homes. Eventually, well-insulated homes; and clean tech will be the norm.

However, the Committee believes that what may become the norm to incorporate in new builds is a different order of challenge to that of retrofitting and upgrading social housing, private rented or low-income owner-occupied homes.

The two problems require a different set of judgements.

For example, we would caution against finance-based models for low-income owner occupiers, such as repayable loans, as many of those households already under-heat their homes and have limited capacity to take on new repayment commitments.

Wrapping up homes so they are well insulated, is the best guarantor of value for money when adding clean heating/solar to a property; and this represents the best prospect for achieving the energy bill savings that the Warm Homes Plan aspires to achieve.

In the effort to reduce fuel poverty, it remains a concern if Government policy creates a perverse incentive by which landlords are free to put new low carbon technology into cold homes which may improve the net zero readiness but inflate, rather than reduce, bills.

KEY RECOMMENDATION

The thermal efficiency of homes must be the first order of importance in upgrades and a priority for new investment in a cold home.

Reform of EPCs

The Committee recognises that the Government proposes to update the EPC/SAP rating system which has been under discussion for several years. This creates uncertainty in the market and among social and private landlords.

However, our principal concern is not that EPCs will include new standards, it is that towards the long-term policy goal of improving the warmth of homes occupied by low-income families, any target must keep thermal efficiency at the heart of the standard to be achieved.

We are concerned that the longer the wait before the reformed EPC is determined, the more likely this is to delay commitments to investment, particularly among private landlords, until the precise standard is finalised.

KEY RECOMMENDATION

The new EPC standard is agreed as a matter of urgency.

Progress to Net Zero – A Fair Transition

A clear theme of the Warm Homes Plan is to future proof the UK's homes. The Plan is to both ensure people have affordable warmth and combine this with the UK's journey to a low-carbon future.

As the Secretary of State comments in his introduction:

"It is clearer than ever that the future is cheap, clean, homegrown power... with record investment in renewables and nuclear, this is our plan to bring the benefits of clean power to people in their homes as quickly as we can."

"Every family deserves the security of a home they can afford to heat."

Certainly, a goal of ending the blight of cold homes, and affordable technology to use clean energy, at an affordable price, is a commendable goal.

The Committee recognises that low-carbon technology over time, will reduce gas consumption; and a renewable/nuclear-led electricity grid should free the UK from the volatility of world oil/gas prices.

However, it is far from clear whether, over a 5–10-year period, low carbon technology will substantially reduce bills for low-income households, especially if applied to existing cold homes.

At present, electricity remains three and half times the cost of gas to the British consumer. The latest energy price cap (from July onwards) gas is 7.33p per kWh, electricity is 26.11p per kWh.²⁴

It remains central to a fair transition that bills, which remain unaffordable for millions of households, must be substantially reduced.

Unless the price of electricity is substantially reduced, the long-term trajectory would be to replace volatile gas prices, with stable but more expensive electricity prices.

This reinforces the argument, certainly over the coming decade, of ensuring that part of bill reduction is derived from reducing energy demand, by efficiently wrapping homes.

²⁴ [Energy price cap unit rates and standing charges | Ofgem](#)

Solar energy certainly contributes to reducing bills but does so most effectively at the times of year when energy demand is lowest. And contributes least for the householder at times when it is wettest and coldest.

The Commons Energy Security and Net Zero Committee outlined the challenge of reducing energy use in UK homes. They noted that:

“Four in five homes that will be occupied in 2050 have already been built and most will need retrofitting with low carbon heating systems and energy efficiency improvements for the UK to achieve net zero emissions. [by 2050]

...Today, however, fewer than 3% of homes are connected to a heat network and fewer than 1% have a heat pump installed....

“At least 80% of buildings that will be occupied in 2050 have already been built¹ and the UK housing stock is among the least energy efficient in Europe, accounting for around 13% of national greenhouse gas emissions.”

Capital Cost

It appears unlikely that the general costs of heat pumps + solar + storage, are going to change sufficiently to be affordable to many lower income households. It will therefore require large, scalable and accessible, publicly funded, programmes to enable the CCC timeline to be met.

As outlined earlier in this chapter we argue that a £10,000 (2025 prices) value for money limit will preclude many low-income homes from receiving this package of low-carbon technology; in addition to any thermal insulation a low EPC rated home requires.

Policy makers have to determine whether fuel poor households, particularly owner-occupiers, are to be part of this transition, or will they be socially excluded for reasons of cost.

Conclusion

The direction of travel to cleaner energy and a low carbon future is embedded into the Government's horizon planning. However, we remain conscious that, for many fuel poor and vulnerable households, it is the cost of their bills that matter.

At each step of that journey, it is essential that the real impact on bills is closely monitored, and policy is flexible enough to respond if bills are moving in the wrong direction.

It is essential that home upgrades and use of new technology are evidence-led. The path to warmer homes has been a learning curve for the industry and Government.

Previous policies have been marred by examples of poor execution that have resulted primarily from a lack of investment in quality assurance for example, the quality of installation of certain insulation measures, and even some recent heat pump upgrades.

Close monitoring of the relationship between new heat pumps and the thermal standards of a property is vital if the heat pump is going to be most effective at an affordable running cost. Equally critical is the capacity to meet fuel poor households where they are in their lives, with tailored systems, effective handovers, follow-up and accessible routes to redress where necessary. All of this must be deliverable at scale.

Our conclusion is that the advance of materials and technology, including the real-world data from installations in lower-income households, must be very closely monitored to achieve the best outcomes and to ensure a fair transition for lower income households.

Chapter 5 A new Fuel Poverty Strategy

In January 2026, the Government published a new Fuel Poverty Strategy (FPS). There were four core elements to the Government's approach:

First, reducing energy costs by removing the policy costs mentioned earlier in this report. This reduced bills by an average of £154.

Second, more help with bills, expanding the £150 Warm Home Discount payment to a further 2.2million households (see Chapter 1).

Third, more help with the cost of living, especially for low-income households. Notably the National Living Wage (the over-21 rate for the minimum wage) increased by 4.1%; Universal credit will be increased by 6.1%. The previous limit applying to families with more than two children was also removed, lifting 450,000 children out of relative poverty by the end of this Parliament.²⁵

Fourth, upgrading the energy performance of homes, with funding of £5 billion for low-income households. The FPS predicts this will lift a further 650,000 households out of fuel poverty across the rental sectors.

For several years, the CFP had urged Government to refresh the Fuel Poverty Strategy, so the publication was welcome.

We have also urged that the strategy on fuel poverty must sit alongside and inform strategies on poverty generally and child poverty; and be informed by the impact on the NHS; and the benefits of creating jobs across every region (e.g. insulation programmes). This, too, is largely reflected in the new Fuel Poverty Strategy (FPS), with the strategy striking common elements with the Warm Homes Plan and the Child Poverty Strategy.

From the production of the 2030 EPC target, with interim milestones, this Committee has welcomed a focus on meeting this target. Indeed, in past reports we have expressed concern at milestones being missed, and, ultimately, the 2030 target too.

With the exception of a few impracticable properties, we have always felt that for every fuel poor household to be living in a home with an EPC of C by 2030, was a concrete, achievable objective.

The new FPS recommits to this 2030 target.

It makes a positive promise to double the rate of home upgrades.

However, it moves away from the "worst first" principle, that is, tackling E, F and G properties first. There was a clear logic to tackling the worst first. It is self-evident that the coldest homes E, F, and G, have the highest bills, and therefore, increase the depth or likelihood of fuel poverty.

²⁵ [Regulatory impact assessment template \(2023 reforms\)](#)

The FPS identifies that 93.2% of low-income households live in properties that are D rated or better.

It may be easier to note that around 28% of low-income households live in D-rated homes; and 7% live in E, F or G.²⁶

But 7% is almost half a million households living in the coldest homes, with the highest bills.

We see the only justification for moving beyond worst first being if the programmes to upgrade properties were being completed neighbourhood by neighbourhood for geographical efficiency, where perhaps properties that had different EPC ratings were all targeted at the same time.

The 1 million household goal

However, the FPS sets a new additional target of lifting 1 million households out of fuel poverty by 2030. It also references 282,000 households *“that will continue to be kept out of fuel poverty by the existing WHD”*.

The goal of lifting 1 million people out of fuel poverty by 2030, if achieved, will be a marked improvement on the performance of recent years. However, it does not end fuel poverty for all 2.36million households in fuel poverty at the end of 2025. Currently, there is no clear road map or delivery plan for how these additional one million households will be lifted out of fuel poverty by December 2030.

In 2014, the Government of the day introduced, the Fuel Poverty (England) regulations, which embedded the targets for (almost) every low-income household to live in a property with a Fuel Poverty Energy Efficiency Rating of C or better (the 2030 target). If that 2030 target were met, then almost no-one would still be in fuel poverty. According to this Government's own policies, it states that it remains committed to the 2030 target. That implies lifting nearly all 2.36million households out of fuel poverty, not 1 million.

Therefore, we must conclude that the target of improving homes of fuel poor households to an FPEER C remains a target, but the 2030 target date is no longer meaningful.

The “reasonably practicable” criteria

The widespread assumption in the 2030 target was that the vast majority of fuel poor households live in normal typical archetypes: terraces, semi-detached, flats, bungalows, found in most urban towns and villages.

²⁶ [Annual fuel poverty statistics report: 2026 - GOV.UK](#)

Therefore, it was widely assumed that of the 2.36million fuel poor households – all of whom are living in cold homes (rated D, E, F or G), the vast majority could be raised to a C rating without extraordinary cost.

Should the target be met by the end of 2030, and it were possible to upgrade around 2.4million home, eliminating fuel poverty (under the LILEE metric) the upgrading programme would have to complete approximately 35,000 homes per month, every month between now and the end of 2030.

When the Warm Homes Plan states:

“Delivering the Warm Homes Plan requires a step change in how we approach home upgrades...”

It is correct. But it will require more than a doubling of the rate of home upgrades, with less than five years to that deadline in the Plan.

The Government has refined the “reasonably practicable” criteria in two respects. If a property is not “reasonably practicable” it is excluded from the target to reach an EPC of C. However, it will be expected that it reaches whatever EPC is possible to achieve within reasonable limits.

The criteria are explored in the Technical Annex to the Fuel Poverty Strategy. This has sought to quantify the homes which are impractical to upgrade, either for technical reasons, cost or both.

The Annex states:

“Around 260,000 fuel poor households are estimated to have physical characteristics that mean they cannot be brought to EER C with the measures listed...”

One example stated was being in a listed building.

This suggests that most of these homes that are too difficult to upgrade are a-typical archetypes. That is, they are not standard terraces, bungalows, or semi-detached homes. They are in some way significantly different.

In terms of fuel poverty, it is far more likely a household of modest means lives in a park home than a listed building, where it is difficult to imagine the cost cap could be breached.

Another possibility was that these are isolated rural properties. A 50-year-old bungalow on a cliff top, or hillside exposed to wind, may well experience much higher bills, than a similar bungalow in a dense urban area.

However, in a Statistical Digest of Rural England²⁷, the Government found:

“A similar proportion of households are regarded as fuel poor in both rural and urban areas; however, the average depth of the fuel poverty for rural households is greater, especially if their homes are over 100 years old and/or off the gas grid.”

²⁷ [8_Energy_20_5_2026_v2.pdf](#)

“Whether the property is a house or a flat and the age of the property are far more important factors in determining its energy efficiency than its level of rurality.”

The Technical Annex, suggests that:

“Of homes that cannot reach Band C:

- 51% were built pre-1950.*
- 75% have large floor areas.*
- 62% are owner-occupied.”*

The age of a house and a large floor are obvious examples. But it is less clear where fuel poor households could be living in homes with above average floor areas.

And simply being owner-occupied is a useful descriptor but not a criterion for exclusion.

The Annex further states:

“Around 260,000 households are also estimated not to be reasonably practicable to bring out of fuel poverty with home upgrades due to not meeting value for money criteria.”

Among the criteria was a cost cap of £10,000 at 2025 prices.

The Federation of Master Builders advice is:

“External wall insulation, often simply referred to as EWI, costs between £85-£135 per square metre, making a standard three-bedroom semi-detached property cost an average of £10,000.”¹

As explored in Chapter 5, if £10,000 is the cost cap applied to home upgrades, this will reduce the options available to improve the thermal efficiency of a home.

Well executed insulating render is an excellent long-term measure for older properties. However, this would appear to be precluded by the cost cap.

The Annex suggests that 260,000, over one in ten fuel poor households would not feasibly be upgraded to a C for cost reasons. And 260,000 for reasons to do with the structure of the property.

The problem with a policy which excludes ordinary homes from upgrading to a C is that it condemns those properties to permanently higher bills.

Rightmove reports on relative energy bills by EPC, based on all homes for sale in December 2025.

Property type ²⁸	EPC Rate A	EPC Rate B	EPC Rate C	EPC Rate D	EPC Rate E	EPC Rate F	EPC Rate G
1 bed flat	£470	£786	£1,193	£1,681	£2,190	£2,802	£3,531
2 bed flat	£514	£918	£1,364	£1,998	£2,733	£3,446	£4,451
3 bed terraced house	£541	£1,013	£1,682	£2,357	£3,286	£3,993	£5,069
3 bed semi-detached house	£524	£992	£1,715	£2,358	£3,269	£4,114	£4,895
3 bed detached house	£581	£1,088	£1,868	£2,591	£3,528	£4,646	£6,564
4 bed semi-detached house	£732	£1,213	£2,151	£3,061	£4,246	£5,504	£7,919
4 bed detached house	£711	£1,315	£2,322	£3,236	£4,430	£5,679	£7,910
5 bed detached house	£860	£1,822	£3,053	£4,315	£5,772	£7,620	£10,928

A 3-bedroom property with a D rating, faced a £643 energy bill penalty compared to one with an EPC of C. At the new energy price cap this penalty is even higher.

If that property had to have £15,000 spent rather than £10,000 to upgrade it to a C, the additional £5,000 would be recouped in lower bills in 7.5 years²⁹.

The alternative is that the Government identifies over 520,000 properties that cannot be upgraded as the upgrading programmes progress, forever more to be officially cold homes. In those circumstances, there will be calls for those householders to have extra cash help for bills each year.

KEY RECOMMENDATION

The Committee recommends that the £10,000 value for money cap should be interpreted flexibly; to enable programmes to spread savings from other properties below the £10,000 cap to maximise the number upgraded to a C.

²⁸ [What's the average UK energy bill? | Rightmove Guides](#) April 2026 data

²⁹ [External wall insulation cost in the UK | FMB, Federation of Master Builders](#)

Chapter 6 Social Housing Energy Efficiency

Social housing, by its very nature, offers accommodation to people with very high needs. The Government has summarised the demography of the social rented sector³⁰:

- 4.2 million households, representing 17% of all households in England.
- 87% of social rented households are from the UK or Republic of Ireland.
- 1.6 million are local authority tenants; approx. 2.5 million are other social landlords.
- The average age is 53.
- One in three of all social tenants are over 65.
- 47% are single person households.
- 57% are women alone or women heading the household.
- 18% are lone parents with children. Notably, just 3% of lone parents are owners (lone parents are the group with the highest rate of fuel poverty).
- 84% are white.
- Households where the head of the household was an ethnic minority stood at 22%.
- 61% of households had one or more members with a long-term illness or disability, double the proportion of both the private rental sector and owner occupied.²⁸

Given the demographic breakdown of social housing tenants, who overwhelmingly have modest incomes, we support the Government's determination to eradicate fuel poverty among social housing tenants.

This Committee has in previous reports, remained sceptical as to whether England would achieve the 2030 EER C target.

However, we have also noted that the social housing sector has been making considerable progress towards the 2030 EPC target, and that three quarters of the properties already have an EPC of A, B or C.

It is the Committee's view that the investment plans across a wide range of social housing providers, suggests a desire on their part to upgrade their homes, however uneven that progress has been.

It has been far from clear that private landlords, more disparate and diverse in nature, have shown the same cumulative effort.

³⁰ [Chapter 1: Profile of households and dwellings - GOV.UK](#)

The MEES proposals for the social housing sector are now broadly the same as that applied to the private rented sector, with a £10,000 cost cap; and a move to measuring progress using several metrics.

So far, so good. However, there are certain policy nuances that could be the making or breaking of this policy.

First, fabric – the energy performance of homes; their thermal efficiency, must remain as the lead metric. It should not be acceptable for a local authority or other provider to offer solar panels and a battery as a suitable alternative contribution if the home is fundamentally cold.

A colder home is more prone to damp and mould, even if its electricity bills are underpinned by solar.

We would be concerned if the phased compliance date for the new EPC standard of 2039, or further delays in the development of the revised EPC regime, meant that fabric improvements were delayed.

As the Local Government Association submitted in response to the MEES consultation:

"We agree that Fabric Performance should be retained as Government's leading policy position as it is cost-effective, supports energy security ambitions, and increases thermal comfort. The social housing sector has been investing heavily in fabric energy efficiency retrofit for many years and as a result social housing is becoming cheaper to run and more comfortable to occupy."

“ ...We would be concerned if the phased compliance date for the new EPC standard of 2039 enabled fabric improvements to be delayed.

”

"While we support a fabric-first approach as the most cost-effective and deliverable strategy... (as opposed to) the secondary metrics of Smart Readiness and Heating System."

This Committee has always argued that the best defence against fuel poverty is a well-wrapped, fundamentally warm home. This lower bills, lowers energy usage, and is in keeping with steps towards Net Zero.

“
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Net Zero.

Second, the cost cap. Many social housing providers rely heavily on Government grant funding for upgrading homes. However, we support the policy that Government-funding spend before April 2026, cannot contribute to the £10,000 cost cap.

Third, undermining the policy goals. The goal, if affordable, is to have properties that are well-wrapped, and eventually benefit from cleaner energy and related technology. If a £10,000 cost cap is set, at today's prices, it would be unlikely to see the installation of basic solar and battery. Likewise, heat pumps and new radiators would be unlikely to be within this cost envelope.

” Perhaps the policy goals would be better served if the Government incentivised or rewarded an acceleration of investment, rather than

a deferment.

For example, if the cost cap requires £10,000 to be spent prior to 2030, and a further stage of investment before 2040, it will be essential that cost limits are monitored to ensure that low-carbon heating and energy are not beyond that affordability limit.

The dangers of deferring deadlines with no reward for early investment is that some landlords will choose the minimum, do nothing option for as long as possible, and either sell low-cost stock close to deadline day, or lobby for further delay.

KEY RECOMMENDATION

The Government look creatively at how to reward investment in the short term, to accelerate the rate of home upgrades.

Chapter 7 The Private Rented Sector

In 2025, the Government consulted on improving the energy performance of privately rented homes. For the Committee on Fuel Poverty, the low-cost private rented sector has been a longstanding area of great concern.

The low-cost PRS is dominated by former social housing purchased before the Decent Homes Programme of the early 2000s upgraded millions of homes, or terraced homes in former industrial towns or inner cities. The sector has hundreds of thousands of landlords, and very few of the smaller landlords will have detailed investment plans to upgrade their stock.

It provides homes to many people who have the least resources and least control over their immediate circumstances; and little discretion to improve their property.

It was sad, but far from surprising that this Committee's 2024 report noted³¹:

"The 2024 FP statistics identify that 24.1% of private rented households are fuel poor – the highest concentration of any tenure."

It further noted:

"...the private rented sector in England is only 18.9% of properties, yet is home to 35.1% of fuel poor households, the Committee believes any successful fuel poverty strategy requires policies which ensure the upgrading of PRS properties within a rigorous timescale."

The Fuel Poverty statistics published March 2026, confirm the same position.³² The rate of fuel poverty in the PRS is 17.2%, nearly one and a half times the rate among social housing tenants; and 2.6 times the rate of owner-occupied properties.

This Committee has identified in several reports and submissions that fuel poverty was more pervasive in the private rented sector, a sector that lacks the co-ordinated investment plans of large social housing providers; and where residents do not have the control of autonomy of owner occupiers to change their circumstances.

In 2019, the PRS accounted for over one in three of all fuel poor households. Six years later, it remains the same. The numbers in fuel poverty have fallen, but that could be explained by changes to benefits, the child element of Universal Credit, the minimum wage, the extension of Warm Home Discount. Each of these measures benefit private rented tenants as much as any other tenure.

The consultation on new Minimum Energy Standards proposed that private rented housing MEES should be assessed using new metrics, which would assess the energy performance of buildings based on:

³¹ [Committee on Fuel Poverty annual report: 2024 - GOV.UK](#)

³² [Annual fuel poverty statistics report: 2026 - GOV.UK](#)

- **Fabric performance** –the heat retention of the home.
- **Smart readiness** – this is the potential of a building to integrate smart technologies that can optimise energy consumption and the ability of consumers to benefit from cheaper smart tariffs.
- **Heating system** –the efficiency and environmental impact of a building's heating source. A measure to encourage the adoption of cleaner heating technologies.

The Government published its response to the MEES consultation in January 2026. The Ministerial foreword to the response stated:

“By setting a target of EPC C for all tenancies by 2030, using new EPCs, we aim to bring more households out of fuel poverty in line with the fuel poverty target. A maximum investment of £10,000 per property will drive the delivery of fabric measures, smart measures and low carbon heating.”

The raising of the cost cap from £3,500 to £10,000 is welcome. Whilst the Government appears inclined to tighten the exemption regime, the details are unavailable at this point.

The caveat that the cap is £10,000 or 10% of the value of the property, whichever is the lower, means a property worth £75,000 would only require an investment of £7,500.

The Committee on Fuel Poverty's concern is that this sector has lacked consistent investment. In many low-cost neighbourhoods, the private rented properties are the homes in the worst visible condition. In areas of deprivation it is commonplace to find properties worth less than £100,000.

In our 2024 report *“Can Fuel Poverty be Ended?”*, the Committee highlighted towns with industrial heritages, which had very high rates of fuel poverty.

For example, Hull 20.4%, Pendle 19.6%, Nottingham 19.3%, Stoke 24.7% were just four of 16 towns, each from a different region, all with rates of fuel poverty above 18%, much higher than their regional averages.

If we consider their property values:

Town	Average House £ ³³	Low cost housing ³⁴
Hull	£135,000	£30-£65,000
Pendle	£151,000	£50-£80,000
Nottingham	£192,000	£77-£90,000
Stoke	£152,000	£20-£90,000
England	£290,000	

To illustrate the link between low property values and deprivation, neighbourhoods of about 1,6000 households were chosen; Lower Super Output Areas from the above towns, all in the lowest decile – bottom 10% of deprivation:

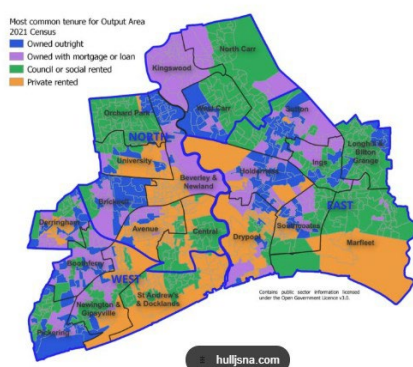
³³ <https://www.ons.gov.uk/explore-local-statistics/indicators/average-house-price>

³⁴ [Rightmove - UK's number one property website for properties for sale and to rent](#) – Searching for lowest cost housing in each neighbourhood

Hull 030D³⁵ (only 6% of neighbourhoods in England are more deprived), Pendle 009D³⁶ (only 5% more deprived) and Nottingham 018A³⁷ (only 5% more deprived) and Stoke LSOA 015C³⁸ (only 3% more deprived).

Across the four selected areas, properties were widely available at prices between £20,000 and £90,000. Many were terraces or small semi-detached house.

These examples do not claim to be scientific averages. They only represent a snapshot of property values in lower income neighbourhoods, in four towns/cities where there are high levels of fuel poverty.



In the case of Hull, around one in four homes in the city are privately rented. The neighbourhoods where the dominant tenure is private rented, corresponds closely to the areas of highest deprivation.³⁹

This limited exercise serves to illustrate that in a private rented sector which already accounts for a quarter of all fuel poor households, many of those households will live in areas of acute

deprivation. It is those areas where property prices are often lowest.

Should a landlord only be required to invest 10% of the value of the property, then it is in the most deprived, low-income neighbourhoods, where fuel poverty is already concentrated, that households will face the slowest, and least impactful, rate of investment to improve their property.

As identified in earlier reports, it is the neighbourhoods with the lowest value properties, where the private rented sector dominates, and where households in fuel poverty are most likely to be concentrated.

In these cases, if the permissible cost cap is 10% of the property value; and if earlier investment in doors/windows can be used to contribute to this total; there is the danger that landlords exploit this criteria to reduce their financial commitment, leaving fuel poor households at the back of the queue for the full suite of necessary upgrades.

A preferable path would be to consider access to funding in the form of loans, or limited grant funding specifically for smaller landlords managing low-value properties.

This would underpin the commitment that households living in some of the lowest value cold homes are not short-changed by remaining at the back of the queue for meaningful upgrading of their home.

³⁵ [Briefing-Report-Hull-English-Indices-of-Deprivation-2025-DO.pdf](#)

³⁶ [Indices of deprivation 2025 - Lancashire County Council](#)

³⁷ [Indices of Multiple Deprivation \(IMD\) 2025 - Nottingham Insight](#)

³⁸ [Stoke-on-Trent City Council: local authority assessment - Care Quality Commission](#)

³⁹ [Housing and Households - 2022](#)

KEY RECOMMENDATION

The Government to consider the avenues for loans or funding for smaller landlords of low-cost properties.

It remains a simple truth that without rapid progress in the private rented sector, any strategy to end fuel poverty will be fundamentally weakened.

The upgrade target

A reformed EPCs rating will become the new standard for judging energy efficiency, which is currently due to be introduced from the second half of 2027. As outlined earlier in the report, because of the consequential risk of delayed investment, the Committee urges the new EPC regime to be determined as quickly as possible.

The Energy Efficiency Rating (EER), the main score featured on an Energy Performance Certificate, remains as a “legacy metric”. Landlords will be granted until October 2029 to have achieved the EPC C standard. Where the deadline is not met, the landlord will have to commission a new EPC based on the new metrics, followed by a further EPC once upgrading work has been completed.

The Government's Fuel Poverty Strategy identifies that:

“Our plans to introduce minimum energy performance standards in the rental sectors will see around 650,000 households lifted out of fuel poverty.”

This report has already noted that the energy efficiency target with its 2030 deadline has effectively been replaced by a newer target.

The Committee on Fuel Poverty had noted that in earlier reports that interim milestones were missed under previous Government, and the 2030 target looked out of reach.

The ending of the target in practice, if not yet confirmed in policy, is regrettable.

However, those measures announced so far, even for the private rented sector, mark a step forward in a sector that has been the laggard in reducing fuel poverty.

Exemptions

The Government is currently consulting on exemptions to the new MEES regulations. Decisions on this will be closely watched by the Committee.

On the one hand, any policy change must guard against unexpected consequences, such as landlords delaying investment only to sell their rental property(ies) shortly before approaching deadlines, leaving a new landlord with the burden of the home upgrade.

New landlords, who have purchased a property prior to October 2030 that does have a C rated EPC might then hope for an exemption from having to meet the deadline. Should a newly acquired property for rent come with an implicit period of grace from investment, there is a risk of landlords selling low value properties to a relative, at prices below allowing zero rated Stamp Duty, simply as a means of avoiding the necessary investment.

Also, the circumstances of the smaller landlord must be considered, such as relatives of someone who purchased their council house, who now rent out that property and no other as opposed to the circumstances of landlords who own hundreds of properties.

On the other hand, too many exemptions will give irresponsible landlords opportunities to evade their responsibility to invest.

Given the preponderance of fuel poverty in this sector, it is essential this policy creates a path to improvement that is robust.

KEY RECOMMENDATION

That Government ensures that the exemptions allowed do not undermine the central policy objective of the MEES regulations.

Final Conclusions

We welcome the work to develop a new fuel poverty strategy and the wide range of policy initiatives undertaken in the first 18 months of this administration.

There will be much work needed to deliver the target to remove 1 million households out of fuel poverty by 2030 as set out in the strategy; and we do not under-estimate the delivery challenge the Government has set itself.

We recognise that the Government has set an ambition to increase the rate at which homes are made warmer. However, with respect to the longstanding statutory 2030 target, set in December 2014:

“that as many fuel poor homes as is reasonably practicable achieve a minimum energy efficiency rating of Band C, by 2030.”

We regret that this will not be achieved. However, we note that a new post-2030 fuel poverty target will be developed and consulted on during this Parliament.

This report argues that for the elimination of fuel poverty, the Government must achieve something previous Governments have failed to do, namely, to engage the private rented sector landlords to invest and deliver warmer homes for their tenants. This report recognises that the failure of previous Government policy with respect to this sector has let down many fuel poor households who have not seen the rate of investment in their homes to reduce fuel poverty.

A further central concern of this Committee is the perceptible shift from a fabric first as the lead indicator of progress to defeat fuel poverty. The Committee has always accepted that the three central factors contributing to fuel poverty were low-income; energy costs and cold homes. We remain unconvinced of the evidence that simply shifting to low carbon heating can reduce energy costs to the same extent as thorough, professionally delivered, insulation is proven to do.

Our belief in the centrality of a “fabric first” approach is that energy demand reduction has long been a first step towards a sustainable energy future. Well wrapped buildings, reduce heat loss, and can dramatically reduce the amount of energy required to be paid for. We recognise that heat pumps have a contribution to make to the nation's Net Zero ambitions but, at present, cannot guarantee significantly lower bills compared to efficient gas central heating. The early evidence of heat pump installations and use raise concerns of heat pumps not being installed properly, leading to reduced efficiency and higher bills than would otherwise be the case. And the lack of work to better insulate a house leads to heat pumps being less efficient than they would be in a well-wrapped house and being wrongly set up (for example over-sized radiators) for efficient operation if insulation is subsequently upgraded.

We have never under-estimated that professional delivery – whether insulation or low-carbon technology – is essential to sustaining public confidence. That insulation saves

money is widely understood by the public. The evidence that heat pumps will achieve similar savings has yet to be proven.

Without taking anything away from the wide range of new policy introduced by this administration, the Committee recognises that the cost of energy to every household, and especially the fuel poor, is central to the efforts to end fuel poverty.

To that end, there must be greater transparency about every item included within bills, whether by virtue of Government policy or Ofgem regulation. Annual energy bills remain substantially above pre-pandemic levels, therefore, there must be a determination from the centre to bring down bills, not just in the short term, but in the coming years to improve affordability and fairness for all.

Annex A Progress since 2025 Summer Update

	Summer Update 2025 Key Messages	Comment
1	Fuel Poverty can be beaten. Any strategy to tackle fuel poverty should be aligned with other government goals, such as the elimination of child poverty.	Fuel poverty has continued to fall as a direct result of Government policy. Clear effort to align Warm Homes Plan and Child Poverty Strategy with the Fuel Poverty Strategy
2	Tackling Fuel Poverty supports the government's wider goals.	The Warm Homes Plan accepts that cutting fuel poverty improves affordability, improves health outcomes, cuts bills and creates jobs.
3	The LILEE measure does not fully capture the full extent of households facing acute affordability problems in relation to energy but is helpful in directing effort towards cold homes.	The affordability measure included in the statistics creates a broader picture of the numbers of households who face energy distress.
4	Targeted bill support for the poorest households will remain necessary for the foreseeable future.	The expansion of Warm Home Discount and commitment to continue the payment until at least 2031 suggests a recognition that targeted payments will remain necessary.
5	Key message: An updated Fuel Poverty Strategy must include a guarantee of affordable energy for all.	This is accepted by Government. The Minister states: <i>"We must ensure energy is affordable for all, and that low-income households benefit from home upgrades."</i> FPS 2026 introduction.
6	Key message: Warm Home Discount makes an important contribution to bill support for fuel poor households.	The Government accepts the importance of WHD as a payment coming directly off bills, extending to 2.7million more households.
7	Key message: Payments which directly reduce bills are the most efficient cash support to hard-pressed, energy bill payers. Every pound received reduces their bill/energy debt.	Government recognises this, expanding the Warm Home Discount.
8	Key message: Warm homes are central to ending fuel poverty. For the poorest households, to live in a cold home, is a punishing experience.	The 2026 FPS enshrines the vulnerability principle and accepts the NICE guidance on <i>"Excess Winter Deaths and Illness and the Health Risks Associated with Cold Homes"</i> . Effective and timely delivery of the Warm Homes Plan is essential.

	Summer Update 2025 Key Messages	Comment
9	Key message: Energy efficiency programmes must prioritise “invest to save” – fabric first for fuel poor households. Greener and affordable energy must be two sides of the same coin.	The FPS 2026 commitment to <i>“Reducing the number of the worst performing homes by 2030 has been included as one of the key outcomes of this strategy,”</i> is welcome. However, the £10,000 value for money cost cap is problematic. “Fabric first” does not appear to be central to the “upgrading” objective.
10	Key message: The government’s consultation on improving the energy performance of privately rented homes is welcome and timely.	The new MEES regulations, and the lifting of the £3,500 investment threshold to £10,000 is welcome. Possible exemptions remain an area of uncertainty.
11	Key message: A data revolution is needed to reach the right households with cash support or energy efficiency programmes.	The Government accepts that identifying fuel poor households requires better data sharing. FPS 2026 states: <i>“To ensure those who need support get it, the government will continue to seek better and more innovative ways of matching and sharing data...”</i> The intention is welcome but await the details.
12	Key message: Net zero must not make low-income households worse off than before.	The Warm Homes Plan commits to affordable bills – and not just in the long-term. The Secretary of State says: <i>“Families are struggling with energy bills that are too high and we are determined to do everything we can to bring them down.”</i> And the Plan further states: <i>“However, to ensure bills fall further and for good, we need to do more.”</i>
13	Key message: Low-income households require trusted intermediaries to support their journey towards net zero and to provide assurance at different stages.	The creation of the Warm Homes Agency introduces a new regime to support consumers. However, the precise delivery pathways to support the commitments in the Plan, including the role of local authorities remains to be clarified.
14	Key message: Vulnerable households are poorly placed to exploit time of use tariffs and face unique energy burdens.	This remains valid and the planned increase in the scale of solar, battery and heat pump installations risks exacerbating this divide. This report also notes that private sector tenants have the least control or avenues for improving their homes.