



Campaigning for Warm Homes



UK FUEL POVERTY MONITOR

Fuel Poverty Progress?

The UK Perspective

February 2010

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UK Fuel Poverty Monitor the UK Perspective

BACKGROUND

For a number of years, National Energy Action (NEA), NEA Cymru, NEA Northern Ireland and Energy Action Scotland (EAS), have published the UK Fuel Poverty Monitor as a unique overview of programmes and policies to address fuel poverty in the four constituent countries of the United Kingdom.

The primary objective of this publication is to identify progress being made by the relevant Governments and Assemblies in reducing the scale of fuel poverty or, as has been the case in recent years, attempting to minimise the increase in fuel poverty.

An additional purpose of the UK Fuel Poverty Monitor is to consider the different approaches taken by the respective legislative bodies in responding to the unprecedented increases in fuel poverty caused, in turn, by unprecedented increases in domestic gas and electricity bills and, not to forget, parallel rises in the cost of non-mains fuels on which millions of UK households still rely.

Clearly all of the countries of the United Kingdom are struggling to meet their fuel poverty objectives and are currently assessing how best their strategies can be adapted to address the new fuel poverty crisis. The Department of Energy and Climate Change (DECC) is undertaking a review of existing fuel poverty policies; the Scottish Government has introduced the Energy Assistance Package intended to deliver assistance to low income households occupying the least energy efficient properties; the Welsh Assembly Government has consulted on a new draft Fuel Poverty Strategy for Wales; and, in Northern Ireland, the Warm Homes Scheme has adopted a target for minimum energy efficiency improvement and has also been extended to assist the working fuel poor.

Yet despite the fact that responsibility for fuel poverty is ostensibly a devolved issue, it is not possible for complete solutions to be devised in this compartmentalised manner. There needs to be much closer working between Westminster and the devolved administrations to arrive at a comprehensive and coherent approach to fuel poverty in the United Kingdom.

INTRODUCTION

Fuel poverty policy in the United Kingdom, and action to address fuel poverty, comes from a combination of the responsibilities of the Westminster Government and of each of the Devolved Administrations. Whilst legislation to eradicate fuel poverty is devolved, two of the three key policy areas central to addressing fuel poverty are reserved to Westminster. Powers to intervene to address high energy prices, or to structure welfare benefits, or to raise household incomes remain the province of Westminster, whilst responsibility for energy efficiency standards and programmes are devolved to the Assemblies of Wales and Northern Ireland and the Scottish Parliament. Even in the field of energy efficiency, however, some programmes are structured in such a way as to confer powers on Westminster.

The consequence of these divisions of responsibility is that any overview of fuel poverty policy in the constituent countries of the United Kingdom must be considered at two levels – that of the role of Westminster and that of Devolved Administrations.

THE LEGISLATIVE BASIS OF FUEL POVERTY POLICY

The UK Government and the Devolved Administrations' commitment to eradicate fuel poverty is enshrined within the UK Fuel Poverty Strategy published in November 2001; a commitment reaffirmed through measures set out in the 2003 and 2007 Energy White Papers. Separate targets exist in England and each of the Devolved Administrations, with the overall aim being that by 2018 no household in the UK should live in fuel poverty.

England and Wales

Fuel poverty policy in England and Wales is primarily driven by the provisions of the Warm Homes and Energy Conservation Act 2000¹. The Act sets out a requirement on Government to publish and implement a strategy setting out proposals to eradicate fuel poverty within a fifteen-year period. The UK Fuel Poverty Strategy, published the following November, committed Government to policies and programmes to ensure that:

- Fuel poverty would be eradicated for vulnerable households in England by 2010
- Fuel poverty in the social rented sector would be addressed through the Thermal Comfort element of the Decent Homes Standard which was to be fully implemented by 2010
- Subsequent programmes would be devised to assist non-vulnerable households in private sector housing to comply with the requirement to eradicate fuel poverty for all households in England by 2016

In Wales, the Warm Homes and Energy Conservation Act 2000 required the Welsh Assembly Government to publish a strategy setting out proposals to end fuel poverty in Wales within a fifteen-year period. The Fuel Poverty Commitment for Wales (2003) adopts a target that, as far as is reasonably practicable, no household in Wales should be living in fuel poverty by 2018, with interim targets to eradicate fuel poverty among vulnerable groups by 2010 and amongst social housing by 2012.

Scotland

In Scotland, the eradication of fuel poverty is a priority within the Housing (Scotland) Act 2001. The Scottish Fuel Poverty Statement was published by the Scottish Government in 2002 under paragraph 88 of the Act. The Statement sets out Scotland's overall objective for tackling fuel poverty, which is a commitment to ensuring "so far as reasonably practicable, that people are not living in fuel poverty in Scotland by November 2016". The Statement sets out a number of milestones to check progress, along with a forward work plan with specific actions to be taken. The Statement is due to be revised in 2010.

¹ The Warm Homes and Energy Conservation Act applies only to England and Wales; the Housing (Scotland) Act 2001 is the legislative basis for fuel poverty eradication in Scotland; there is no legal foundation to end fuel poverty in Northern Ireland.

Northern Ireland

There is no formal legislative basis for the eradication of fuel poverty in Northern Ireland. However the policy document *Ending Fuel Poverty: A Strategy for Northern Ireland* published the intention of eliminating fuel poverty for vulnerable households by 2010 and for all households in Northern Ireland by 2016. Attainment of fuel poverty targets in Northern Ireland are qualified by reference to the fact that these are 'subject to necessary resources'.

UK Fuel Poverty Policies and Programmes

In support of Government and Devolved Administrations' objectives to end fuel poverty, numerous programmes, measures and initiatives have been implemented and developed to work towards affordable warmth for all households. The Governments/Assemblies have adopted a wide range of measures to offer assistance across the three key factors that contribute to fuel poverty: low household income; unaffordable energy prices; and the generally poor standards of heating and insulation that are prevalent in the housing stock across the UK. Programmes and policies to address fuel poverty include:

- Energy efficiency grant programmes to improve heating and insulation standards in properties occupied by low-income and other vulnerable households
- Pilot programmes adopting an area-based approach and using different funding sources to deliver energy efficiency improvements and affordable warmth to communities, thereby achieving economies of scale and offering some form of assistance to all residents
- Improved building standards and regulations in relation to heating and insulation including minimum standards for social housing
- An annual Winter Fuel Payment (to the value of £250-£400) is made to all households with an occupant aged 60 or over
- Regulatory guidance to energy suppliers on social obligations includes a requirement to offer a range of suitable payment options; good practice in dealing with customers in debt; good practice in avoiding disconnection; and monitoring company compliance with guidance; and the elimination of unfair pricing practice within the competitive market
- Disconnection from supply for domestic gas and electricity customers has been almost eliminated largely as a result of the high proportion of prepayment gas and electricity meters installed to allow both debt recovery and payment for ongoing consumption
- Encouraging supplier switching to obtain the greatest advantage from competitive energy markets where appropriate

- Involvement of energy suppliers in delivering fuel poverty schemes via Corporate Social Responsibility initiatives and through working together to provide advice, guidance and practical assistance to vulnerable customers
- Development of a framework to undertake assessments to ensure that vulnerable households receive their full welfare benefits entitlement
- Creation of Consumer Focus as a consumer protection agency acting on behalf of all gas and electricity consumers and users of non-mains fuels; in Northern Ireland the Consumer Council continues to act on behalf of domestic energy consumers
- Appointment of independent expert Fuel Poverty Advisory Groups for England, Wales and Northern Ireland and the Scottish Fuel Poverty Forum to provide advice and guidance to both the UK Government and Devolved Administrations on the need for additional measures and resources

Energy Efficiency

THE CARBON EMISSIONS REDUCTION TARGET

The Carbon Emissions Reduction Target (CERT) requires energy suppliers in Great Britain to achieve predetermined targets related to the size of their domestic customer base. Over the period 2008-2011 DECC estimates that expenditure in the range of £3 billion will be devoted to this programme. This follows announcement, in September 2008, of a 20% uplift in expenditure on this programme. Energy suppliers are required to ensure that 40% of target savings are achieved on behalf of Priority Group customers². Expenditure on works to reduce carbon emissions within the Priority Group should amount to around £1.8 billion of the total three-year spend. This programme applies to England, Scotland and Wales.

Whilst in theory an equal distribution of CERT measures and expenditure would be expected across Great Britain, there are concerns that this may not be the case.

The table below shows research findings³ covering measures installed on a regional basis across Great Britain. The table covers works carried out on behalf of the existing Priority Group, but specifically lists only those CERT-funded measures⁴ that might be thought to produce a significant reduction in household space and water heating costs. For comparative purposes the table includes data on households receiving low energy lightbulbs – a measure now excluded from the CERT programme.

² The CERT Priority Group comprises all households in receipt of a means-tested or disability-related benefit and all households aged 70 or over.

³ *Evaluation of the Energy Efficiency Commitment 2005-2008*, Eoin Lees Energy, December 2008.

⁴ In fact the table relates not to CERT but to its predecessor programme, the Energy Efficiency Commitment 2 2005-2008.

Measures carried out on behalf of the EEC 2 Priority Group 2005-2008 as % of works

	Total	LON	SE	SW	WAL	EAST	EAST MIDS	WEST MIDS	YORKS HUMB	NW	NE	SCOT
Loft insulation	23%	9%	23%	24%	30%	21%	26%	27%	36%	30%	24%	16%
Condensing boiler	12%	5%	14%	8%	5%	14%	11%	18%	27%	15%	13%	12%
Cavity wall insulation	15%	3%	13%	12%	17%	11%	21%	21%	25%	20%	19%	5%
Low energy lighting	69%	46%	75%	81%	73%	79%	73%	68%	70%	69%	73%	77%
None of these	41%	12%	12%	11%	15%	9%	18%	12%	15%	14%	17%	8%

The explanation for such significant variation across the regions and countries of Great Britain lies in the prevalent types of housing stock; for example London, Wales and Scotland all have a high proportion of flatted and non-traditional construction-type properties and consequently are less likely to be able to benefit from cavity wall and loft insulation.

The Scottish Government set up a Scottish CERT Strategy Steering Group in September 2008 to secure a greater share of CERT investment in Scotland, which subsequently published a strategy to encourage energy companies and the UK Government to boost energy efficiency investment in Scotland.

Northern Ireland has its own equivalent of CERT in the form of the Northern Ireland Sustainable Energy Programme (NISEP). The NISEP will run for a minimum of three years and is intended to promote: efficient use of energy; socially and environmentally sustainable long-term energy supply; and the above objectives should be met at best value to customers whilst taking account of the needs of vulnerable customers.

THE COMMUNITY ENERGY SAVING PROGRAMME

In September 2008 the UK Government announced funding of £350 million for the new Community Energy Saving Programme (CESP). This programme aims to test the potential to reduce fuel poverty through an area-based structure operating in areas of multiple deprivation. It is anticipated that the CESP initiative will benefit as many as 100 deprived communities across the country delivering assistance to some 90,000 households through comprehensive energy efficiency improvements.

CESP will explore the possibilities for a wider range of energy efficiency interventions including increased provision of measures such as solid wall insulation. The Community Energy Saving Programme applies to England, Scotland and Wales.

However there are concerns that the criteria⁵ used to define eligible deprived areas will militate against programmes in rural areas in favour of intervention in urban areas with greater concentration of deprivation.

⁵ Index of Multiple Deprivation

Energy prices

In recent years increasing domestic gas and electricity prices have largely undermined Government progress towards achieving fuel poverty targets. Data from 2004⁶ indicates that at that time fuel poverty in the United Kingdom had been reduced to 2 million households; as a result of higher energy costs in the intervening years it is now estimated that there are some 5 million fuel-poor households in the UK.

The gas and electricity regulator Ofgem's recent priority has been to address some of the negative elements of the competitive energy market through action to ensure, for example, that charges are genuinely cost-reflective and that 'legacy' customers of original monopoly electricity suppliers were treated fairly. Ofgem interventions will deliver some benefit to specific categories of customer *e.g.* some prepayment meter users, but the current focus is on what can be done to bring positive benefit to disadvantaged energy consumers. Ofgem's remit covers England, Scotland and Wales; Northern Ireland has its own regulatory body, the Northern Ireland Authority for Utility Regulation.

Social tariffs

In July 2008 Ofgem stipulated criteria that must be satisfied before a discounted pricing arrangement could be designated as a social tariff: a social tariff must be at least as good as that offered in a given geographical area by an individual energy supplier, including online direct debit terms (generally the best terms offered by suppliers).

The UK Budget 2008 featured an announcement from the Chancellor of the Exchequer, Alistair Darling MP, that he wanted to see a substantial increase in the level of expenditure made by energy suppliers to help defray the energy costs of their most vulnerable customers. Taken in conjunction with existing voluntary provision of around £50 million per year, the Chancellor expected supplier investment in this area to reach £100 million in the first year; rising to £125 million in the following year; reaching £150 million per year by 2010-2011. The Pre-Budget Report of December 2009 indicated that supplier expenditure on these social offerings would increase to £300 million by 2013-2014. and rising to £300 million a year by 2013-14.

However, having reached agreement with suppliers on these voluntary arrangements it was subsequently decided that this did not go far enough. In the Energy White Paper of July 2009, *The UK Low Carbon Transmission Plan*, the Government indicated that a voluntary agreement was insufficient: 'The agreement comes to an end in March 2011. The Government has decided to build on the success of the voluntary agreement and will therefore bring forward new legislation at the earliest opportunity with the aim of placing social price support on a statutory footing when the current voluntary agreement ends in March 2011.'

A consultation document published in September 2009⁷ discussed UK Government proposals to formalise arrangements for energy supplier social offerings. The Government proposals will involve energy suppliers being provided with information on their customers aged 70 or over

⁶ *The UK Fuel Poverty Strategy 4th Annual Progress Report*, Defra, 2006.

⁷ *Energy Costs Support Scheme – Sharing data with energy suppliers to help them better target their social assistance schemes*, DWP, September 2009.

and in receipt of the Guarantee element of Pension Credit; eligible customers will then receive a discount of between £80 and £100 on their electricity bills.

Ofgem's recent analysis of energy supplier voluntary offerings⁸ indicated that in 2008-2009 expenditure in this area had reached £157 million. This level of expenditure is in excess of the amount agreed with Government for the period 2010-2011.

Average amount saved by customer on social tariff compared with supplier's best offer in the market (figures in brackets indicate higher costs)				
Supplier	Tariff name	Average annual bill (£)	Saving over supplier's best offer (£)	Savings over best market offer (all suppliers) (£)
British Gas	Essentials (electricity)	394	(57)	(61)
	Essentials (gas)	588	88	65
EDF Energy	Energy Assist (electricity)	357-364	(24-31)	(24)-(31)
	Energy Assist (gas)	619-633	109-95	
E.ON	Warm Assist (electricity)	415	11	(66)
	Warm Assist (gas)	688	73	35
npower	Spreading Warmth (electricity)	313-346	65-32	21-(12)
	Spreading Warmth (gas)	576-622	77-31	77-31
ScottishPower	Fresh Start (electricity)	389	21	(24)
	Fresh Start (gas)	770	41	(63)
Scottish and Southern	EnergyPlus Care (electricity)	308-323	122-108	25-11
	EnergyPlus Care (gas)	454-476	234-212	199-177

Household incomes

WINTER FUEL PAYMENTS

The link between low household income and fuel poverty was a factor in the UK Government's decision to introduce the Winter Fuel Payment in 1997. Targeting the Winter Fuel Payment on older households recognised that these represented the most vulnerable and disadvantaged energy consumers. Since the first phase of this payment, wider eligibility and increased rates of payment have resulted in the Winter Fuel Payment becoming a major element of fuel poverty expenditure.

The Winter Fuel Payment is an annual payment made to couples and individuals aged 60 and over in Great Britain and Northern Ireland. The standard rate⁹ is normally £200 per household where the oldest person is aged 60-79 years; for households with a person aged 80 or over the payment is £300. The table below illustrates expenditure on Winter Fuel Payments since their inception in 1997.

⁸ Monitoring suppliers' social programmes, Ofgem, August 2009.

⁹ For the winters of 2008-2009, 2009-2010 and 2010-11 the lower rate was increased to £250 and the higher rate to £400.

Winter Fuel Payments Great Britain 1997-2010	
Year of Payment	Cost of Payments (£)
1997-1998	£191 million
1998-1999	£194 million
1999-2000	£759 million
2000-2001	£1,749 million
2001-2002	£1,681 million
2002-2003	£1,705 million
2003-2004	£1,916 million
2004-2005	£1,962 million
2005-2006	£1,982 million
2006-2007	£2,015 million
2007-2008	£2,071 million
2008-2009	£2,694 million

It should be noted that Winter Fuel Payments are only guaranteed for the lifetime of the current Parliament.

Clearly Winter Fuel Payments are a major factor in ensuring the health and well-being of older households. However current eligibility criteria benefit only older households, many of whom are comparatively affluent, and deny access to households arguably in much greater need including those on the lowest incomes and with young children or with some form of disability. The Government estimates that Winter Fuel Payments make a modest contribution to fuel poverty objectives; around 200,000 households are removed from fuel poverty as a result of the payment when this is classed as additional household income. However, if domestic energy bills were to be discounted by the value of the Winter Fuel Payment then an estimated 1.1 million households would be removed from fuel poverty.

COLD WEATHER PAYMENTS

For the winter 2008-2009 the UK Government increased the value of Cold Weather Payments¹⁰ from £8.50 to £25. This one-off concession resulted in a cost to the Exchequer of some £215 million as the winter proved unexpectedly cold. The Cold Weather Payment has historically been triggered so infrequently that the annual cost to Government is generally between £4 million to £8 million. However, the exceptionally severe weather over December 2009 and January 2010 meant that expenditure over the current winter has already exceeded £270 million.

Despite high expenditure on Cold Weather Payments over the last two winters, there is nonetheless a strong case for abolishing Cold Weather Payments provided that eligibility for the Winter Fuel Payment were extended to non-pensioner households who currently meet the criteria for the former payment.

¹⁰ Cold Weather Payments are made to households on the lowest level of means-tested benefits who are additionally vulnerable because of age (over 60 or under 5) or disability. In order to trigger a payment the temperature must reach, or be forecast to reach, an average of 0° C or less over a seven-day period. The value of the payment is retained at £25 for the winter 2009-2010.

Fuel Poverty in England

Fuel poverty in England currently affects some 3.75 million households¹¹. Since there is a clear link between general poverty and fuel poverty, it is evident that low-income and other economically disadvantaged households will be disproportionately represented in household types susceptible to fuel poverty. This is particularly evident in the case of older households which account for almost half of all fuel-poor households in England.

Demographics of fuel poverty – England 2009 [NEA estimates for 2009]		
Household type	Number of households	% of fuel-poor households
One person under 60	863,000	23%
Couple (no dependent children) under 60	275,000	7%
One person aged 60 or over	1,287,000	34%
Couple aged 60 or over	527,000	14%
Lone parent	379,000	10%
Couple with dependent children	229,000	6%
Other multi-person household	191,000	5%
All households	3,753,000	100%

ENERGY EFFICIENCY PROGRAMMES

WARM FRONT

The main Government-funded energy efficiency programme in England is Warm Front, a scheme provided for under the Home Energy Efficiency Scheme Regulations and subject to regular amendment in terms of eligibility criteria, measures funded under the scheme and the maximum grant level.

Warm Front expenditure and households assisted 2008-2011		
Year	Annual expenditure	Households assisted
2008-2009	£400 million	233,600
2009-2010	£374 million	200,000 ¹²
2010-2011	£350 million	200,000 ¹³

The Warm Front budget was allocated to cover the three-year period 2008-2011 and, overall, £974 million was set aside for this programme. However Government policy decisions brought forward expenditure to the first two years of this funding period; the result was that the programme's funding would have fallen significantly in the final year of the budget allocation. However, the Pre-Budget Report announced a further £150 million in funding for the programme bringing overall expenditure in 2008-2011 to around £1.1 billion.

¹¹ Figures in the 7th UK Fuel Poverty Annual Progress Report (2009) suggest that there were in the region of 4.5 million fuel-poor households in 2009.

¹² NEA estimate based on returns for early 2009-2010 and taking account of subsequent increased grant levels.

¹³ NEA estimate based on Warm Front budget for 2010-2011 taking account of increased grant levels and also of increased efficiencies within the scheme.

Who gets what in Warm Front		
Eligibility criteria	Measures funded	Maximum grant
<p>Owner occupied and private rented tenures only.</p> <p>Applicant or partner is 60 or over <u>or</u> has a child under 16 (or is pregnant) and receives one of:</p> <ul style="list-style-type: none"> • Pension Credit • Housing Benefit • Council Tax Benefit • Income Support • Income-related Employment and Support Allowance <p><u>Or</u></p> <p>Applicant or partner receives one of the following benefits:</p> <ul style="list-style-type: none"> • Working Tax Credit (with an income of less than £16,040, which must include a disability element) • Disability Living Allowance • Child Tax Credit (with an income of less than £16,040) • Housing Benefit (which must include a disability premium) • Income Support (which must include a disability premium) • Council Tax Benefit (which must include a disability premium) • War Disablement Pension (which must include a mobility supplement or Constant Attendance Allowance) • Industrial Injuries Disablement Benefit (which must include Constant Attendance Allowance) • Attendance Allowance 	<p>Loft insulation</p> <p>Draughtproofing</p> <p>Cavity wall insulation</p> <p>Hot water tank insulation</p> <p>Energy efficient lightbulbs</p> <p>Gas or oil central heating</p> <p>Glass-fronted solid-fuel fire</p> <p>In addition, the framework of the scheme allows for renewable technologies to be funded within Warm Front. However, as yet, none of these technologies have been officially included within Warm Front.</p>	<p>Following persistent representations that the maximum grant levels were inadequate to fund the full range of necessary energy efficiency works and that, consequently, many vulnerable households could not take up offers of assistance, the Department of Energy and Climate Change introduced revised grant levels.</p> <p>In the case of properties on the mains gas network the maximum grant has increased to £3,500 (from £2,700).</p> <p>In the case of properties off the mains gas network the maximum grant has increased to £6,000 (from £4,000). This currently funds oil-fired heating installations and will, in future, fund renewable technology installations.</p>

The benefits of Warm Front

Warm Front delivers significant benefits in both social and environmental terms. The energy efficiency standard of the average dwelling benefiting from Warm Front is raised from SAP 38 to SAP 62.¹⁴ The programme's Managing Agent, eaga, believes that this level of improvement can reduce the average fuel bill by £350 per year and also reduce that household's annual CO₂ emissions by 1.4 tonnes. In addition, benefit entitlement checks undertaken as part of Warm Front identify significant amounts of unclaimed benefit – in successful cases this represents additional household income of some £30 per week.

THE DECENT HOMES STANDARD

The Thermal Comfort criteria of the Decent Homes Standard in England was intended to be the primary means by which fuel poverty in the social rented sector would be addressed. Introduction of Thermal Comfort criteria was to result in all social housing possessing effective insulation and efficient and economic central heating systems by 2010.

¹⁴ SAP measures the energy efficiency of a property on a scale of 1 (extremely poor) to 100 (extremely good).

In the 2002 Spending Review, targets relating to the Decent Homes Standard were extended to include all private sector homes occupied by vulnerable households.¹⁵

Targets for vulnerable households

The Government set the following targets for vulnerable households:

- There is a year on year increase in the proportion of vulnerable private sector households in decent homes
- The 2006-2007 English House Condition Survey shows the proportion of vulnerable households in decent private sector homes to be more than 65%
- The 2010-2011 English House Condition Survey shows the proportion of vulnerable households in decent private sector homes to be more than 70%
- The 2020-2021 English House Condition Survey shows the proportion of vulnerable households in decent private sector homes to be more than 75%.

However, from the introduction of the standard it was argued that the elements covering heating and insulation were totally inadequate to ensure affordable warmth. In place of whole-house heating, all that is required in England is that the primary heating system should distribute heat to two or more rooms in the dwelling. 50 mm of loft insulation or cavity wall insulation is classed as 'an effective package of insulation' in properties heated by gas or oil, and where the dwelling is heated by electricity, solid fuel or LPG both cavity wall insulation and 200 mm of loft insulation should be installed as appropriate.

No minimum SAP is required although it is suggested that a SAP rating lower than 35 should be seen as a proxy for a Category 1 Hazard under the Housing Health and Safety Rating System – an indicator of the potential harm faced by occupants of a dwelling as a result of poor housing conditions. It should be noted that some 15.5% of properties in England (3.4 million dwellings¹⁶) have a SAP rating below this level.

The Thermal Comfort element of the Decent Homes Standard has been the subject of repeated comment and criticism from a range of official sources. These have included the views of a number of Select Committees that have considered the issue.

An ODPM Committee inquiry¹⁷ in 2004 recommended establishment¹⁷ of a Decent Homes Plus standard post-2010 in the form of: 'a much more ambitious thermal comfort criterion which is in line with building regulations in force at the time when the new Standard is set. Policy development, evaluation and funding for this criterion must be closely integrated with other key policies such as the Fuel Poverty Strategy.

The final EFRA Committee inquiry into fuel poverty¹⁸ also strongly supported much more rigorous energy efficiency standards: 'Decent Homes has clearly been an effective vehicle for raising standards in social housing. However, the low level of requirements set for thermal

¹⁵ The Department for Communities and Local Government defines a vulnerable households as one in receipt of a means-tested or disability-related benefit.

¹⁶ *Impact Assessment of proposals for implementation of the Community Energy Saving Programme (CESP)*, DECC, May 2009.

¹⁷ *Decent Homes*, Office of the Deputy Prime Minister: Housing, Planning, Local Government and the Regions Committee, April 2004.

¹⁸ *Energy efficiency and fuel poverty*, Environment, Food and Rural Affairs Committee, June 2009

comfort means that significant scope remains for improvement in energy efficiency levels.’ The Committee further added: ‘We do not accept assertions that it is not practical to achieve a SAP 81 level. We recognise that higher SAP levels will not be feasible for all types of construction but that does not mean that policy should set targets at the levels achievable for poorer housing stock. We recommend that Government assess the cost and feasibility of introducing a SAP 81 standard as the basis of an improved thermal comfort standard for all social housing.’

Despite significant investment in heating and insulation improvements by social landlords there remains a significant segment of the overall housing stock that still fails to comply with the existing minimal Thermal Comfort criteria.

Tenure	Dwellings failing Thermal Comfort criteria		Category 1 Cold Hazard	
	Number	Percent	Number	Percent
Owner occupier	2,291,000	14.7%	1,654,000	10.6%
Private rented	625,000	22.8%	416,000	16.2%
All private	2,906,000	15.9%	2,070,000	11.3%
Local authority	265,000	13.3%	85,000	4.3%
Registered Social Landlord	252,000	13.2%	70,000	3.7%
All social	517,000	13.3%	155,000	4.0%
All tenures	3,423,000	15.4%	2,225,000	10.0%

Energy efficiency – the way forward

It is clear that current Government policies do not begin to fully address the scale of the fuel poverty problem. There are also concerns that the situation can only deteriorate as we face additional charges on consumer bills to meet environmental objectives, to fund the future infrastructure of the energy industry and to finance other innovation such as the introduction of smart metering.

NEA advocates a properly funded and comprehensive National Energy Efficiency Scheme as the only solution to fuel poverty in England, Wales and Northern Ireland. This would involve a national roll-out of community-based heating and insulation improvements co-ordinated by local authorities and offering the full range of practical measures, energy advice and income maximisation advice and support needed to create a comprehensive policy for affordable warmth.¹⁹

¹⁹ See: <http://www.nea.org.uk/rebuildingbritain/>

National Energy Action

Manifesto for the eradication of fuel poverty

BACKGROUND

Fuel poverty results from a combination of factors: low household income, unaffordable energy prices; and the poor heating and insulation standards of the English housing stock.

The Warm Homes and Energy Conservation Act 2000²⁰, supplemented by the UK Fuel Poverty Strategy 2001²¹, committed the Government to the eradication of fuel poverty for vulnerable households in England by 2010, and for all households by 2016. The first ambition of the Strategy will not be achieved; unprecedented increases in domestic energy prices and failure of the Government to adopt remedial policies have made the 2010 target unattainable. The task now is to focus on programmes and policies that can salvage the UK Fuel Poverty Strategy and meet the 2016 target.

This document sets out the essential actions and policies required to tackle fuel poverty within the timescale specified in the legislation. Current policies that are incapable of meeting the challenge should no longer be pursued and resources associated with these policies should be diverted to the most effective and appropriate programmes.

Energy Efficiency

The current Government has initiated significant investment in a number of heating and insulation programmes intended to address fuel poverty. But the ambitions of these policy instruments; the structure of existing programmes; and the current levels of funding are insufficient to the task of eradicating fuel poverty. Major changes are required if we are to achieve the objective of ensuring that all homes are adequately and affordably heated.

Funding devoted to the Priority Group within the Carbon Emissions Reduction Target (CERT) and the Warm Front programme for vulnerable private sector households will total more than £1 billion in 2009-2010. However, this funding is not utilised in a manner that ensures the most advantageous outcomes for the fuel poor. The process of individual applications by individual households, followed by individual installation of heating and insulation improvement measures, is inefficient and wasteful and does not represent the optimal use of resources. The current programmes demonstrate a clear failure of policy design; they have failed to eradicate fuel poverty.

NEA advocates:

- Ensuring fuel poverty is given equal status with carbon emission reduction, especially in policies relating to energy efficiency improvement of the housing stock.

²⁰ http://www.opsi.gov.uk/Acts/acts2000/ukpga_20000031_en_1

²¹ <http://www.berr.gov.uk/files/file16495.pdf>

- Merging all existing sources of energy efficiency and fuel poverty funding into a single resource
- Using this funding to deliver a nationwide home energy retrofit programme with grant assistance ranging from full support for vulnerable low-income households to partial subsidy for more affluent households
- The programme should be co-ordinated at a local level by local authorities and delivered in partnership with other local agencies including the voluntary sector and locally based installers
- The most deprived communities should be prioritised for assistance
- Clearly additional funding will be required to meet fuel poverty targets. HM Treasury must recognise the substantial benefits to the wider economy of investing public money in the eradication of fuel poverty, and improving energy efficiency across the entire housing stock through subsidies and incentivising households.

Energy Prices

Recent interventions by the energy regulator, Ofgem, have finally remedied some of the worst disadvantages faced by many vulnerable and low-income energy consumers in the competitive energy market. However, considerable action is still required to ensure that those households in greatest need have access to energy supplies at an affordable cost.

At present energy suppliers have a voluntary agreement with Government that they will spend around £150 million annually on 'social offerings' to some of their vulnerable customers, and this voluntary commitment has been welcomed by NEA. However, the Energy Bill contains provisions enabling Government to prescribe eligibility for energy price support and the extent of that support. It has already been in the Pre-Budget Report that £300 million per year should be spent on defraying costs for disadvantaged households by 2013-2014.

NEA advocates:

- Legislation to ensure that eligibility for assistance is consistent across all energy suppliers
- Suppliers cannot impose arbitrary limits on the numbers of eligible households
- The degree of benefit to eligible households should be consistent and proportionate and much greater than is currently offered
- Eligibility should not be conferred on any priority group of vulnerable households, such as pensioners, to the exclusion of others such as families with children.

Household Income

Financial support for energy costs is provided through two separate elements of the Department for Work and Pensions' Regulated Social Fund - Winter Fuel Payments and Cold Weather Payments.

Winter Fuel Payments are made to virtually all persons aged 60 or over. A payment of £200²² per household is made where individuals or both members of a couple are aged 60-79 and £300 where individuals or both members of a couple are aged 80 or over. The Winter Fuel Payment is guaranteed for the lifetime of the current Parliament. Over the current winter, expenditure on Winter Fuel Payments will total some £2.7 billion.

Cold Weather Payments are made to households in receipt of means-tested welfare benefits who are considered to be particularly vulnerable on grounds of:

- Age (over 60 or with a child under 5 years)
- Disability

Cold Weather Payments are triggered by actual or forecast periods of severe weather; this requires a period of seven consecutive days where the average daily temperature is 0° C or below. Qualifying households receive £25²³ for any such period of severe weather.

The Winter Fuel Payments scheme is not equitable; affluent older households benefit from the payment whilst assistance is denied to younger households in greater need.

A related issue is the non-take up of benefit entitlement by many eligible households. In addition to raising household income, an effective benefits advice programme may result in households becoming eligible for support through energy efficiency programmes.

NEA advocates:

- Winter Fuel Payments should be retained in some form over the life of the next Parliament but subject to review to improve the targeting and effectiveness of expenditure
- Eligibility for a Cold Weather Payment implies both extremely low income and enhanced vulnerability – the Winter Fuel Payment should be extended to eligible households under the age of 60; this would cost in the region of £300 million per year
- In return the Cold Weather Payment system should be abolished
- The Winter Fuel Payment should be retained at its current value of £250 and £400 and be subject to annual review to ensure that its value is maintained in relation to energy costs
- Effective benefit entitlement advice should form an essential element of the National Energy Efficiency Scheme proposed above

²² During the winter of 2008-2009 Winter Fuel Payments were increased to £250 and £400. This level of payment will continue over the winter 2009-2010.

²³ During the winter of 2008-2009 Cold Weather Payments were increased to £25; this level of payment has been retained for winter 2009-2010.

Fuel Poverty in Scotland

The latest Scottish House Condition Survey (SHCS) Key Findings Report estimated that in 2008 there were 618,000 (27%) fuel-poor households in Scotland. Almost 60% of single pensioner households (217,000) and around a third of older smaller households (127,000) were fuel poor, making them more likely than other household types to experience fuel poverty²⁴.

Using the SHCS estimate that for every 1% rise in energy prices, a further 8,000 households enter fuel poverty, Energy Action Scotland (EAS) estimates that in 2009 there were approximately 800,000 (almost 1 in 3) fuel-poor households in Scotland²⁵.

Demographics of fuel poverty – Scotland 2008 ²⁶		
Household type	Number of households	% of fuel-poor households
One person under 60	106,000	29%
Couple (no dependent children) under 60	58,000	15%
One person aged 60 or over	217,000	58%
Couple aged 60 or over	127,000	34%
Lone parent	24,000	20%
Couple with dependent children	27,000	9%
Other multi-person household	23,000	15%

ENERGY EFFICIENCY PROGRAMMES

ENERGY ASSISTANCE PACKAGE

The Energy Assistance Package (EAP) involves a range of measures aimed at maximising incomes, reducing fuel bills and improving the energy efficiency of homes. The EAP was introduced by the Scottish Government in April 2009, and replaced the previous Central Heating Programme and Warm Deal schemes.

The new package was announced by the Cabinet Secretary for Health & Wellbeing Nicola Sturgeon, following the recommendations of the Scottish Fuel Poverty Forum. The Forum is monitoring the implementation of the EAP and advising Ministers on any further actions required to meet the 2016 target to eradicate fuel poverty in Scotland.

In November 2009 the Scottish Government announced rule changes to the EAP, following advice from the Scottish Fuel Poverty Forum, to enable the scheme to target more of the least energy efficient houses in Scotland. Households with a band E energy performance rating will now benefit as well as those in band F and G. Councils and housing associations across Scotland will also receive an extra £2.5 million in this financial year to insulate cavity walls and lofts for tenants in social housing. In January 2010 the Scottish Government announced changes to the eligibility criteria for Stage 4 of the scheme, to enable an estimated further

²⁴ Scottish House Condition Survey Key Findings 2008 report.

²⁵ Calculated based on current fuel prices and the Scottish Government statistical document *Estimate of Fuel Poor Households in Scotland* which states that for every 1% rise in fuel prices roughly 8000 more households enter fuel poverty.

²⁶ Figures in the *Scottish House Condition Survey Key Findings 2008* report.

10,000 households to benefit. Previously entitlement at Stage 4 was to 'Low-income families in energy-inefficient homes with a child under 5 or a disabled child under 16'. The change means entitlement is now extended to low-income families in energy inefficient homes with a child under 16. The definition of low income has also been broadened to 'in receipt of Child Tax Credit more than the family element'.

There are four stages to the scheme:

- **Stage 1** offers free expert energy advice to everyone.
- **Stage 2** provides benefits and tax credit checks and advice on low cost energy tariffs to those at risk of fuel poverty.
- **Stage 3** provides a package of standard insulation measures (cavity wall and loft insulation) to older households and those in receipt of one of a range of benefits.
- **Stage 4** offers a package of enhanced energy efficiency measures to those who are most vulnerable to fuel poverty.

Energy Assistance Package	
Eligibility criteria – who benefits?	Measures
<p>Stage 1: Everyone who phones the Energy Efficiency Advice network will receive free expert energy advice.</p> <p>Stage 2: Those at risk of fuel poverty may be offered benefit and tax credit checks and advice on low cost energy tariffs</p> <p>Stage 3: Private Sector: a person may qualify for a package of standard insulation measures (cavity wall and loft insulation) if they are a home owner or the tenant of a private landlord and they or their partner:</p> <ul style="list-style-type: none"> - is aged 70 or over and has no central heating, or - is aged 75 or over, or - receives a qualifying benefit. <p>Stage 3: Social Sector: if the person is a social sector tenant renting from either a local authority or Registered Social Landlord, similar insulation measures may be available to them funded through a partnership between their landlord, the Scottish Government and energy companies.</p> <p>Stage 4: The person may qualify for enhanced measures if they are a home owner or the tenant of a private sector landlord and they or their partner:</p> <ul style="list-style-type: none"> - is aged 60 or over and has never had central heating installed in their home, or - is a home owner or the tenant of a private sector landlord and they live in an energy inefficient home and they or their partner is aged 75 or over - is aged 60 or over and receives a qualifying benefit - has a child under 16 and receives a qualifying benefit - is pregnant and receives a qualifying benefit <p>For the first time help may also be available for those in mobile homes.</p>	<p>Depending on individual circumstances, the package may consist of but is not limited to:</p> <ul style="list-style-type: none"> • Installation of a new central heating system including where appropriate air source heat pumps; • A new boiler • Draughtproofing • Internal or external wall insulation • Cavity wall insulation • Loft insulation • Room thermostats and heating controls • Insulation of tanks and pipes

<p>The qualifying benefits for stage 4:</p> <ul style="list-style-type: none"> - Attendance Allowance - Child Tax Credit or Working Tax Credit (where income is less than the qualifying threshold of £17,474) - Council Tax Benefit - Housing Benefit - Income Support - Income-based Jobseeker's Allowance - Disability Living Allowance - Disablement pension which includes a constant attendance allowance - Guarantee element of pension credit - War disablement pension which includes a mobility supplement or a constant attendance allowance - Industrial injuries disablement benefit which includes a constant attendance allowance Employment and Support Allowance 	
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HOME INSULATION SCHEME

As part of the Scottish Budget Bill passed in February 2009, the Scottish Government announced an area-based Home Insulation Scheme (HIS) made up of £15 million of new Scottish Government funding and £15 million from other partners to provide up to 90,000 homes with energy efficiency advice and assistance and with insulation where suitable and appropriate. The scheme commenced operation in November 2009.

In its first phase HIS will deliver a street-by-street approach, offering energy audits and benefit advice to all households in the selected areas. Loft and cavity wall insulation will be offered where applicable. Up to 100,000 homes in 10 areas are expected to benefit in the first year of the scheme, delivering savings of up to 24,250 tCO₂, and it is estimated that the average household will save in the region of £70 per annum on their fuel bills. HIS is also expected to create and sustain around 900 jobs. The long term programme strategy will be informed by an evaluation of this first phase.

The scheme aims to overcome barriers to take-up in the following ways:

- Intensive door-to-door approach
- Advisers to liaise with landlords, owners, etc to overcome barriers
- Free insulation for priority groups
- Able-to-pay households will benefit from energy audit and potential for enhanced CERT deal

The Scottish Government has announced that £10 million will be available in 2010-2011 to support a new area based universal access Home Insulation scheme. The scheme will offer home insulation measures to around 90,000 homes in the course of 2010-2011, which is additional to the £15 million commitment made to the existing Home Insulation Scheme which will also continue over the next year.

Implementation will be overseen by an Implementation Group, chaired by the Minister for Housing and Communities, and involving a range of stakeholders.

The scheme aims to strengthen the Scottish Government's contribution to the climate change agenda and help to tackle fuel poverty, as well as also providing work for insulation companies and training opportunities for energy assessors.

THE SCOTTISH HOUSING QUALITY STANDARD

In 2004 the then Scottish Executive published the Scottish Housing Quality Standard (SHQS), which defines what constitutes acceptable good quality housing. Local authorities and other registered social landlords have until 2015 to meet the standard. However the SHQS applies across all housing tenures and local authorities are encouraged to use the Standard to monitor the condition of private housing.

According to the latest *Scottish House Condition Survey (SHCS) Key Findings 2008* report, approximately 64% of dwellings in Scotland failed the SHQS in 2008, compared with 72% in 2005/6 and 68% in 2007. The majority of dwellings that failed the SHQS failed on the energy efficiency criterion.

The SHQS is a key driver in ensuring that social housing for rent in the future will be of a quality commensurate with the expectations of modern living. The SHQS demands that the property achieve a minimum of NHER 5²⁷. However, EAS does not believe that this is a target that will ensure that properties are fuel poverty proof. Targets were set some time ago when this country benefited greatly from a period of relatively low energy prices. Due to the nature of the global energy market, it is unlikely that domestic energy prices will fall to pre-2002 levels.

The SHQS therefore requires a significant review on its potential to impact upon the future numbers of fuel-poor in social rented housing stock. It is the view of EAS that achieving a minimum of NHER 8 for the SHQS is required if fuel poverty eradication targets are to be met.

EAS, along with other organisations, are also proposing that the SHQS be extended to cover the private rented sector, where energy efficiency is worse than in other tenures, even for the same building types. According to the latest Scottish House Condition Survey²⁸, private-rented dwellings are about 3 times more likely to have a 'poor' NHER rating than owner-occupied dwelling, and have an average NHER of 5.7 compared to 7.3 in housing associations. Meanwhile, 10% of dwellings in the private rented sector are rated 'poor'. Levels of extreme fuel poverty are the highest in the private rented sector: 9%, compared to 6% of those in social-sector dwellings.

The way forward

EAS is working as part of the Scottish Fuel Poverty Forum to take forward the recommendations of the forum as outlined in their report *Towards 2016 - The Future of Fuel Poverty Policy in Scotland* published in October 2008.

Meanwhile, EAS would like the eligibility of the Energy Assistance Package to be extended to further vulnerable groups and the options for this are currently being considered by the Forum.

²⁷ The National Home Energy Rating scheme (NHER) calculates the energy efficiency of the house on a scale of 0 to 10, with 0 being the least efficient and 10 being the most efficient. NHER calculates all fuel use within the home and takes into account the geographic location of the home.

²⁸ *Scottish House Condition Survey: Key Findings for 2008*

EAS would also like the Energy Assistance Package and Home Insulation Scheme – reactive and proactive schemes – to be combined into one single scheme and to take a more joined up approach. The purpose would be to maximise uptake of measures and reach the largest possible cross-section of the community.

Fuel Poverty in Wales

Welsh Assembly Government statistics on fuel poverty are based on 2004 data at which time an estimated 240,000 households were in fuel poverty. However, energy prices have risen some 115% since these estimates, pushing many more households into fuel poverty. NEA estimates that fuel poverty in Wales currently affects some 320,000 households, 1 in 4 households in Wales. Fuel poverty in Wales is compounded by a number of issues. 21% of homes are off the mains gas network and are forced to rely on more expensive forms of heating, such as oil, LPG and electricity. Compounding this, the incumbent supplier in South Wales, SWALEC, is the most expensive region out of 14 in Britain for both Economy 7 and single rate whereas Manweb, the incumbent supplier in North Wales, is the 6th most expensive region for single rate and 5th most expensive for economy 7²⁹. In addition, a high proportion of homes are old and/or hard to treat, with over 50% of those who live in these hard to heat homes in Wales in fuel poverty. Incomes are also traditionally low in Wales; 60% of households in Wales have a gross income of less than £15,600³⁰, putting them at risk of fuel poverty as average annual fuel bills in the UK reach nearly 10% of this amount at £1260 per annum.

Demographics of fuel poverty – Wales 2009 [NEA estimates]		
Household type	Number of households	As % of fuel-poor households
One person under 60	41,300	13%
Couple (no dependent children) under 60	23,400	7%
One person aged 60 or over	115,000	36%
Couple aged 60 or over	49,000	15%
Lone parent	42,000	13%
Couple with dependent children	39,000	12%
Other multi-person household	10,000	3%
All households	320,000	100%

ENERGY EFFICIENCY PROGRAMMES

HOME ENERGY EFFICIENCY SCHEME WALES

The main Government-funded fuel poverty programme in Wales is the Home Energy Efficiency Scheme Wales, HEES Wales. The main help offered by the scheme is central heating measures where systems are non-existent or beyond repair and cavity wall and loft insulation. HEES has been running since 2001 and has been subject to various changes in this time, including the introduction of oil central heating, extension of eligibility to all aged over 80 and the recent introduction of air source heat pumps in 2009. However, it is now under a more extensive review, through which eligibility criteria and measures available are likely to change significantly after April 2011. In 2008/09, with a budget of £22.7 million, the scheme helped 15,199 households, a reduction on the 18,647 households it had helped in 2007/08 with a

²⁹ Grid Charges 2009, Paper for Consumer Focus by Cornwall Energy, March 2009

³⁰ *Living in Wales Survey 2008*. Welsh Assembly Government. Total Gross Income of Household Reference Person and their spouse/partner

budget of £21.6 million. For 2009/10 expenditure on HEES was £23.7 million and a similar level of spend is expected for 2010-2011. It is not yet known what budget the new scheme will have after April 2011 or the impact that the proposed changes will have on the number of households helped.

Eligibility criteria	Measures funded
<p>HEES</p> <p>Householders who either have a child aged under 16 or are pregnant and have been given maternity certificate MAT B1 and are in receipt of one or more of the following benefits:</p> <ul style="list-style-type: none"> • Income Support • Working Tax Credit (with income less than £16,040) • Council Tax Benefit • Child Tax Credit (with income less than £16,040) • Housing Benefit • Income-based Jobseeker's Allowance • Income-related Employment and Support Allowance <p>HEES Plus</p> <p>Householders who are either aged 60 or over or are lone parent families with a child aged less than 16 years, and are in receipt of one or more of the following benefits:</p> <ul style="list-style-type: none"> • Income Support • Housing Benefit • State Pension Credit • Council Tax Benefit • Income-based Jobseeker's Allowance • Income-related Employment and Support Allowance; or <p>Or householders who are disabled or chronically ill and are receiving one or more of the following benefits:</p> <ul style="list-style-type: none"> • Income Support (<i>which must include the Disability Premium</i>) • Working Tax Credit (<i>which must include the Disability Premium</i>) • Housing Benefit (<i>which must include the Disability Premium</i>) • Council Tax Benefit (<i>which must include the Disability Premium</i>) • War Disablement Pension (<i>which must include Constant Attendance Allowance or Mobility Supplement</i>) • Industrial Injuries Disablement Benefit (<i>which must include Constant Attendance Allowance</i>) • Disability Living Allowance • Attendance Allowance <p>Or householders, claiming Child Benefit, with a child under 16, with the child receiving:</p> <ul style="list-style-type: none"> • Disability Living Allowance <p>Householders living in Wales who are aged over 80 do not need to be in receipt of any benefits to automatically qualify for HEES Plus.</p> <p>Householders aged 60 or over who own their home, are eligible to claim up to £500 towards the cost of energy efficiency improvements, without needing to be in receipt of any benefits.</p>	<p>Grant of up to £2,000 to fund:</p> <ul style="list-style-type: none"> *Repair of existing heating system (owner-occupiers and private tenants only) Electric central heating (up to 2 storage heaters) and hot water Gas wall heaters (up to 2) Conversion of up to 3 open fires to closed/smokeless fuel *Cavity wall insulation *Loft insulation *Draughtproofing *Hot water tank jacket (fitted) *Energy saving light bulbs *Smoke alarms (fitted) *Energy Efficiency Advice <p>Grant of up to £3,600 to fund:</p> <ul style="list-style-type: none"> Any of the asterisked measures above available under HEES Gas central heating (up to 5 radiators) Converting solid fuel heating system to gas or electric A gas supply Off peak electric central heating (up to 3 storage heaters) and hot water Security measures (60 years or over) <p>Grant of up to £5,000 to fund:</p> <ul style="list-style-type: none"> Measures available under HEES Plus where households are eligible for: Oil central heating (up to 5 radiators) Air-source heat pump

The benefits of HEES Wales

HEES Wales delivers significant benefits in both social and environmental terms. The energy efficiency standard of the average dwelling benefiting from HEES is raised from SAP 39 to SAP 63.³¹ The programme's managing agent, eaga, believes that this level of improvement can reduce the average fuel bill by £330 per year and also reduce that household's annual CO₂ emissions by 1.83 tonnes. In addition, benefit entitlement checks undertaken as part of HEES identify significant amounts of unclaimed benefit. The average additional household income in successful cases is currently £19.16 a week.

Changes to HEES Wales

Between November 2009 and January 2010, the Welsh Assembly Government has been consulting on its draft Fuel Poverty Strategy for Wales. This proposes radical changes to all-Wales support for fuel poverty and a new scheme to replace HEES. The model suggested relies on a central hub to co-ordinate all applications for help. The central hub will refer applicants to CERT, with only a very limited few being referred for help through Government grants. It is suggested that vulnerable householders, defined as those aged over 60, or who are disabled or chronically ill, or with children under 16, will be eligible for a partial grant from the Government, although it is not yet clear what level this partial grant would be set at. They will also receive in depth advice. The consultation proposes that energy performance improvement packages (whole house assessments) will be offered to householders in privately owned or rented accommodation who are in receipt of a means-tested benefit and live in a property with an Energy Performance Certificate (EPC) rating of F or G. The package offered to these eligible households may include basic measures, replacement of a particularly inefficient boiler, solid wall insulation and/or low or zero carbon energy generation technologies. It may encompass just one measure or incorporate a combination of improvements. This new approach is scheduled to be trialled in early 2010 and is likely to formally begin in April 2011.

WELSH HOUSING QUALITY STANDARD

The Welsh Housing Quality Standard (WHQS) specifies that a minimum SAP rating of 65 out of a possible 100 should be achieved in all social housing by 2012, equivalent to an EPC rating of D. The target date of 2012 matches the Welsh Assembly Government target for eradicating fuel poverty in social housing. In 2004, the Living in Wales survey identified that 15% of local authority stock and 57% of housing association stock complied with the energy efficiency standards of WHQS. An update of the Living in Wales survey is due to be published at the end of 2010. The removal of social housing support from HEES seems likely to have a negative impact on achievement of the target.

Vulnerable households

In 2004 it was estimated that 134,000 households in Wales were in fuel poverty and that, of these, 85% (115,000) could be classed as vulnerable³². The Welsh Assembly Government has a target date of 2010 to eliminate fuel poverty among vulnerable groups but there are unlikely to be any statistics available to show progress against this target until the end of 2010.

³¹ SAP measures the energy efficiency of a property on a scale of 1 (extremely poor) to 100 (extremely good). Data from HEES Wales Annual Report 2007/08.

³² *Living in Wales*, 2004

Despite this, Jane Davidson AM, Minister for Environment, Sustainability and Housing, has already publicly acknowledged that this target will not be met.

FUEL POVERTY CHARTER COALITION

NEA Cymru recently joined with Consumer Focus Wales to lead on a fuel poverty charter for Wales, making key calls on the Welsh Assembly Government and others to eradicate fuel poverty. A coalition was formed with an initial 13 organisations from a range of backgrounds, who act as a steering group for the charter. Members of this steering group are: Age Concern Cymru & Help the Aged in Wales, Care & Repair Cymru, Children in Wales, Citizens Advice Cymru, Community Housing Cymru, Consumer Focus Wales, Disability Wales, End Child Poverty Network Cymru, Macmillan Cancer Support, NEA Cymru, Oxfam Cymru, Shelter Cymru and West Wales Eco Centre.

The charter has three key calls for action

- A detailed action plan setting out how and when fuel poverty will be eradicated in Wales
- Support to all fuel-poor households to stay warm – until fuel poverty is eradicated
- A co-ordinated and united approach across the statutory sector (at UK and Wales levels) that involves partners from the private, voluntary and community sectors in Wales

Membership of the coalition is ever growing but currently stands at over 40 organisations, 19 Assembly Members and 2 Members of Parliament. The coalition's charter has also received public support from Jane Davidson, Minister with responsibility for fuel poverty, and Carwyn Jones, the new First Minister and secured wide cross-party support through Statement of Opinion 2009 - 0097 in the National Assembly for Wales and Early Day Motion 260 in the UK Parliament.

NEA Cymru: calling for action to end fuel poverty

2010 is the date by which the Assembly Government had hoped to meet its first fuel poverty target: to eliminate fuel poverty amongst vulnerable households. However, the last five years have seen increasing levels of fuel poverty. We currently estimate that there are approximately 320,000 fuel-poor households in Wales, 85% of whom are vulnerable. We are concerned that that the 2010 target will be missed, and by some margin. We are also concerned that rising numbers of households in fuel poverty is seriously jeopardising the Welsh Assembly Government's 2012 target to eradicate fuel poverty for social sector tenants.

Nevertheless we believe the 2018 target to fully eradicate fuel poverty is still within the Welsh Assembly Government's reach. Achieving this target will require a radical rethink in the way programmes and policies are made to deliver; and it is our view that current proposals contained in the Fuel Poverty Strategy are inadequate for this purpose. We believe the eradication of fuel poverty will require:

1. **The full implementation of the Welsh Fuel Poverty Charter**

In October 2009, the Fuel Poverty Coalition Steering Group which included Age Concern Cymru & Help the Aged in Wales, Care and Repair Cymru, Citizens Advice, Children in Wales, Community Housing Cymru, Disability Wales, West Wales Eco Centre, End Child Poverty Network Cymru, Macmillan Cancer Support, Oxfam Cymru, Shelter Cymru and was led by NEA Cymru and Consumer Focus Wales, published the first ever Fuel Poverty Charter for Wales.

The Charter highlighted the need for radical change in the way that programmes target and assist people in fuel poverty. It set out a number of priority actions required to bring about the necessary change including:

- *A detailed action plan setting out how and when fuel poverty will be eradicated in Wales – this must be robust and based on a full analysis of the scale, causes and consequences of fuel poverty*
- *Support to enable all fuel-poor households to stay warm - until fuel poverty is eradicated*
- *A co-ordinated and united approach across the statutory sector (at UK and Wales levels) that also involves partners from the private, voluntary and community sectors in Wales*

From the local community group to the regulator and UK Government, it calls for us all to do what we can to make that crucial difference.

2. **Significant extra funding for the Home Energy Efficiency Scheme (HEES) if it is to incorporate micro-renewable technology**

NEA is concerned that current proposals to change how HEES operates in Wales will reduce by 80% the number of households receiving home improvements under this scheme. We believe such a reduction is utterly unacceptable at a time when more people are in desperate need of help. We understand that the reasoning behind the

approach is to address fuel poverty in hard to treat homes and those that are off the mains gas network and agree that micro-renewables have an important role to play. However, we have consistently maintained that introduction of new technologies must be supported by new money rather than by depleting the HEES budget by £23 million. Our view is that if the Welsh Assembly Government wants to introduce new measures, it must be prepared to pay for them.

Scotland spends considerably more on its fuel poverty programme per household than in the case in Wales. In England, the recent Pre-Budget Report announced increased investment of £150 million in Warm Front. A £50 million boiler scrappage scheme has also been announced, and we would urge that any additional funding received in Wales through this scheme be ring-fenced to help combat fuel poverty amongst vulnerable groups in Wales.

3. Placing a duty on local public services to tackle fuel poverty

Local government, as the biggest service provider and employer in local communities can, and does, make a direct contribution to fuel poverty alleviation. Local government supports and co-ordinates considerable work on fuel poverty, but these actions are discretionary. With council budgets under increasing pressure it seems inevitable that such discretionary activity will be first in line for cuts. Whilst we welcome recent plans to include guidance on fuel poverty within Health Social Care and Wellbeing Plans, we believe that this should be seen as central to the responsibilities of all parts of local government and other local public services. At present, some local authorities in Wales are prioritising action on fuel poverty whereas others are not. We believe that the Welsh Assembly Government should impose a statutory duty on local government to work with other local partners in tackling fuel poverty; that this duty must be supported by adequate financial resources; and that fuel poverty policies and progress should constitute part of the role of Scrutiny Committees and Local Service Boards.

We also take the view that local authorities' progress in tackling fuel poverty must be measured robustly and consistently. This is already the case in England. The National Performance Indicator NI 187 - Tackling Fuel Poverty - requires local authorities in England to report on progress in tackling fuel poverty through energy efficiency improvements to dwellings occupied by households in receipt of means-tested benefits.

4. Fuel-poor households must be prioritised when funding low carbon technology in Wales

NEA Cymru is supportive of the roll-out of low carbon energy generation technology on social, economic and environmental grounds. Government at all levels has various programmes funding the roll-out of this kind of technology. As a matter of social justice, we believe that this funding should explicitly prioritise and target fuel-poor households. In particular, such schemes need to be able to focus on rural areas. Many of the schemes run by Government and those funded through suppliers have adopted an area-based approach, which identify their target areas on the basis of geographic indices of deprivation. Unfortunately, this method can tend to overlook the incidence of rural fuel poverty. Fuel poverty is a major problem in rural areas because of the high incidence of low quality hard-to-treat housing that is not on the mains gas network. Micro-renewable technology would have particular benefits in rural areas because it

could help reduce the fuel bills of people who otherwise have to use more costly and polluting energy sources such as LPG or oil.

NEA Cymru believes energy efficiency is the most sustainable approach in addressing fuel poverty. However, low household income and high energy costs are also major contributory factors that require urgent action. Intervention across all three areas is essential if adequate and affordable warmth is to be delivered for all households in Wales.

Fuel Poverty in Northern Ireland

INTRODUCTION

The Department for Social Development in Northern Ireland developed its Fuel Poverty Strategy in 2004, at that time 24% of households in Northern Ireland were experiencing fuel poverty, compared with 9% in England and 13% in Scotland. The Strategy was entitled *Ending Fuel Poverty* and included the aim to eradicate fuel poverty for vulnerable households by 2010 and for all households in Northern Ireland by 2016. However, by 2006 fuel poverty levels in Northern Ireland had increased to 34%, due mainly to dramatic increases in fuel prices (oil and gas) during this period. The Housing Condition Survey in Northern Ireland is the mechanism that captures the level of fuel poverty and it is anticipated that the 2009 Survey will state that the level of fuel poverty is now approximately 50% in Northern Ireland. This will again confirm Northern Ireland as having the highest incidence of fuel poverty in the United Kingdom.

The information below is taken from the last Housing Condition Survey³³ conducted in Northern Ireland in 2006. Information is provided in relation to housing stock characteristics and incidence of fuel poverty among the various housing tenures in Northern Ireland.

FUEL POVERTY AND HOUSING TENURE IN NORTHERN IRELAND

- The highest proportion of fuel poverty was found in the private rented sector at 35,300 (44%).
- Some 37,800 (41%) Housing Executive tenants were fuel poor.
- The owner-occupied sector reported 148,000 (32%) households in fuel poverty. Two-thirds (66%) of all households in fuel poverty were in owner-occupied dwellings.
- Within the comparatively small Housing Association sector there were 4,500 fuel-poor households, approximately 21% of this tenure group.

FUEL POVERTY BY MAIN HEATING SOURCE

There was a considerable variation in the rate of fuel poverty by fuel used for heating. Households with solid fuel (59%) or dual (75%) central heating were more likely to be in fuel poverty than households with oil (27%) or mains gas (46%) central heating. The number of households with gas central heating in fuel poverty is above the average (46% compared to the average of 34%), reflecting the high proportion of social tenants with this type of heating³⁴.

³³ Northern Ireland House Condition Survey 2006, NIHE, 2008.

³⁴ Housing Condition Survey Northern Ireland 2006, http://www.nihe.gov.uk/housing_conditions_survey_2006.pdf

Northern Ireland House Condition Survey Tables 2006

Households in Fuel Poverty by Age of Household Reference Person (HRP) (2001-2006) ³⁵		
Age of HRP	% of Households in Fuel Poverty in 2001	% of Households in Fuel Poverty in 2006
17-24	47.6	33.7
25-39	21.8	23.1
40-59	19.7	28.2
60-74	32.1	42.9
75 plus	46.1	55.5
Overall	27.3	34.2

Fuel Poverty and Annual (Gross) Household Income (2001-2006) ³⁶		
Annual Household Income	% in Fuel Poverty 2001	% in Fuel Poverty 2006
Less than £7,000	68	75
£7,000 to £9,999	46	59
£10,000 to £14,000	19	41
£15,000 to £19,999	11	26
£20,000 to £29,999	3	8
£30,000 and more	Less than 1	3
Overall Rate	27	34

ENERGY EFFICIENCY

WARM HOMES SCHEME

The Warm Homes Scheme is funded by the Department for Social Development and the purpose of the Scheme is to improve domestic energy efficiency and, therefore, reduce energy consumption in eligible households in the owner-occupied and private rented sector. Bryson Charitable Group and H&A Mechanical Services have been appointed the two Warm Homes scheme managers.

The scheme targets householders in receipt of a qualifying benefit with no central heating or with solid fuel heating, Economy 7 or Liquid Petroleum Gas heating. The Scheme has two elements: Warm Homes and Warm Homes Plus. All applicants will be considered for Warm Homes in the first instance and direct applications to Warm Homes Plus will not normally be accepted.

³⁵ Housing Condition Survey Northern Ireland 2006, http://www.nihe.gov.uk/housing_conditions_survey_2006.pdf

³⁶ Housing Condition Survey Northern Ireland 2006, http://www.nihe.gov.uk/housing_conditions_survey_2006.pdf

Warm Homes

Applicants must be in receipt of a qualifying benefit listed below:

Warm Homes - eligibility criteria	Measures available
Householder of any age in receipt of one or more of the following benefits: Income Support Income Related Employment Support Allowance Income Based Job Seekers Allowance Pension Credit Child Tax Credit (with NHS exemption certificate) Working Tax Credit Disability Living Allowance Attendance Allowance Housing Benefit Rate Rebate	Cavity Wall Insulation Loft Insulation Hot Water Cylinder Jackets Benefit Entitlement Check Energy Advice

Warm Homes Plus

The assessment process within Warm Homes can identify households where additional measures, such as heating or complex insulation, are required. These households will be passported through into Warm Homes Plus.

Warm Homes Plus – eligibility criteria	Measures available
Householder of any age who are in receipt of one or more of the following benefits: <ul style="list-style-type: none"> • Housing Benefit • Rate Rebate • Income Support • Income-related Employment Support Allowance • Income Based Jobseeker's Allowance • Pension Credit • Working Tax Credit AND who are passported through from Warm Homes as their home requires one of the measures available under Warm Homes Plus.	Installation of a fully controllable, energy efficient oil or gas central heating system where no system currently exists. Conversion of an existing bottled gas (LPG), solid fuel or Economy 7 heating system to a more energy efficient oil or natural gas central heating system.

In 2006 the eligibility criteria for the Warm Homes Plus were widened to include Attendance Allowance and Disability Living Allowance, two benefits which were not in themselves means tested. Nevertheless the majority of households in receipt of these allowances also receive a means-tested benefit although in some instances, due to stigma, potentially eligible households do not apply for the means tested benefit (Pension Credit). NEA NI feels therefore that while anecdotal evidence suggested that many of these households were not fuel poor, this assertion in itself needed more robust evidence.

Secondly, research indicated the high level of fuel poverty experienced within the working population and recommended that the Warm Homes Plus should be extended to this section of households.

And finally, a Northern Ireland Audit Office report³⁷ published in June 2008 found fault with a number of issues and practices which needed addressed with any new scheme going forward.

³⁷ *Warm Homes: Tackling fuel poverty*, NIAO, 2008.

NEA NI understands and agrees with many of the recommendations but would highlight in the first instance that an audit report has a primarily vital function addressing financial issues and this is vital. However, the essence of a fuel poverty scheme needs to encompass other aspects such as the impact on health and mental health, isolation and educational attainment and the audit cannot put a price on the social impacts that this encompasses.

The audit did however bring about some positive recommendations and ultimately changes to the Warm Homes Scheme such as the need to evidence energy efficiency improvements of 15% with the ultimate goal of endeavouring to reach a minimum SAP of 65. As highlighted by the Northern Ireland Audit Office 'this is an acceptable level of home Energy Efficiency at which intervention a household can be assumed to be at a minimal risk of fuel poverty'. However it seems unlikely that a 15% improvement will prove sufficient unless it raises the dwelling standard above SAP 65.

The incidence of fuel poverty still remains highest within the owner occupied and private rented sector and therefore the Warm Homes Scheme remains a vital tool to deliver affordable warmth. It is therefore crucial that capital be ring fenced to target those most in need.

Clear monitoring and evaluation is at the centre of the new scheme to ensure lessons are learned from the past. The new scheme has specific requirements such as the 15% improvement in energy efficiency to ensure that significant beneficial measures are delivered.

UTILITY REGULATOR: THE NORTHERN IRELAND ENERGY EFFICIENCY LEVY³⁸

The Northern Ireland Authority for Utility Regulation reviewed the Energy Efficiency Levy (EEL) in March 2009. Following this review a framework document was produced, detailing the changes that will be made to the Energy Efficiency Levy. A name change was recommended and so the Energy Efficiency Levy will now be referred to as the 'Northern Ireland Sustainable Energy Programme (NISEP).

The Northern Ireland Authority for Utility Regulation states that the EEL was initially conceived to implement energy efficiency schemes for domestic and non-domestic customers with the aim of reducing carbon emissions. However, in 2002 as a result of a consultative process, it was decided that the majority of EEL funding (80%) would be targeted at helping to alleviate fuel poverty.

The results of the review were published in March 2009. The main decisions taken were as follows:

- (1) The Northern Ireland Energy Efficiency Levy Programme (EEL) will be renamed the Northern Ireland Sustainable Energy Programme (NISEP). The NISEP will continue for at least 3 years, following this period of time a review will take place. The review will then indicate if the introduction of competition to the scheme has enhanced performance.
- (2) By September 2009 natural gas licence holders will be permitted to apply directly for funding and by September 2010 organisations other than licensed energy suppliers will

³⁸ The Northern Ireland Authority for Utility Regulation, Framework for the Northern Ireland Sustainable Energy Programme, 2009

be invited to bid for funding. The next review is intended to commence in 2011 and be completed by 2012.

- (3) Initiatives eligible for funding under the programme will be widened so that funding will be available not only for energy efficiency measures but also for renewable energy measures. The Northern Ireland Authority for Utility Regulation states that the choice between energy efficiency and renewable energy schemes will depend upon cost effectiveness expressed in terms of £ per tonne of carbon saved. In addition, innovative measures will be encouraged.

The strategic objectives of the EEL and now the NISEP have therefore been to contribute to the achievement of:

- (1) Efficiency in the use of energy
- (2) Socially and environmentally sustainable long-term energy supplies
- (3) Achieving the above objectives at best value to customers whilst also having due regard to vulnerable customers

The minimum bid for funding will be £50,000 per scheme. For first time participants the maximum total bid per new organisation will be £300,000. This will apply to organisations in their first year as a primary bidder to the scheme. Once an organisation has demonstrated that it can provide successful delivery in the first year, then the maximum bid cap can be removed.

An amount of funding equal to 80% of total funding available will be ring-fenced for priority customers (vulnerable customers). Of the 80%, a total of 34% of the NISEP funds will be ring-fenced for 'whole house solutions' leaving 46% for other fuel poverty schemes such as individual measures. Of the remaining 20% of the funds, the previous split between the commercial and non-commercial sectors has been removed. However, half of the remaining funding (that is 10% of total funding) will be ring-fenced for innovative schemes and new, but proven, technologies in the non-vulnerable sector.

URGENT ISSUES IN THE FUEL POVERTY AGENDA IN NORTHERN IRELAND

In 2006, of the 658,730 households in Northern Ireland, some 225,500 were living in fuel poverty³⁹; this represents 34.2% of all households in Northern Ireland. NEA NI believes that this figure may now have risen to the extent that more than 50% of all households in Northern Ireland are fuel poor.

In fuel poverty terms, Northern Ireland is the most disadvantaged part of the United Kingdom. This is a result of several factors including lower average incomes, poorer housing and higher fuel prices.

The Northern Ireland Assembly's Strategy for fuel poverty, *Ending fuel poverty: A strategy for Northern Ireland*, included a target that by 2010 fuel poverty would be eliminated for all vulnerable households and for every household by 2016.

³⁹ Northern Ireland House Condition Survey 2006, NIHE, 2008.

NEA NI is calling for an urgent review of the current fuel poverty strategy. The strategy is failing; neither of the targets set within the strategy to eliminate fuel poverty for vulnerable households by 2010 and for all households by 2016 will be achieved. The level of fuel poverty has increased and will continue to do so if urgent remedial action is not taken. A review of the Strategy was recommended by the Fuel Poverty Taskforce to commence in June 2009.

Affordable Warmth/Social Tariff

The introduction of an affordable warmth/social tariff could be a mechanism to help eliminate fuel poverty in Northern; indeed the fuel poverty taskforce included the issue of affordable warmth/social tariffs in its recommendations. NEA NI suggests that effective targeting of pensioners who receive the Guarantee element of Pension Credit would be an appropriate priority group for access to any such tariff. This would make a real difference to some of the most vulnerable people in the community.

Switching Energy Provider

The issue of domestic customers in Northern Ireland being able to switch between gas suppliers is one that has only emerged recently. There is currently a lack of reliable information about the feasibility of such switching being made available to the domestic customer. The possibility of greater customer choice in the energy market is to be welcomed and could provide the basis for much needed competition. NEA NI believes that switching capacity between energy providers needs to be investigated further if competition is to be achieved in Northern Ireland in an acceptable timeframe.

Northern Ireland Council Fuel Stamp Scheme

Fuel Stamp Schemes have been successfully run by a number of councils throughout Northern Ireland. The Fuel Stamp Scheme is a saving scheme, which helps householders save for home heating oil by spreading the cost of their fuel. One example of such a scheme is that run by Belfast City Council called the *Be Warm Scheme*. This scheme was established following a trial in North Belfast from January – July 2009. Local residents saved approximately £15,000 worth of oil stamps during this time, purchasing the stamps from retailers in the local community.

The success of the Fuel Stamp Scheme in Belfast has been replicated across many councils in Northern Ireland. Due to this positive response from local residents, there is a feeling among councils that the Scheme should be available across Northern Ireland and coordinated by central government. NEA NI believes the Fuel Stamp Scheme to be a positive action towards the reduction of fuel poverty. NEA NI would welcome the establishment of a national scheme allowing all vulnerable customers to access help in budgeting for their oil bills – a potentially major benefit for the 70% of households who use oil to heat their homes.



Campaigning for Warm Homes

NEA
St Andrew's House
90-92 Pilgrim Street
Newcastle upon Tyne
NE1 6SG

Telephone: 0191 261 5677
Fax: 0191 261 6496
www.nea.org.uk



Energy Action Scotland
Suite 4a, Ingram House
227 Ingram Street
Glasgow
G1 1DA

Telephone: 0141 226 3064
Fax: 0141 221 2788
www.eas.org.uk