

## **Energy Saving Trust Discussion Document**

### **Fuel Poverty Strategy Consultation, 2019**

The Energy Saving Trust (EST) is the leading, impartial organisation working to promote sustainable energy in homes, communities and transport. A large part of our work is carried out on behalf of UK and devolved governments, and promoting energy efficiency and tackling fuel poverty is a core part of our work. Of particular relevance to this consultation:

- EST is the key delivery partner for Scottish Government in its energy efficiency programmes and is involved in delivering virtually all Scottish policies to address fuel poverty. In Scotland, we deliver the Home Energy Scotland advice service, work closely with local authorities and support the energy efficiency supply chain.
- EST is involved in delivering all of Wales's national home energy programmes: Arbed area based scheme, Nest individual home focused fuel poverty programme (we deliver the advice and engagement elements, on behalf of British Gas), and the Welsh Government Energy Service.
- On behalf of Northern Ireland Government, EST is the administrator of the NISEP Northern Ireland energy efficiency Supplier Obligation.

Given the more limited fuel poverty policy framework in England as compared to devolved nations, EST's work on fuel poverty is also more limited in England than in other UK nations. One important cross-GB initiative that we administer is Ofgem's Redress funding programme, which supports a wide range of fuel poverty projects from registered charities. We also, as part of our organisational mission, provide extensive information on energy efficiency in England on our widely-used and trusted website.

The Energy Saving Trust are members of the End Fuel Poverty Coalition and at a number of points in the below we reference the EFPC collective view on the questions raised.

#### **Introduction to our response**

The government has published a consultation on an Update to the Fuel Poverty Strategy for England. The Energy Saving Trust has always strongly supported the Fuel Poverty Strategy with its headline, 2030 target of an energy efficiency standard of "C" for all homes occupied by fuel poor households, where practicable.

We welcome many of the proposals in this consultation, in particular the planned reform to the definition of Fuel Poverty. The revised definition will be more closely aligned with the central energy efficiency target of "C".

But we believe the consultation document has a significant gap. While there is a welcome commitment to "investing in energy efficiency," there is currently no direct central government fuel-poverty energy efficiency investment in England. Given current rates of energy efficiency improvements, we're just not going anywhere near fast enough to meet the "C" target by 2030. This is despite the fact that several organisations have now made a strong case that infrastructure investment in energy efficiency delivers major economy-wide benefits, a point accepted by the National Infrastructure Commission. The Energy Saving Trust supports the view of the Committee on Fuel Poverty (CFP) that Treasury should allocate circa £1 billion of funding to run from 2019 to 2021 to meeting the Fuel Poverty Strategy with a further £1.8 billion allocated from 2022 to 2025 in order

to achieve the 2025 milestone. We note the CFP's observation<sup>1</sup> that more than this is already nominally being spent on warm homes, across Warm Homes Discount, Winter Fuel Payments, and ECO – so really the question is not one of overall resources but of how seriously government takes this Strategy.

EST is the lead organisation providing energy efficiency advice to householders on behalf of Scottish government and, working with British Gas, on behalf of Welsh government. As such we are very aware that this consultation fails to address the role of expert advice services in tackling fuel poverty. In Scotland, households in fuel poverty benefit from a single point of telephone/online help. They can speak to a locally based, trained advisor who will give them personalised information and help them access financial support to make their home warmer and energy bills lower. In addition, some Scottish households that are vulnerable or with more complex needs can access in-home help. (see q4 below). In England, there is nothing like this. A nationally co-ordinated, locally delivered impartial advice service for England is needed. Such an advice service would be a cost-effective way of delivering against so many of the aspirations and principles discussed in this consultation: improving targeting, better supporting vulnerable customers, addressing the worst homes, helping households manage bills better, and improving co-ordination with the health service.

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

We welcome the government's proposed new metric for fuel poverty, Low Income, Low Energy Efficiency – LILEE. While this should never be the only definition used to measure fuel poverty, and we don't think the fuel poverty will have disappeared once nearly all homes reach the C standard, the LILEE metric is a practical and straightforward choice. LILEE can be more easily understood than the current LIHC definition and people can track progress towards the Strategy's targets more readily.

The disadvantage of the LILEE metric is that it reduces focus on fuel costs as a key determinant of whether a household is in fuel poverty. We also note that LILEE loses any focus on high energy costs resulting from property size (at a time when "sufficiency" is more and more discussed along "efficiency" within climate change discussions).

We note and support remarks in the End Fuel Poverty Consultation response about what a parallel metric alongside LILEE should address. Further, we welcome this document's inclusion of a figure (18%) for the percentage of English households in fuel poverty using the new, very robust, Scottish definition. To allow cross-UK comparisons of levels of fuel poverty it would be helpful if BEIS (as well as Welsh and Northern Ireland) government were to commit to report in an ongoing way against the Scottish definition.

**2. The proposed metric update – LILEE – would necessitate certain updates to the current methodology, namely as regards the high costs threshold, but the other aspects of the current LIHC methodology would not necessarily need updating. Do you have views or evidence on whether Government should update those other aspects of the methodology on the introduction of LILEE, including the following:**

*We support the response of the End Fuel Poverty Coalition to this question.*

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<sup>1</sup> For example in their response to this consultation.

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

Yes, though we would be comfortable if – in the social housing sector – the focus was shifted to bringing the whole social stock to C through a rolling programme of “one-hit” whole house improvements delivered between now and 2030. Our discussions with social housing providers indicate this could align better with providers’ asset maintenance programmes.

We note that currently, with only fifteen months until the end of 2020, 8% of Fuel Poor homes are still in the lowest “F” and “G” energy efficiency bands. This consultation document has worrying hints that this remaining 8% of F/G homes will be seen as outside the limits of “reasonably practicable.” That’s not good enough. Though of course not all homes can be reached (some householders will close the door on available help) over the next few months urgent work is needed to understand better these remaining 8% of homes and to identify a 2020 plan for measures that could be applied to them.

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

The consultation needs to include an additional principle that no low income household will be shut out of fuel poverty support because the home is too difficult or complicated to improve.

For Scottish Government, EST has delivered a two-year pilot, ‘Home Energy Scotland Homecare’, a programme of deep in-home support for vulnerable households in fuel poverty who have an ongoing health issue, often involving repeat advice/support visits. This support has now been rolled out throughout Scotland and is delivered through specialist advisors called Energycarers. Our experience from Home Energy Scotland Homecare is that often the most vulnerable people are living in the worst homes. And, in these homes, often fundamental repair issues - wind and watertightness and condensation dampness problems - need to be sorted before energy efficiency improvements can begin.

We suggest this strategy should promote support for vulnerable customers (in-home advice and assistance perhaps involving repeat visits from a local support body). The advice support will help the vulnerable homeowners to access a range of non-energy-efficiency support but we suggest should also be coupled with a flexible top up fund to help pay for improvements beyond what is available and cost-effective under mainstream fuel poverty support (this may include money for basic repairs, mechanical ventilation, etc).

Finally, we know the highest proportion of highly energy inefficient homes, in poor condition are in the private rented sector. We need strong enforcement of MEES (and a close partnership between BEIS and local authorities to make that happen), but also support programmes working with landlords to improve energy efficiency – both advice and financing. In Wales and Scotland, government funded, EST-delivered energy efficiency programmes are successfully engaging landlords with the energy efficiency opportunity.

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

It is essential that cost effectiveness should be calculated on the full social benefit of the action – not on property-level energy bill savings.

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

See remarks on overlap between vulnerability and the worst homes under Q4. In reaching and supporting vulnerable customers we highlight the value of impartial trained energy efficiency advisors (ie offering vulnerable householders the chance to talk through their situation with a real, trained person).

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

The consultation proposes a principle of the aligning fuel poverty strategy with other current and future Government priorities. Central to those other government priorities will be decarbonisation, noting the government’s adoption of the new 2050 Net Zero Target for carbon emissions. Homes account for around 15% of direct carbon emissions, and addressing heat in buildings is a central part of the carbon challenge.

There is a clear potential for tension between policies to drive reductions in energy cost and carbon emissions from homes. Nonetheless it’s important to note that carbon targets (or ambitions) for houses in the Clean Growth Strategy are expressed not directly in carbon, but in “fuel poverty” (ie SAP energy cost) terms, using the Energy Performance Certificate A-G scale. There could be future tension between the Fuel Poverty Strategy and decarbonisation targets if government were to move to a more direct carbon metric to express targets for home decarbonisation.

The government’s plans for large scale home heat decarbonisation are in development, and we welcome, for example the recently announced plans for a large scale test of heat pumps in different settings. Nonetheless, there is an urgent need for a clear policy direction, now, for off-gas fuel poor homes engaging BEIS, Defra and HM Treasury. The End Fuel Poverty Coalition notes that “If solid fuels were to be banned, we estimate that over 26,000 of the poorest households, in the deepest fuel poverty, could be left without any way of heating their homes. If heating using oil were also to be banned, this figure would rise to 166,000.”<sup>2</sup> Meanwhile Fuel Poverty Network Extension Schemes continue to add off-gas fuel poor homes to the gas grid even though the clear policy intention (as expressed in, for example, the government’s plan to ban fossil fuel heating in new homes from 2025) is to move away from fossil fuel heating.

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

As per our response to Question 4 - and based on our experience delivering the Scottish Homecare programme - we suggest the “worst-first” principle should be reinforced with an additional principle that no low income household will be shut out of fuel poverty support because the home is too difficult or complicated to improve.

We need a principle relating to how people are engaged with fuel poverty support. As in Scotland and Wales, England should see a combination of local authority led area-based engagement

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<sup>2</sup> EFPC response to this consultation

programmes with systems to support individual self-referral (eg Wales has the Arbed area based scheme, and the Nest individual referral scheme).

We need a principle that people living in non-standard housing should be considered and directly addressed within fuel poverty policy. That might be people living in HMOs, people living as lodgers, in student accommodation, in shelters or other types of temporary housing. Clearly people living in marginal housing types are often on very low incomes and vulnerable. But they can be easily forgotten in fuel poverty policy, not least because all current official definitions of fuel poverty are based on the mainstream situation of a single household living in a single dwelling directly paying their own energy bill.

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

Investment in delivery of the Strategy, as recommended by the Committee on Fuel Poverty.

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

*See Q9*

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

*See Q13*

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

*No response*

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

To improve "partnerships and learning on fuel poverty" and targeting we cite the need for central capacity building support to local authorities.

In Scotland, EST is resourced by Scottish Government to provide an expert on ECO funding and energy efficiency programme planning who works with the local authorities. To help them with targeting we are also funded to give Scottish LAs in depth, address level, data on their housing stock and rates of fuel poverty using the Energy Saving Trust Home Analytics dataset (which combine EPC data with regression analysis, socio demographic data and historic installs data to give a picture of the whole housing stock accessible through a single data portal).

Centralised capacity building and support of this sort is highly cost-effective and more essential today than ever, given the limited staff capacity in most local authorities.

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

To support local authorities in developing local plans to bring the housing stock in their area to EPC C by at least 2030/2035 (2035 for non-fuel-poor stock in line with the Clean Growth Strategy), EST is currently launching a campaign to encourage local authorities to make a local commitment and develop local plans of this sort.

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

High cost homes needs to be broadly understood as covering a range of house types that are complex to improve, not just big, old, single-family houses. We give below the example of why additional policy focus is needed on blocks of flats.

We note that blocks of flats may well be considered high cost buildings to treat, particularly insofar as such buildings need to be improved at building – rather than individual flat - level. One type of flat – flats in converted houses – is England's worst house type with the lowest average energy efficiency ratings and highest rates of health and safety hazard. More generally, English Housing Survey data suggests that blocks of flats with private freeholders are less likely to be retrofitted with energy saving measures than single family dwellings or social housing blocks.

Leases on private blocks of flats typically prohibit freeholders from undertaking improvements (ie the owner of the block of flats can only undertake repair and maintenance on the common parts). We have raised a number of times with BEIS that this effectively makes significant building-scale energy efficiency works very difficult if not impossible on most of England's blocks of flats. We have pointed out that a simple legislative change could address this by "implying a term" into all extant leases allowing freeholders to undertake energy efficiency works where these are reasonable and cost-effective.

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

See question 15 above

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

*Investment in advice and engagement – key to health sector engagement, improving targeting and reducing the impact of bills*

There is a need for an integrated advice service with a single point of contact and trained advisors who fuel poor householders can speak to. This should involve bringing together, through a single system, different current, local providers of advice. As in Scotland, the advisors should then be supported through central systems to refer in to all relevant support to householders.

A proper advice network will also support engagement with the health sector. Our view is that, thanks to schemes like Big Energy Saving Network, health workers are aware of the potential for

fuel poverty support – but we need a consistent advice service for them to refer into! Currently there is an ebb and flow of energy advice schemes depending on funding – we need a clear ongoing support/advice programme.

Finally, an advice network can provide behavioural advice to households, as well as referrals to tariff advice and income maximisation – helping to decrease the financial burden of energy bills for households in fuel poverty.

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

*See question 17*

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

*See Question 17*

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

We suggest the Policy plan could include a commitment to help households manage energy use in their home. Behaviour is sometimes described as a 4<sup>th</sup> element of the traditional 3-part picture (energy efficiency/tariffs/income) of the causes of fuel poverty. As per question 17 above we think households can be supported to adopt energy saving behaviours through advice services.

There is also clearly extensive scope for innovative technology to help households either passively or actively manage energy better in their home, and we support the recent BEIS focus on innovation to develop these types of products and services.

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

*See question 17 – an energy advice service such as that available in Scotland and Wales can help with advice on energy tariffs as part of a comprehensive energy advice service.*

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

*No response*

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

We support proposals made by the End Fuel Poverty Coalition, in particular:

- Fully monetising the benefits of meeting the fuel poverty targets, especially the health benefits, which can subsequently be included into future impact assessments. This should include the costs to the NHS of fuel poverty.
- An assessment of the capacity of local authorities to undertake their role in ECO and PRS MEES, with a view to providing sufficient resources to enable them to carry out this role.

Noting the principle we propose under question 8 that non-standard housing arrangements (particularly the whole range of shared and temporary housing arrangements) need to come within the ambit of fuel poverty policy. We need a focus in research on those non-standard housing arrangements and how high energy costs and cold homes are experienced. HMOs (which we know are often very old homes in poor condition<sup>3</sup>) may very well be the “worst” homes in the housing stock in energy efficiency terms, but we know very little about the experience of living in cold shared housing, or about how new policies could effectively tackle this segment of the stock.

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

See Q23 above

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

There is an ongoing concern that so much of the policy required to deliver against this strategy falls under the remit of MHCLG who sometimes do not seem to give the same priority to tackling fuel poverty as BEIS. We would welcome new institutional arrangements and commitments on the part of MHCLG to play a full part in bringing our housing stock to EPC “C” by 2030.

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

*No response*

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<sup>3</sup> *Poverty and Houses in Multiple Occupation :Practitioners’ Views* NEA for DECC, March 2016