Best Practice: Who is responsible for ending fuel poverty?
Speaker/Chair: Alan Long
Executive Director, Mears Group
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Chair: Alan Long, Executive Director, Mears Group
Maria Wardrobe, Director of External Affairs, National Energy Action
Maya Freedman, Programme Manager – Fuel Poverty Programme, DECC
Pippa Reed, Investment Policy Officer, National Housing Federation
Fuel Poverty: the government perspective

Maya Freedman
DECC
Fuel poverty definition

10% definition vs. Low income high costs

[Graph showing a comparison between Fuel Poverty Ratio and Millions of households over a range of years, with a legend indicating Fuel poverty and fuel poverty gaps for the years 2004 and 2009.]
What are the variables of fuel poverty?

↑ Energy Efficiency
Reduces amount household has to spend

↓ Fuel Bills
Energy bills constitute a smaller % of income

↑ Income
Energy bills constitute a smaller % of income
What are the variables of fuel poverty? energy efficiency – current DECC policies

- **Energy Efficiency**: Reduces amount household has to spend
- **Income**: Energy bills constitute a smaller % of income
- **Fuel Prices**: Energy bills constitute a smaller % of income

**WARM FRONT**
- Mostly provides heating to low income vulnerable households.
- Exchequer funded
- Budget of £100m in 2012/13

**CARBON EMISSIONS REDUCTION TARGET (CERT) SUPER PRIORITY GROUP (SPG)**
- Mostly provides insulation to fuel poor households
- Energy Supplier funded
- Estimated spend of £200m pa, due to close end 2012.
Support worth a total of £1.3bn a year: incl at least £540m/yr to help the poorest – 230,000 homes per year, & a significant focus on carbon saving in hard to treat homes.

Can carry forward overachievement of CERT and CESP as credit under ECO.
What are the variables of fuel poverty?

Income – current DWP policies

- **Energy Efficiency**
  - Reduces amount household has to spend

- **Income**
  - Energy bills constitute a smaller % of income

- **Fuel Prices**
  - Energy bills constitute a smaller % of income

**Winter Fuel Payments**
- Universal annual payment to pensioners

**Cold Weather Payments**
- Payments provided to low income and vulnerable households in periods of cold weather
What are the variables of fuel poverty?

**energy bills – current DECC policies**

- **Energy Efficiency**
  - Reduces amount household has to spend

- **Income**
  - Energy bills constitute a smaller % of income

- **Fuel Prices**
  - Energy bills constitute a smaller % of income

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**Warm Home Discount Scheme**

- Discounts on energy bills for fuel poor households. Worth up to £1.1bn over 4 year period.
- Most recipients receive discounts on their electricity bills - £120 in 2011/12 rising to £140 in 2014/15
- Expected to benefit around 2 million per year – including automatic discounts to pensioners (well over 660,000 in 2011/12).
- Energy Supplier funded
- Ofgem administer
WHO HAS A ROLE TO PLAY?
Key stages in providing support

1. Set up frameworks
2. Identify groups
3. Find eligible households
4. Provide information
5. Make connections
Key stages in providing support: your role

- Set up frameworks
- Identify groups
- Find eligible households
- Provide information
- Make connections
Help **identify** low income households and communities, eligible for ECO support.

Provide consumers with **trusted information** about the scheme.

**Signpost** DECC’s Energy Saving Advice Service.

Galvanise and **coordinate demand**.

**Refer consumers** via the Energy Saving Advice Service, or the energy companies.
Help **identify** low income households and communities, eligible for Warm Front support:
- on certain income-related benefits, and
- living in properties that are poorly insulated and/or do not have a working central heating system

Qualifying households can get improvements worth up to **£3,500** (£6,000 where oil central heating and other alternative technologies are recommended)

Call **0800 316 2805** or apply via [directgov.uk](http://directgov.uk)
Who is responsible for ending fuel poverty?

Maria Wardrobe
Director of External Affairs
NEA
National Energy Action

- National fuel poverty and energy efficiency charity – 30 years old
- Campaigns for affordable warmth through energy efficiency and sustainable development
- Works with central and regional government; public sector agencies; private sector energy companies; third sector campaign organisations
- Publicly and privately funded
- Main functions: campaigning, research and technical expertise, training, project development and delivery
Government is responsible for ending fuel poverty

UK Fuel Poverty Strategy 2001 – an end to fuel poverty for all households by 2016 (Wales 2018)

Need to ensure that fuel poverty targets are given equal weight to carbon targets
- January 2008 – **EU 20 20 by 2020 package** – need to increase the proportion of all final energy consumption derived from renewable sources to 20% by 2020
- The **Climate Change Act 2008** – emission reduction targets for 2020 (reduction of 34% in greenhouse gas emissions) and for 2050 (reduction of 80% in greenhouse gas emissions)
- December 2010 – CCC published the **Fourth Carbon Budget** – recognition that there will be significantly more households in fuel poverty in 2020 than had previously been envisaged
6.6 million UK households live in fuel poverty
What is available and what does NEA want to see?

• **Energy prices – what is available?**
  – Warm Home Discount – rebate of £130
  – Improved information on bills
  – Reducing complexity in the market
  – Energy advice, e.g. Home Heat Helpline

• **What NEA wants**
  – A less regressive means of funding programmes to reduce the impact of high energy prices for the most vulnerable
  – Continued provision of independent advice
Assistance available for low-income and vulnerable households

• **Low incomes – what is available?**
  – Benefit Entitlement Checks to maximise income
  – Winter Fuel Payment
  – Cold Weather Payments

• **What NEA wants:**
  – Winter Fuel Payment and Cold Weather Payments should be retained and extended to all groups at risk of fuel poverty
  – Increased data sharing powers to enable targeting of those most vulnerable, energy companies need assistance to find them
Assistance available for low-income and vulnerable households

• Energy efficiency – what is available?
  – Warm Front funding cut from £345 million to £100 million in 2012-2013
  – CERT and CESP – in total, expenditure on these programmes on behalf of vulnerable customers in the region of £1 billion per year

• What NEA wants:
  – NEA campaigning for the future programme, the Energy Company Obligation (ECO) to be both adequately resourced and ring-fenced to fund a comprehensive energy efficiency programme for low-income households post 2012.
The ECO

NEA believed that the Government’s proposed ECO could represent a major opportunity to reverse the upward trend in fuel poverty. However the consultation proposed …

**Affordable Warmth** element of only 25% or **£325 million** per year
Nick Clegg announced a further £190 million recently but this still means Less than 50% of ECO will be directed towards vulnerable consumers

Recent and current expenditure includes:
- **Warm Front** – 2008-11 **£1.1bn** (England only)
- CERT PG /SPG - **£1.8bn** over 3 years + CERT extension of a min **£1.5bn** on low-income
- **CESP** - **£350** million over 3 years aimed at low-income
The level of the ECO

- During the passage of the Energy Bill MPs and Lords were assured that ECO would mean significantly increased funding for programmes to address fuel poverty.

- The All-Party FPEEG Inquiry recommended ECO should be no less than £2.5bn, focussed exclusively on low-income and vulnerable.

- Professor Hills Review echoed these concerns.

- Unchanged this programme will effectively end the Government’s commitment to eradicate fuel poverty by statutory dates.

- NEA believes that these concerns justify a serious rethink about the initial proposals when the schemes are launched.
Consumer equity and protection

- ECO funded via a consumer levy, around £120 in 2012. From 2012/13 all Government-mandated programmes to address fuel poverty (and most climate change policies) will be funded through levies on bills.
- Professor Hills echoed concerns that the ‘poor pay more’.
- The conflict could be resolved by ensuring that the financial burden is more equitably distributed and that **ECO is focused on low-income households and/or communities**.
- Funding programmes through HM Treasury more equitable approach. Auction receipts from EUETS and revenue from carbon floor price will be available to Treasury post 2012.
- Energy Act gives Government powers to amend licence conditions allowing suppliers the ability to disconnect consumers for non-payment of GD. This will significantly weaken consumer protection.
The role of other partners

Local authorities – Key to delivery, need clarity on revised HECA – Pippa will cover in more detail
NEA GD/AW Practical assistance programme with DECC

Community groups – vital to overcome issues of trust, complexity and overcoming the barriers to delivery

Individuals – behavioural change, smart meters will help, Energy Champions can have a major impact
Working in partnership is key

2011 is NEA’s 30th Anniversary year, celebrating success in identifying innovative solutions to fuel poverty and campaigning for the policy and budgetary changes required to benefit fuel poor households.

There is so much to celebrate when reflecting on NEA’s achievements and impact. This document has been developed to showcase 30 of NEA’s projects from over the last three decades.
www.nea.org.uk

Campaigning for Warm Homes
CIH conference 2012
Who is responsible for ending fuel poverty?

Pippa Read
Policy Leader – Sustainable Environments

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13 June 2012
What is it and what causes it?

- Warm Homes and Energy Conservation Act (WHECA) 2000 – those ‘living on a lower income in a home that cannot be kept warm at a reasonable cost.’
- Current definition needs revision to allow better measurement/targeting
- A distinct, serious and growing problem caused by:
  - Low incomes
  - High costs
  - Poor standards
- Inequality at the heart of fuel poverty – based on household and dwelling characteristics which vary widely. Similar income level households have an unequal ability to convert cash into energy needs
- Absolute standards will not lead to eradication (BUT better standards will help!).
Who is responsible for ending fuel poverty?

Government – context

- WHECA – strategy to be published to lead to the eradication of fuel poverty as far as reasonably practicable within 15 years (2016)
- Interim target – all vulnerable households out of fuel poverty by 2010
- Failing both targets – massive energy price rises and susceptibility of definition partly a factor
- Conflicting priorities – fuel poverty and carbon.
Who is responsible for ending fuel poverty?

Government – what should be done

- Change approach to measurement – Low Income High Costs indicator and depth based on fuel poverty gap
- Use new definition for more effective targeting
- Set out renewed and ambitious strategy
- Tackle the core of the problem – support improvements in energy efficiency for low income and vulnerable as have most impact
- ECO movement in our direction but more needs to be done (more fuel poverty or at least low income)
- Coordinated policies and coherent messages to affect the costs of energy – fuel security to energy switching
- Short-term interventions – price subsidies
- Recognise other income factors – economic crisis/welfare reform.
Who is responsible for ending fuel poverty?

Government – what should be done

Hills’ Fuel Poverty Review Interim Report, October 2011
Who is responsible for ending fuel poverty?

Energy companies

- Unprecedented price rises – main cause of fuel poverty rising
- CERT and CESP targets not being met
- Will administer £1.3bn pa ECO pot to compliment Green Deal
- More active and accountable
- Simpler and more transparent – tariffs to ECO brokerage
- More sensitive to energy cost reductions.
Who is responsible for ending fuel poverty?

Social housing providers

- Vastly improved quality of stock - £20bn Decent Homes Programme and ambitious Affordable Warmth programmes
- Need and opportunity
- Hills review – policies to improve thermal efficiency that are targeted on those with low incomes and have energy inefficient homes would be the most cost-effective
- Ready to embrace Green Deal but need strong access to ECO (and other levies) and other policy changes
- Trusted intermediaries.
Who is responsible for ending fuel poverty?

Individuals

• Personal responsibility important but myths of overheating remain
• Switching/reduced energy use etc.
• Different household characteristics – a cause of the problem but also a route to the solution
• For agency need:
  ➢ Simplicity and transparency
  ➢ Coherent and coordinated messages
  ➢ Better information delivered in tailored ways
  ➢ Trusted (and well resourced) intermediaries.
Conclusions

• We’re all in this together
• The policy and subsidy framework is the key
• This is slowly moving in the right direction
• Essential to coordinate renewed and ambitious strategy with wider landscape.
Mears - Doing our bit

Launch of Mears Energy Limited partnership with Corgi

- Energy Management Planning
- Access to funding under Green Deal, ECO, FiT etc.
- Design and installation
- Advice and Support including through care providers
- Aftercare
Don’t miss the upcoming Think Tank sessions:

- Implementing the CIH Responsive Repairs Charter: Weds 10.30-11.15am
- Apprenticeships: is the housing sector doing enough?: Thurs 11.15-12.00pm
If you enjoyed this session, you might like:

❖ Sacred Cow: Do ALMOs have a right to exist once Decent Homes is done?
   Today at 4.15 pm, Charter 4

❖ Think Tank: New approaches to Asset Management
   Today at 1.30 pm, Charter 2

❖ Attend the Sustainability sessions in the Ideas Exchange seminar theatres (located in room Central 6 in the entrance foyer), and The Green Room feature area in the exhibition.
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