UK Fuel Poverty Monitor
2015 - 2016
A review of progress across the nations
National Energy Action (NEA) is an independent charity which seeks to help low-income households across the UK who cannot adequately heat and power their homes. NEA has a network of offices throughout England and also has national offices in Cardiff and Belfast which also work to support deprived communities and low income energy consumers in Wales and Northern Ireland (NI) respectively. As well as NEA’s own work to influence and increase strategic action against fuel poverty, its sister organisation, Energy Action Scotland (EAS) campaigns for an end to fuel poverty in Scotland. NEA and EAS are the only national bodies which operate with this sole remit.

Whilst fuel poverty is to varying degrees a devolved matter, the key elements in determining whether a household is fuel poor are:

- Household income
- Fuel bills
- Energy consumption (dependent on dwelling characteristics and the lifestyle of householders)

NEA and EAS have produced the annual UK Fuel Poverty Monitor (UKFPM) report since 2002 to investigate these interactions. The report specifically aims to review fuel poverty policies in the four UK nations and provides an opportunity to identify cross-nation learning to inform policy makers and practitioners. The publication of this year’s report reviews progress on the previous recommendations that have been made since 2010 and draws this analysis together within each country and at a UK level.

Through this approach we hope to aggregate what is known about historic, current and expected progress to meet the governmental fuel poverty commitments in England, Scotland, Wales and NI. More generally it considers how well support for low-income energy consumers across the UK has been provided. Finally, the report assesses the contribution the successful implementation of our recommendations could still help make to meeting national or UK-wide policy aspirations and highlights where key barriers remain and how they could be addressed.
# Fuel Poverty Policy Across the UK at a Glance (2016)

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<th>UK</th>
<th>England</th>
<th>NI</th>
<th>Scotland</th>
<th>Wales</th>
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<tr>
<td><strong>Energy Regulator</strong></td>
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<td>Northern Ireland Authority for Utility Regulation (NIAUR)</td>
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<td><strong>Department responsible for fuel poverty reduction</strong></td>
<td>N/A</td>
<td>UK Government: Department of Energy and Climate Change (DECC)</td>
<td>NI Executive: Department of Social Development (DSD) and Dpt of Enterprise, Trade and Investment (DETI)</td>
<td>The Scottish Government: Cabinet Secretary for Social Justice, Communities and Pensioners’ Rights</td>
<td>Welsh Government: Minister for Natural Resources</td>
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<td><strong>Current levels of fuel poverty</strong></td>
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<td><strong>Current % of fuel poverty</strong></td>
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<td>12%</td>
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<td><strong>Change since 2010</strong></td>
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<td><strong>Statutory eradication targets</strong></td>
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<td>Not met replaced with EPC target for fuel poor households</td>
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<tr>
<td><strong>Statutory energy efficiency targets - mixed tenure &amp; FP</strong></td>
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<td><strong>Annual Fuel Poverty Progress Report</strong></td>
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<td><strong>Benefit from Cold Weather Payment</strong></td>
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<tr>
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Growing pressure to respond to evidence that low indoor temperatures severely affect physical health. Many community schemes established to install loft insulation in homes.

NEA established Scottish Neighbourhood Energy Action (SNEA). In 1986, NEA becomes National Energy Action and SNEA becomes Energy Action Scotland (EAS) reflecting national recognition of the importance of tackling cold homes.

Office of Electricity Regulation (Offer, now Ofgem) introduces the first GB-wide energy efficiency supplier obligation on electricity suppliers, the Energy Efficiency Standards of Performance (EESoP) programme, administered by a new quango, the Energy Saving Trust.

The Home Energy Conservation Act 1995 was extended to Northern Ireland placing a duty on the Housing Executive to identify measures to improve the energy efficiency of residential accommodation.

The Government sets up a UK Inter-Ministerial Group on Fuel Poverty to take a strategic overview of the relevant policies and initiatives with a bearing on fuel poverty.

EESoP closes. The Warm Front scheme replaces HEES in England and for the first time is intended to explicitly tackle fuel poverty. The scheme provides grants for heating and insulation measures to owner occupier and private rental households.

Winter Fuel Payments (currently worth up to £300) introduced to help pensioners pay their fuel bills. The benefit is paid annually and is not means tested.

Office of Electricity Regulation (OFREG) now the Northern Ireland Authority for Utility Regulation (NIAUR) established the Energy Efficiency Levy, now the Northern Ireland Sustainable Energy Programme (NISEP) a Public Service Obligation lifted from electricity bills and used to fund energy efficiency schemes on an annual basis.

A cross-party private member’s Bill, the Warm Homes and Energy Conservation Act 1, for England and Wales becomes law following support by the Labour Government. The Act requires the UK Government to produce a strategy within one year which sets out its plans for eliminating fuel poverty within 15 years. An independent Fuel Poverty Advisory Group is established to monitor and advise the government on progress towards meeting its fuel poverty target.

The Scottish Executive (now Government) launches the Central Heating Programme to install free central heating and insulation for all pensioners and social housing tenants.
The first UK Fuel Poverty Strategy\(^2\) sets out the UK Government’s plans to eradicate fuel poverty across England, as far as reasonably practicable, in vulnerable households by 2010 and in all households by 2016. The Strategy emphasises the role of declining fuel prices in reducing fuel poverty, assumed to take place through competitive energy markets, as well as improving energy efficiency standards. It defined fuel poverty as those on low incomes who need to spend more than 10% of their income to achieve a certain heating standard.

The Decent Homes Standard is introduced to improve conditions within social housing against a backdrop of a large backlog of repairs. Social housing providers are required to meet the standard, which includes modest energy efficiency requirements, by 2010. Significantly, it does not include the caveat ‘as far as reasonably practicable’. * 2001 - The UK government backs pilot Warm Zones, now a subsidiary community interest company of NEA, to deliver energy efficiency measures to low-income households in deprived areas.

The Housing (Scotland) Act requires the Scottish Government to ensure, so far as is reasonably practicable, that people are not living in fuel poverty in Scotland by November 2016. The main programmes for achieving this are the Warm Deal and Central Heating Programme grant schemes.

The Warm Homes scheme replaces DEES in Northern Ireland.

Following a two-year delay, the Energy Efficiency Commitment (EEC), replaces EESoP and for the first time covers gas as well as electricity. It becomes the main programme to increase energy efficiency in GB across all households.

The Fuel Poverty Advisory Group (now the Fuel Poverty Forum) is formed in Scotland to assist Scottish Ministers in producing the Scottish Fuel Poverty Statement to say how the aims of eradicating fuel poverty within fifteen years will be achieved.

Welsh Government develops the Welsh Housing Quality Standard which sets a target requiring all social housing to meet a Welsh Housing Quality Standard by 2012.

The Northern Ireland Assembly voted to ring fence 80% of the Energy Efficiency Levy with the aim of eradicating fuel poverty within fifteen years.

The Welsh Government publishes ‘A Fuel Poverty Commitment for Wales’. This sets out targets to eliminate fuel poverty among vulnerable households by 2010, in social housing by 2012 and across all households by 2018. The social housing target is to be met by requiring all social housing to meet a Welsh Housing Quality Standard by 2012.

EEC is replaced by a new obligation on energy suppliers to reduce CO\(^2\) emissions in the domestic sector, the Carbon Emissions Reduction Target (CERT).

The Community Energy Saving Programme (CESP) is introduced. This requires suppliers and for the first time generators to install energy efficiency measures in deprived areas. Energy companies are encouraged to establish partnerships with councils and voluntary organisations.

The Low Carbon Buildings Programme is introduced in England to fund the installation of microgeneration technologies in deprived communities.

Friends of the Earth and Help the Aged, concerned about the rapid growth in fuel poverty since 2005 (mainly resulting from rising fuel prices), launch a judicial review against the UK Government. The legal challenge claims that the government had not done all that was reasonably practicable to eliminate fuel poverty in England. The challenge was not successful.
2009

The Scottish Government introduces the Energy Assistance Package to replace Warm Deal and the Central Heating Programme. The package includes grants for conventional heating and insulation measures and limited grants for some renewable heating.

Arbed is established as an area-based scheme providing targeted investment to improve the energy performance of homes within communities in the most deprived areas of Wales. Phase One of the scheme funded measures in 7500 homes.

Fuel Poverty Cross Party Group established in the Wales Assembly.

The Fuel Poverty Coalition Cymru was established to bring together organisations who want to see an end to fuel poverty in Wales.

2010

The Welsh Government publishes the Fuel Poverty Strategy for Wales. This describes two new schemes for tackling fuel poverty: Nest, which replaces HEES, and Arbed - an area-based programme that receives substantial EU funding.

Introduction of the Warm Home Discount - a requirement on electricity suppliers to provide a rebate on electricity bills (currently £140) to a core group of low-income pensioners and a broader group of other low-income households. The core group is defined by statute and includes a data matching arrangement between the Department for Work and Pensions and suppliers so that households receive the discount automatically. Suppliers have some discretion over which households fall in the ‘broad group’.

The Comprehensive Spending Review of the new Coalition Government commits to an Independent Review of fuel poverty in England and also announces the phasing out of Warm Front in England by 2013. This effectively ends over 30 years of public funding for energy efficiency grants for low-income households in England.

2011

The Nest energy efficiency scheme was established as the Welsh Government’s flagship scheme to tackle fuel poverty for the subsequent five years. It replaced the Home Energy Efficiency Scheme (HEES).

Provision for Green Deal and Energy Company Obligation (ECO) introduced. ECO replaces CERT and CESP. The Home Heating Cost Reduction Obligation (HHCRO, also known as ‘Affordable Warmth’) element of ECO is intended to replace Warm Front in England. HHCRO effectively provides subsidies for replacement central heating boilers. The Carbon Saving Communities Obligation (CSCO) replaces CESP and is targeted at deprived areas.


The Welsh Government publishes the Fuel Poverty Evidence Plan which sets out the monitoring and evaluation plans to reduce fuel poverty in Wales.


2012

Publication of the Independent Review of Fuel Poverty in England led by Professor John Hills. This recommends the UK Government replaces the ‘10% measure of fuel poverty’ with the ‘Low Income High Costs’ (LIHC) indicator. It also proposes a second measure, the ‘fuel poverty gap’ to reflect the severity of fuel poverty experienced by fuel poor households. The government adopts the new measures which now apply in England. The devolved nations retain the 10% definition.
Scotland introduces the Home Energy Efficiency Programmes for Scotland (HEEPS) to replace the Energy Assistance Package. The bulk of funding goes towards a new area-based scheme led by local authorities. Funding is also provided for a grant scheme (Energy Assistance Scheme) which is intended to complement the Affordable Warmth element of ECO.

The Green Deal, a ‘Pay as You Save’ scheme in which savings from energy efficiency measures are used to pay for installation of the measures plus interest, is officially launched for able-to-pay households. The launch promises to renovate 14 million homes. The Carbon Emissions Saving Obligation (CERO) element of ECO is intended to complement Green Deal by providing subsidies for solid wall insulation.

In April the Welsh Government publish the Wales Fuel Poverty Projection Tool which provides an indication of the extent of fuel poverty in Wales. Figures show that 30% of households in Wales were living in fuel poverty in 2012 which equates to 386,000 homes, compared to 26% (332,000) in 2008.

The UK Government announce major changes to ECO including reducing the targets by over 30%, effectively resulting in a substantial cut in support for solid wall insulation.

The UK Government introduces the Energy Efficiency (Private Rented Property) Regulations in England and Wales. After 2016, private landlords will not be able to unreasonably refuse requests from tenants for energy efficiency improvements, where financial support is available from national and local schemes. From 2018, private landlords will need to ensure their properties reach a standard of at least EPC E, providing improvements can be paid for through Green Deal or other schemes.

The Welsh Government launches Resource Efficient Wales, a new service providing trustworthy advice and support to help people save on energy, waste and water.

The Department for Social Development launch a public consultation From Fuel Poverty to Achieving Affordable Warmth. This consultation outlined the findings ‘From Fuel Poverty to Achieving Affordable Warmth’ pilots and proposed changes to the delivery of energy efficiency improvements to low-income households.
The Warm Homes Act 2000 is amended by Westminster Government to provide a new statutory framework for fuel poverty to 2030.

The Fuel Poverty Strategy for England introduces a new target to improve the homes of fuel poor households, as far as reasonably practicable, to EPC Band 'C' by 2030, with interim milestones of EPC E by 2020 and EPC D by 2025. It also includes provisions for establishing a new Fuel Poverty Advisory Group and an annual parliamentary debate on progress on meeting the fuel poverty target.

The Scottish Government designates energy efficiency as an infrastructure priority and the Labour party propose a new consumer levy which replaces ECO and funds a new area-based programme with delivery coordinated by local authorities.

NICE publish guidance on excess winter deaths, cold-related morbidity and the health risks associated with cold homes.

The Conservative manifesto states that it will honour fuel poverty commitments and deliver 1m low cost insulation measures by 2020. It is stated by several independent commentators this represents a considerable reduction on previous rates of installations.

The UK Government announces it will scrap Zero Carbon Homes policy and the Allowable Solutions Fund which would have helped retrofit existing housing.

The Secretary of State announced there will be no further funding to the Green Deal Finance Company (GDFC) or the Green Deal Home Improvement Fund (GDHIF).

DECC state they are reviewing domestic energy efficiency policy with a view to making relevant announcements in 2016.

The Comprehensive Spending Review (CSR) states that there will be deep cuts to the only GB-wide ECO energy efficiency programme from 2017. The Secretary of State also states the intention for the supplier obligation post 2018 to be dedicated to helping households in fuel poverty yet overall the spending envelope will be cut to c. £640m per annum. This follows a similar previous reduction in 2014 when the budget was reduced by a third; from the original notional spend of c. £1.3bn per annum. The UK Government also confirm the GB-wide Warm Home Discount (WHD) scheme is to be extended until 2021.

The Warm Homes Scheme closes in Northern Ireland and the Affordable Warmth Scheme was launched by DSD to address fuel poverty in the Private Rented Sector in Northern Ireland. This is an area-based targeted scheme. DSD will review the Affordable Warmth Scheme and plan to design a new Fuel Poverty Strategy in Northern Ireland.

The Welsh Government publishes its Energy Efficiency Strategy for Wales in February. The Strategy sets out the Welsh Government’s vision for energy efficiency over the next 10 years.

The Environment and Sustainability Committee published the outcome of its inquiry ‘Smarter Energy Future for Wales’. The report made a number of recommendations including the setting of annual targets to reduce energy demand and help people to use it more effectively; and to extend the Welsh Government’s existing retrofitting schemes (NEST and Arbed), adopting a ‘warm zones’ model to ensure a joined-up approach to delivery in areas where badly insulated housing, fuel poverty and poor health coincide.

A new Committee on Fuel Poverty was established in England replacing the Fuel Poverty Advisory Group.

The Energy and Climate Change Select Committee’s report on home energy efficiency and demand reduction urges the UK Government to invest in warmer and more energy efficient homes. In particular, it renews calls for the National Infrastructure Commission (NIC) to investigate how creating warmer, healthier homes can encourage economic growth and the strong case for home energy efficiency to be regarded as a key national infrastructure priority.

The Welsh Government publishes its Energy Efficiency Strategy for Wales in February. The Strategy sets out the Welsh Government’s vision for energy efficiency over the next 10 years.
The opening table of this year’s report aims to highlight the ways fuel poverty is addressed within the four UK countries. The chart also highlights where key initiatives or reporting mechanisms are in place or still to be implemented. The timeline above also indicates the most significant developments in attempts to provide greater levels of affordable warmth across the whole of the UK.

In particular, the timeline notes that in 2001, the UK Fuel Poverty Strategy set out the approach the UK Government and the Devolved Administrations were taking to halt and reverse levels of fuel poverty. The strategy described this process as ‘representing the start of the road to the end of fuel poverty in the United Kingdom’ and in 2003 the first UK Fuel Poverty Strategy Annual Progress Report (again produced jointly between each relevant department) stated that “the goal of the Government and the Devolved Administrations is to seek an end to the problem of fuel poverty. In particular they will seek an end to the blight of fuel poverty for vulnerable households by 2010”.

Whilst the timeline illustrates many positive intentions and the introduction of a range of initiatives and new statutory responsibilities, 15 years on, an estimated 4.5 million low-income households across the UK still cannot adequately heat and power their homes. Over the last five years alone there are now over 500,000 more fuel poor households living in cold homes.

For the authors of this report, it is profoundly disappointing that this is the case and despite the initial enthusiasm for a co-ordinated approach to end fuel poverty at a UK-wide level, the UKFPM has warned that a pan UK-wide approach to eradicating fuel poverty is now a very distant prospect. This challenge was laid bare as early as the 2010-11 UKFPM which noted:

“Fuel poverty across the United Kingdom is reaching unprecedented levels.... The ambition to eradicate fuel poverty will be unattainable without major changes... at a time when the UK Fuel Poverty Strategy is in crisis, Government funding for key programmes is being reduced”.

The timeline above also indicates the huge variations and changes there have been to relevant national and UK-wide affordable warmth policies. This report highlights how policy uncertainty is still having a clear impact on the likelihood of eradicating fuel poverty within each country respectively. These country-specific observations have been built on in the following sections of this report and also hope to highlight practicable opportunities of meeting the remaining set of national specific statutory targets (the majority of which are still pending). The remainder of this section however explores the other key issues that emerge from previous recommendations that have been made in the UKFPM since 2010 which have a significant impact at attempts to reverse fuel poverty at a UK level. We aim to highlight where further cooperation between nations would still be beneficial.

Measurement matters - the need for a collaborative approach to evaluate progress

One complicating factor observed in the UKFPM since 2011-12 has been there is no longer a common approach to the way fuel poverty is measured across the UK nations. Following Professor Hills’ recommendations the Low Income High Cost (LIHC) indicator definition is now used in England. This states that an individual is considered fuel poor where they have required fuel costs that are above average (the national median level) and were they to spend that amount; they would be left with a residual income below the official poverty line. The low income high cost measure consists of two parts, the number of households that have both low incomes and high fuel costs and the depth of fuel poverty amongst these households.

Prior to the introduction of the Low Income High Costs indicator in England, fuel poverty was measured under the 10% indicator across the whole of the UK. Under this indicator, a household is considered to be fuel poor if they were required to spend more than 10% of their income on fuel to maintain an adequate standard of warmth. An adequate standard of warmth is usually defined as 21ºC for the main living area,
and 18°C for other occupied rooms. This divergence in measurement across the nations prompted the following recommendation in the most recent UKFPM:

“The UK Government must continue to monitor fuel poverty levels across the UK and identify any changing demographics within fuel poor households under the 10 per cent method of measuring fuel poverty. This should involve working across the nations and relevant departments to update national housing surveys and identifying any cross cutting fuel poverty implications within UK-wide policy making. The fuel poverty advisory groups of the respective nations must also be actively engaged in this process”

To date the UK Government has honoured the commitment to continue to monitor fuel poverty levels across the UK based on the 10% indicator.

The table above is taken from the last Fuel Poverty Annual Statistics produced by the Department of Energy and Climate Change (DECC). The report noted that “The focus of this report is the LIHC indicator”. Fuel poverty under the 10% indicator is included only to provide an overall estimate for the United Kingdom, as the Devolved Nations continue to measure fuel poverty using the 10% indicator. The report also noted that the figures for Wales and Northern Ireland were based on historic estimates with the result that the figures presented are out of date.

Whilst fuel poverty researchers accept that there is a general time lag in publication of official fuel poverty statistics, generally around two years between collection and publication, even these estimates are now not accurate. One of the main reasons for these anomalies is the fact the House Condition Surveys in both Northern Ireland and Wales currently fail to ensure there is up-to-date information on the contribution domestic energy efficiency improvements make to mitigating energy prices and fuel poverty levels. It is however important to note that there has been some recent progress at a country level to address this issue and these areas are touched on again in the country progress reports.

Beyond the need to make accurate assessments of the number of fuel poor households across the UK or within each nation, the divergence of how fuel poverty is defined has also led to a potentially misleading conflation of definitions by ministers and civil servants. An illustration of this occurred on the 19th January 2016 when Lord Bourne of Aberystwyth, Parliamentary Under-Secretary of State for Energy and Climate Change, gave oral evidence to the Energy and Climate Change Committee’s inquiry into Home energy efficiency and demand reduction. At the session he stated:
There are also measures in the manifesto to ensure that we deal with fuel poverty, which is on a downward trajectory in England, having fallen since the previous year. It remains a challenge in Wales and Scotland, where it is going up, but there are measures to bring that fuel poverty down still further. We have got 2.35 million households in fuel poverty: that is unacceptably high, even though it is on a downward trajectory and even though the fuel poverty gap is narrowing. That, again, is something that energy efficiency will help us with.\textsuperscript{12}

Whilst Lord Bourne’s statement highlights a welcome desire to reduce fuel poverty levels across the nations and a clear determination to see policies introduced that can reduce it still further, it highlights the problem of trying to compare fuel poverty levels using the 10\% indicator and LIHC definition interchangeably. It is clear, that under the 10\% indicator, fuel poverty increased markedly across all countries from 2003 to 2013. In addition, as was noted in the 2012–13 UKFPM:

“Not only would the Hills definition significantly reduce the incidence of fuel poverty – without a single household having been provided with affordable warmth, it would also result in a static fuel poverty headcount (in overall numbers if not in constituent households)\textsuperscript{13}.”

This statement was illustrated by highlighting the numbers of fuel poor households in England in 2009 under the 10\% indicator (3.9 million households) and comparing it with the number of fuel poor households under the LIHC definition for the same year (2.6 million households). As a result, there is a risk that using the 10\% indicator and LIHC definition interchangeably will confuse an uninformed audience about the progress that is or is not being made at UK wide or national level.

The need to evaluate impacts of policy changes across GB pre and post intervention

In the same section of the 2012–13 Monitor it noted the LIHC definition has also shifted the distribution of fuel poverty; “Because of the way household income is calculated (equivalised) it would also significantly alter the characteristics of fuel poor households with significant reductions in the number of fuel poor older households and a higher incidence of fuel poverty among families with children\textsuperscript{14}”. This reshaping of fuel poor households under the LIHC can have wider impact on the other UK nations. For example, moves to re-target GB-wide programmes such as energy bill rebates or the Energy Company Obligation (ECO) to better match the new definition in England may have the unintended consequence of shifting support away from groups in Wales and Scotland who are also in fuel poverty, albeit under a different measurement.

This creates a significant challenge to UK policy makers to not only investigate future impacts of this kind but equally analyse the impact of retrospective changes in policy. Once again, this issue was previously directly referenced in the 2014–15 Monitor which stated:

“The UK Government must recognise the impact that energy policy set in Westminster has on the whole of the UK and must quantify the impacts on fuel poverty across the UK before making significant policy decisions. Embedding this requirement into the standard impact assessment pro-forma within the Department of Energy and Climate Change (DECC) is a priority.\textsuperscript{15}.”

To date, DECC (or any other UK Government department) has yet to adopt this practice with the consequence that often the impact of policy decisions on the rest of the UK is often only considered after the event.

The wider impact of spending decisions made in Westminster

The most acute illustration of the impact variations and changes to GB-wide affordable warmth policies have been the reductions that were made to resources under the ECO in 2014 and again in the most recent Comprehensive Spending Review (CSR).

On the 25 November 2015, the CSR stated that there will be deep cuts to the only GB-wide energy efficiency programme from 2017 and the ECO scheme will be replaced with a new cheaper domestic energy efficiency supplier obligation. The overall spending envelope will be cut to circa. £640m per annum which
follows a similar previous reduction in 2014 when the budget was reduced by a third; from the original notional spend of c. £1.3bn per annum.

Prior to the announcement regarding these likely reductions, NEA had highlighted in both written and oral evidence to the Energy and Climate Change select Committee that, just in the context of addressing fuel poverty in England, the UK Government’s stated objective to ensure that as many fuel poor homes as is reasonably practicable have a minimum energy efficiency rating of Band C by 2030 was at serious risk of not being met. This was verified by independent commentators such as the Climate Change Committee (CCC) and think tank Policy Exchange who had also highlighted current resources were less than half of what is required to meet these English targets.

Coupled with the key role ECO resources play in supporting attempts to eradicate fuel poverty in Wales and Scotland it was anticipated that the Government would ring-fence current levels of ECO resources on fuel poverty alleviation. The impact of this latest reduction in overall resources to meet GB-wide policy aspirations therefore cannot be understated. Whilst the new programme is likely to be more focused on vulnerable fuel poor households, it is now likely that fewer households across GB will be helped with energy efficiency measures through levy-funded supplier obligations than ever before.

It should also be noted that the overall scale and policy design of ECO has, perhaps unsurprisingly, been one of the major themes within the previous UK Fuel Poverty Monitor. An illustration of this can be seen in the set of recommendations made in consecutive reports below.

“Support for financially disadvantaged households through the Energy Company Obligation should be provided in the form of 100% subsidy as with predecessor schemes aimed at Priority and Super Priority Groups.” [UKFPM 2011-12]

“Cutting or dramatically modifying existing energy efficiency programmes was the wrong short term solution within the 2013 Autumn Statement. The UK Government should massively expand resources directed towards energy efficiency more generally, but especially for low-income households living in the worst properties and most deprived areas. Resources fall short of the level required to protect the health and welfare of these households and meet national fuel poverty targets.” [UKFPM 2013-14]

Responding to the initial reduction in 2014, the 2014-15 UKFPM report stated that resources under this programme were already insufficient considering the scale and depth of fuel poverty across Britain (estimated to assist just 7% of fuel poor households) and following the actions of the Westminster Government in 2015 this situation was made more acute. The report also found that the changes made the realisation of current national fuel poverty aspirations or targets more unlikely to be met. The report therefore recommended the need for an urgent re-evaluation of the contribution that ECO and other energy efficiency policies are assumed to make to national fuel poverty targets. The concluding section of this report highlights the urgent need for this evaluation to take place in a transparent fashion in the coming months. However, critically beyond levy-funded resources, the most recent UKFPM report for 2015 also noted wider opportunities to address insufficient resources overall. The report noted:

“Ending fuel poverty and realising the associated benefits will only happen if the scale of investment in domestic energy efficiency is increased (nationally and across the UK). Given HM Treasury expects to receive a significant windfall from domestic energy consumers in all four nations; we conclude that the new UK Government must support the use of these revenues or public infrastructure funds to adequately resource initiatives that make homes warmer and healthier and in turn encourage economic growth”.
The need for a cross-nation working group

Moving away from the impact of single policies and the need for adequate resources overall, the most recent UKFPM also argued that in order to support the UK Government in its policy making, there should be a regular and transparent forum for the UK Government to meet with colleagues from across the UK nations to better develop policy ideas and help inspire better delivery practices. The 2014-15 UKFPM stated:

“A formal working group of relevant departments from the different administrations and the respective regulators and consumer groups should be established to tackle the three main drivers of fuel poverty: improving energy efficiency standards across the UK and promoting policies to maximise incomes and mitigate high energy prices, and report on their actions” 23.

This simple idea appears to have significant merit and could help pre-empt unintended consequences such as those witnessed through the ECO policy. It is therefore encouraging that this idea is being considered. The following exert from the aforementioned ECC oral evidence session highlights this point.

Glyn Davies MP:

“We learn lessons through the devolved constitution that we have. To say that we are talking to each other and learning lessons from each other is a standard phrase, but is there any formal mechanism by which the Scottish Parliament and the Welsh Government are meeting the Department on a regular, formal basis, with minutes taken and civil servants present, rather than just learning lessons in a vague sort of way?”

Lord Bourne:

“That is a good point, Glyn. The short answer is that I do not think there is. We do meet up, but it tends to be ad hoc, and we speak on the phone at junctures. Last time we met in any formal way was in Paris, I think, where all the devolved Administrations were clearly represented. I met with colleagues then and we discussed issues. But it is a good point. I will take it away, if I may, and think about it.”

Improving energy efficiency is still a top priority

The final section of this chapter highlights the findings and recommendations in the last UKFPM that illustrated that whilst cross-nation working is important, delivery across the four nations is becoming increasingly varied. It recognised that all four countries are likely to continue to take different approaches on energy efficiency programmes:

“Naturally, the motivations for an energy efficiency intervention vary as much as the delivery of different energy efficiency schemes. However, overall this should not detract from the widespread recognition of the importance of significant energy efficiency interventions to increasing warmth, comfort and helping make fuel bills affordable for vulnerable households” 24.

The report also illustrated how domestic energy efficiency is also still regarded as a highly cost effective way of reducing carbon emissions and must link to wider policy development. As a result, the conclusion to this chapter highlights that there is still great potential to join up the business case for action on energy efficiency across the UK.

The reason for this level of consensus amongst industry, academics and non-governmental organisations is that the benefits of enhancing energy efficiency are vast and are increasingly being quantified with the same precision as supply side measures. In particular, the International Energy Agency (IEA)'s report ‘Capturing the multiple benefits of energy efficiency' demonstrated the potential for energy efficiency to deliver new jobs and economic growth, reduce pressure on health services, improve energy security and reduce carbon emissions (at the same time as providing a long-term, sustainable solution to unaffordable fuel bills for all consumers). The report also found that large scale energy efficiency programmes can lead to increases in GDP of up to 1.1% per year; can create significant employment (8–27 job years per €1million invested) and can have a benefit to cost ratio of 4:1 25.

This international evidence is also supported by extensive independent analysis of the macro benefits
of enhancing domestic energy efficiency within the UK context. Building the Future: The economic and fiscal impacts of making homes energy efficient produced by Cambridge Econometrics and Verco, for example noted that an ambitious UK-wide energy efficiency programme can return £3 to the economy per £1 invested by central government; help create a 26% reduction in imports of natural gas in 2030; domestic consumers could save over £8 billion per annum in total energy bill savings; increase relative GDP by 0.6% by 2030; increase employment by up to 108,000 net jobs and help reduce carbon dioxide emissions by 23.6MtCO2 per annum by 2030.

Achieving these macro outcomes is a realistic prospect and the UK has historically been highly effective in reducing energy use and galvanising economic activity through this activity. How these crucial benefits are realised within the coming years within the nations will also have notable impacts on vulnerable households and the pursuit of national fuel poverty targets or related national priorities. In March 2016, the Energy and Climate Change Select Committee report on home energy efficiency and demand reduction called on the UK Government to invest in warmer and more energy efficient homes. NEA welcomes the Committee renewing calls for the National Infrastructure Commission (NIC) to investigate how creating warmer, healthier homes can encourage economic growth and the strong case for home energy efficiency to be regarded as a key national infrastructure priority in England.

KEY OBSERVATIONS

1. Progress and co-ordination to eradicate fuel poverty across the UK has slowed despite statutory commitments and current policies

2. Frequent policy changes have hindered progress to eradicate fuel poverty across the UK

3. Measurement matters and there is a greater need to collaborate to evaluate progress

4. The wider impact of decisions made in Westminster must be addressed by building in a new mechanism to evaluate impacts of policy changes across the UK

5. A formal cross-nation working group is necessary and would be welcome

6. Whilst delivery will vary across nations, investment in energy efficiency should still be regarded a top priority
Following the findings of the Independent Review of Fuel Poverty in England led by Professor John Hills, in 2013 the Westminster Coalition Government modified the timetable to eradicate fuel poverty in England. As noted in the UK section and timeline, simultaneously, the UK Government also confirmed that it would modify the common definition of fuel poverty with a new measurement, specific to England, with immediate effect. Under the Low Income High Cost (LIHC) definition fuel poverty affects an estimated 2.35 million, representing approximately 10.4 per cent of all English households.

A new definition, target and strategy

The 2010-11 UKFPM report noted there was a growing consensus that there was an “urgent need of a road map to eradicate fuel poverty”. The report noted that the map should set out milestones for progress and describe in some detail how these are to be reached and what actions are required, and by whom, to make these attainable.

The Government amended the Warm Homes and Energy Conservation Act 2000 through the Energy Act 2013 and required the Secretary of State for Energy and Climate Change to set out new targets for England (within subsequent secondary legislation) and bring forward a delivery strategy (to meet these England-specific targets). Subsequently, the Fuel Poverty Strategy for England introduced a new target to improve the homes of fuel poor households, as far as reasonably practicable, to EPC Band ‘C’ by 2030, with interim milestones of EPC E by 2020 and EPC D by 2025.

As has been previously noted, significant energy efficiency interventions can play a vital role in increasing warmth, comfort and helping to make fuel bills far more affordable. NEA therefore welcomed recognition that energy efficiency must be at the heart of the new targets to eradicate the preventable suffering caused by fuel poverty in this country but called on the UK Government to increase the levels of energy efficiency by one EPC band over the same timescale:

“Set a target of EPC band B by 2030 for all homes occupied by low-income households, and an interim target of EPC band D by 2020 and band C by 2025.”

The rationale for this recommendation was that the new fuel poverty targets and interim milestones leave the majority of those most in need without essential energy efficiency interventions until 2020, or even 2025. It was felt that this is likely to result in many more needless deaths and over a million fuel poor households (and many more low-income households) in England increasingly reliant on limited resources for advice and support.

This recommendation also reflected a concern that the final (and interim) targets infer an inefficient approach to targeting and delivery by implying a need to return to the same properties over and over again to reach the final target. As a result, it was argued that even if the Government chose to oppose the more ambitious timeline recommended, it must still clarify that in order to meet the final and interim targets that all low-income households that live in properties below the chosen thresholds will need to receive assistance and it would be more cost effective to bring them straight up to EPC band C (in pursuit of the interim D milestone or the final C target). There is still a need for the UK Government to clarify that in order to meet the final (and interim) target(s), all low-income households that live in properties below the chosen thresholds (Band C) will need to receive assistance and it would be more cost-effective to bring them straight up to that band.

It should be noted that this position was supported by the Government’s own Fuel Poverty Advisory Group, now the Committee on Fuel Poverty.

The 2015 UKFPM also urged the UK Government to remove or tightly define the term ‘as far as reasonably practicable’. It was noted that this term significantly undermined confidence amongst stakeholders about the Government’s general commitment to reach these targets and this could deter a vital investment signal in jobs and skills. In addition, given the varied and competing demands of spending priorities within central government departments (or local within...
government), it was stressed that this could also weaken attempts to secure vital additional resources within the Comprehensive Spending Review following the General Election in May 2015 (or prioritise allocating funds from local budgets). As noted in the previous chapter, this warning proved to be accurate and there is still an unhelpful ambiguity and resources are still inadequate to meet these targets.

In the UKFPM 15-16 NEA also called on the UK Government to:

“Set a target to reduce the size of the aggregate and average ‘fuel poverty gap’ each year and report annually on the relative contribution of energy discounts and energy efficiency measures to the attainment of the interim EPC E and D milestones and the final EPC C target”

The reason for these recommendations was that under the new measurement of fuel poverty in England the overall headcount of fuel poverty is unlikely to be moved significantly by changes in energy prices or even dramatic changes in the energy efficiency of properties. However, the ‘fuel poverty gap’ is a new and integral part of the new official measurement of fuel poverty in England. Unlike the overall headcount measure under the LIHC definition, the fuel poverty gap indicates the impact energy prices have on the depth of the problem (for those households on the lowest incomes and with high energy costs).

To date, the Government have not set a target to reduce the size of the aggregate and average ‘fuel poverty gap’ each year. In addition, progress towards the final target and the interim milestones is measured by the Fuel Poverty Energy Efficiency Rating Methodology. Under this approach, progress on improving household energy efficiency could be distorted by including energy discounts within this calculation but the impact remains unknown.

The impact of reduced resources and increasing recognition of impacts of cold homes

Another crucial theme explored in detail in previous UKFPMs is the slow progress to improve housing standards with the introduction of the Green Deal and the Energy Company Obligation (ECO) which have seen dramatic reductions in delivery rates.

Currently, only 5% of fuel poor households in England live in the most energy efficient properties (EPC Band C or above) and well over one million live in the least efficient properties, despite current and previous energy efficiency schemes. Ill health as a result of these cold homes puts a huge strain on already stretched public resources and services. This means each winter local health services struggle to cope with cold-related hospital admissions and repeat GP visits. NEA estimates that every local Health and Wellbeing Board in England is spending, on average, over £27,000 each day, or £10million per year on treating patients with health conditions caused or worsened by living in cold, damp housing. Nationally, cold homes cost health services £3.6 million per day, and in the past four years alone over £5 billion of tax payers’ money has been wasted.

Many organisations are also having to increase debt and income advice provision and are currently expanding services such as food banks, crisis energy payments or debt write-off programmes. In addition, the large amount owed by many householders to their energy providers curtails economic activity within poorer communities. Advice and support and practical heating and insulation improvements can help address all of these problems. There is therefore a clear need in England to move beyond a business-as-usual approach and confront the growing costs of inaction.

In England and Wales last winter, Excess Winter Deaths soared to the highest levels this century and continue to exceed non-winter deaths by 27%. It was therefore welcome that within the recent Fuel Poverty Strategy for England, the Government stated that it will take more account of the particular needs of more vulnerable people, including those with disabilities and long-term health conditions, in developing approaches to delivery of energy efficiency measures and other forms of fuel poverty support. In particular, the Government stated they will recognise that vulnerable
households, particularly those where someone has a health condition related to living in a cold home, may be harder to reach, have multiple needs and require more structured support.

Within the same document the Government also says it is committed to aligning the health and housing agendas and building on the momentum of the NICE guideline: “Excess winter deaths and morbidity and the health risks associated with cold homes”\textsuperscript{39}. It is now almost a year since the National Institute for Health and Care Excellence (NICE) issued their welcomed guidance on how to reduce excess winter deaths and illness. Yet despite the cost and suffering caused by cold homes, a recent survey by NEA suggests that only half of all Health and Wellbeing Boards have even referenced action to address fuel poverty in their Joint Strategic Needs Assessments\textsuperscript{40}. As a result, NEA has called on all Health and Wellbeing Boards to adopt the NICE recommendations urgently and give cold homes the same attention as other significant public health concerns\textsuperscript{41}. The discretionary nature of accurate reporting on this area by central Government or related agencies prompted last year’s UKFPM to recommend that:

“DECC, the Department of Health (Dh) and Public Health England (PHE) should monitor the extent to which Health and Wellbeing Boards have adopted the guidance and prioritised fuel poverty or reducing excess winter deaths and cold-related morbidity within their local Joint Needs Strategic Assessments (JSNA)\textsuperscript{42}.”

Within the report NEA also called on PHE to regularly update the current NEA analysis of which fuel poverty schemes have accessed local Clinical Commissioning Group (CCG) funding directly, and, work with DoH to provide estimates of the overall scale and cost of the impact of cold-related morbidity on health services, alongside an assessment of the extent to which any relevant policies are assumed to be reducing these unnecessary costs. Whilst NEA will continue to undertake research in this area, in particular, to establish how many Health and Wellbeing Boards have adopted related indicators and the clear recommendations of the NICE guidance, it should not be up to charities such as NEA to be responsible for monitoring all of these areas, especially given the extent to which cold-related health conditions places an unacceptable strain on the public purse.

It is however important to note that many projects in England are now hoping to build on the recommendations by NICE and as noted in the following sections, work is well underway within other nations to explore the relevance of the guidance in the context of their own national frameworks. The 2014-15 UKFPM also welcomed the previous Warm Homes Healthy People Fund which had been operational in England over two consecutive winters and invited bids for funds to support the most vulnerable in their communities during the winter. The explicit aim was to protect individuals and communities from the effects of severe winter weather due to cold housing. The funds were for local initiatives that demonstrate how local authorities will reduce deaths over the winter months and provided funding to:

- Deliver energy efficiency and heating improvements to the most vulnerable people
- Provide residents with benefits advice
- Ensure better public awareness of the impacts of cold weather
- Provide staff and volunteers with fuel poverty/cold weather awareness training.

The previous UKFPM noted that whilst this assistance was hugely welcome, the programme was administered on an ad hoc basis and this resulted in limited time to develop effective bids or build sustainable partnerships. It was therefore recommended that “The Warm Homes Healthy People Fund should be instituted as a formal ongoing element within the Cold Weather Plan”\textsuperscript{43}. Very disappointingly this recommendation has not been acted upon and the fund has now ceased to operate entirely. In addition, resources for preventive public health initiatives were reduced by £200m in 2015 and the £2.8bn originally earmarked for councils to spend on public health in 2015/16 has been cut by 7%.
The role of local government

Because of their intrinsic understanding of their local areas and the fact they already have relevant strategic responsibilities and relationships with community-based organisations and agencies, many local authorities had used the Warm Homes Healthy People Fund to help enhance joined-up action on affordable warmth. More generally, the UKFPM has consistently highlighted the key role local authorities must play in addressing fuel poverty and in fulfilling their current duties in relation to housing standards. A series of recommendations included:

“DECC and the Department for Communities and Local Government (DCLG) should develop a binding duty, which is well resourced, to ensure all upper tier local authorities play their key part in addressing fuel poverty, reducing domestic carbon emissions and supporting and facilitating emerging public health responsibilities.”

“The Westminster Government must ensure local authorities fulfil their current duties in relation to housing standards and move beyond competition based, non-recurrent funding models to galvanise local activity.”

“The Department of Energy and Climate Change (DECC) and Department for Communities and Local Government (DCLG) should provide regular updates on the extent to which local authorities in England are fulfilling their current duties for enforcing and monitoring housing standards.”

“We believe that the Housing Health and Safety Rating System represents a precise and effective method of addressing cold damp housing in the private rented sector. However local authority enforcement action has been minimal mainly as a result of limited resources and competing pressures on local authority Environmental Health Officers. This must be addressed so that HHSRS acts as a driver to increased local authority action on cold damp private sector housing.”

To date, this set of recommendations has not been addressed and housing standards in the private rented sector are generally not being enforced. Given the challenges to low-income households accessing the ECO programme (noted elsewhere in the report and recommendations), there is a critical concern that the intent within the PRS regulations from 2018 will fail entirely or fall on the tenant instead of the landlord or require additional forms of public funding.

NEA along with other parties strongly disputed the need for the caveats and exemptions within the current regulations and argued that all properties within scope of the regulations should be required to meet a minimum standard of EPC Band E, up to a maximum spend of £6,000. In addition, Houses of Multiple Occupation (HMOs) should be brought within scope of the regulations and any guidance must recognise the precedent within the Housing Health and Safety Rating System (HHSRS), introduced in the 2004 Housing Act, which is already regulating minimum standards in private rented housing. More generally, the UKFPM has also consistently highlighted the opportunity to emulate the Scottish area-based schemes where all local authorities receive some ring-fenced funds to undertake the aforementioned activities with additional funding allocated to keener authorities (or their partners) via a ‘top up’.

The key reason for this investment is that local authorities, housing associations and other local agencies can help reduce public costs (like cold-related morbidity) by improving housing standards. Central Government could encourage them to work more closely with a range of partners (Local Enterprise Partnerships, local Health and Wellbeing Boards, energy and water suppliers, electricity and gas Network Operators etc), to create local co-funding opportunities. It was noted in the last UKFPM that these co-funding opportunities can ensure central Government funds lever in other resources from the private sector locally, strengthening the benefit-to-cost ratios for any investment.

Despite the clear merit of this approach, and signs that local authorities may have a greater role in the delivery of the future ECO scheme, deep cuts to council funding continues to make it more challenging than ever (and in some cases impossible) to commit resources to tackle fuel poverty locally. In addition, it appears fewer households are likely to be helped with energy efficiency measures through levy-funded supplier obligations and it could be the first Parliament without any public funding in England for home energy efficiency.
KEY OBSERVATIONS

1. A new definition, target and strategy have helped reinvigorate action to address fuel poverty but key commitments are still missing

2. HM Treasury is failing to unlock additional private sector investment despite the growing cost to taxpayers of inaction

3. There have been welcome actions to address the health impacts of cold homes but local action must be monitored closely by central Government and public sector agencies

4. The key role of local government is recognised but cross departmental coordination is lacking as is the introduction of recurrent funding arrangements
In Northern Ireland, there is no formal legislative basis for the eradication of fuel poverty. 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 their being ‘subject to necessary resources’.

On average, the proportion of household income which is required to be spent on domestic fuel in NI is higher than anywhere else in the UK. Consequently, progress to eradicate fuel poverty has been very badly affected, despite relative parity in relation to access to the UK social security system. This situation has been highlighted in the UKFPM for many years. In particular, rising fuel prices and stagnating or decreased incomes have been exacerbated by Northern Ireland’s energy inefficient housing stock which continues to impair the physical and psychological health of thousands of people, leaving an estimated 42% of all households in Northern Ireland in fuel poverty.

This acute situation was highlighted back in the 2012-13 UKFPM which called for NI to restate the Department’s Commitment to eradicate fuel poverty for all households by 2016, as per the aforementioned 2004 strategy. There has been a strong consensus amongst the Fuel Poverty Advisory Group that this is clearly not possible and despite the DSD publishing a new Fuel Poverty Strategy on 14 March, since 2012, there have been calls to develop a detailed and costed road map setting out how and when fuel poverty will be eradicated in NI and what support would be available to all fuel poor households in the interim. This critical call has still not been answered and remains a key ongoing appeal from the Fuel Poverty Coalition for Northern Ireland.

Dependency on non-regulated fuels

Northern Ireland has the largest percentage of domestic homes using home heating oil in Western Europe: 68% of all households are reliant on oil. The price of heating oil remains a serious issue for many fuel poor households despite recent falls in wholesale costs. During December 2010 heating oil prices were on average 30% higher than in December 2009. This huge increase led the 2011-12 UKFPM authors to recommend that:

“Due to the size and scale of reliance on oil for domestic home heating in Northern Ireland, provide practical and strategic solutions to tackle the problem including regulation of the installation of heating systems”.

While the recent dramatic decrease in the price of oil is now having a positive impact for many households in Northern Ireland, this is not set to be the long-term trajectory and much of the heat is subsequently wasted through poor quality housing.

Whilst some customers have the financial ability and large enough home heating oil tanks to store the full amount needed for winter and to beat higher winter prices; the majority of homeowners do not have this option and often have to refill their tanks several times during the winter period and are therefore more affected by winter price spikes or fail to benefit from the economies of scale brought about by larger fills of oil.

This has been mitigated somewhat in recent years by the emergence of oil stamps and oil buying clubs which whilst first established by local communities have now been rolled out with support from some local councils, the Public Health Agency and the Northern Ireland Housing Executive with Bryson Energy. However, coverage of these types of voluntary initiatives is still not universal and many households still struggle with the upfront price of oil.

Energy efficiency standards

The earlier recommendation reflected a wider concern over the energy efficiency standards of the installation of oil-fired central heating systems. Unlike natural gas, the home heating oil industry does not have an official body or training organisation for heating oil technicians, equivalent to the Gas Safe...
Register. Historically, this has resulted in some poor installation standards or high maintenance costs for oil heating systems. As a result, many older heating systems are in disrepair with the costs to repair beyond many households. This led to the 2012 UKFPM recommending that the DSD should:

“Widen the eligibility criteria of the Warm Homes Scheme and measures installed to include replacing broken heating systems”.

This recommendation was called for again in the 2013 monitor and in 2014-15, provision for replacing broken heating systems was underlined. Thankfully, this has now been acted upon and replacement of broken heating systems has been incorporated as a qualifying measure under the Affordable Warmth Scheme.

However, under this programme, boiler repairs and system upgrades are still reserved for householders over 65 or who have a child less than 16 years of age or those who receive disability living allowance. There is also the condition that the existing central heating boiler is at least 15 years old. In the 2014 UKFPM, the broader issue of energy efficiency standards was also reflected in a wider recommendation that:

“National schemes need to provide value for money and be delivered in a clear and transparent fashion, with information on administrative costs and incentives paid to suppliers made available”.

To date there has been no cost benefit evaluation of the current Affordable Warmth programme. The Department for Social Development (DSD) has however recently announced that it will be embarking on a review of the Affordable Warmth Scheme.

NEA NI has recommended that the House Condition Survey should provide information on the contribution that energy efficiency is making to mitigating fuel poverty (including an assessment of the state of cavity wall insulation). A House Condition Survey is currently being prepared which will provide a sample of 4,000 dwellings. Cavity wall insulation borescope tests will be undertaken as part of the survey. The findings will be published next year.

Current and future schemes must be efficiently targeted

As a consequence of DSD’s consultation ‘From Fuel Poverty to Achieving Affordable Warmth’ an area-based approach was introduced focusing on households with incomes of less than £20k. This model relies on maps provided via DSD to local Councils and aims to target the 33,000 households in Northern Ireland needing to spend 25% or more of their income to keep warm. Fully operational since 2015, the Affordable Warmth Scheme will be reviewed in 2016 enabling a fuller analysis of the success of this new approach. The current budget is circa £16 million per year.

The other significant fuel poverty scheme operating in Northern Ireland is the Northern Ireland Sustainable Energy Programme (NISEP) which is funded through a levy on both domestic and commercial electricity customers in Northern Ireland with a value of about £7.9M of which 80% is ring-fenced for fuel poverty programmes. Originally set to end in March 2016 the NISEP has been extended to March 2017 when it is to be replaced by a new Public Sector Obligation, (PSO) the shape of which has yet to be agreed. This new PSO will fund a new energy efficiency programme which will be the responsibility of the Department of Enterprise Trade and Investment (DETI).

NEA Northern Ireland is calling on DETI to embed the energy justice principles of the Northern Ireland Sustainable Energy Programme (NISEP) into this emerging energy efficiency programme. With fuel poverty affecting over 300,000 households in Northern Ireland and the current DSD Affordable Warmth Scheme targeting circa 8,000 households per year (a small proportion of the 300,000 homes) it is vital that fully funded grants currently available through the NISEP are also made available for future schemes for the fuel poor.

Responsibility for oversight of the delivery of energy efficiency schemes

While DSD remains responsible for fuel poverty, DETI has now moved into the fuel poverty and energy efficiency field as outlined above through the development of a new energy efficiency programme which will be open to all households in Northern Ireland. While DSD and NEA continues to work closely with DETI to ensure the fuel
poor are represented fully in the programme it is clear that the two government departments will be running two separate and distinct programmes. In 2014 the UKFPM called for a single department to be responsible for the delivery of energy efficiency schemes with a single entry point for customers and in 2015 reiterated this call, stating that:

‘It is important that a single department is made responsible for the delivery of energy efficiency schemes and that there is a single entry point for customers that do not reside within wards of deprivation. This department must also make sure grants and schemes provide value for money and are delivered in a clear and transparent fashion, with information on administrative costs and incentives paid to suppliers made available in an annual fuel poverty report.”

Tackling Excess Winter Deaths and emerging links to health

As seen in the other countries’ progress reports, previous UKFPMs have also highlighted the need to take action to prevent cold-related illness and excess winter deaths in NI. Over the last year, 2014/15, there were 870 excess winter deaths in Northern Ireland, the highest since 2009/10. Excess winter deaths due to respiratory disease more than doubled from 160 in 2013/14 to 330 in 2014/15.

The Public Health Agency (PHA) is a multi-disciplinary, multi-professional body in Northern Ireland with a strong regional and local presence. They were established to provide a renewed and enhanced focus on public health and wellbeing by bringing together a wide range of public health functions within one organisation. It is within their health and social wellbeing directorate to ensure a decent standard of living for all where they focus their efforts on poverty including fuel poverty. Mirroring the success of the Investing for Health Strategy, the UKFPM 2013 recommended:

“Any new health or Public Health Agency strategic framework must ensure fuel poverty is addressed”

Whilst the Public Health Agency continues to support fuel poverty programmes, unlike the previous Investing for Health Strategy, there is no specific target for fuel poverty in the current strategy. However more progress is now being made to trial another recommendation; to encourage referral networks to refer to energy efficiency programmes for those accessing care. NEA is piloting a partnership project in Belfast with a hospital discharge unit which supports this aim. This pilot established under a PHA-funded project is helping to ensure that patients returning to their homes are maximising the available grants for energy efficiency measures. This pilot is proving very successful and it is hoped sufficient resources will be made available to attempt to rollout the scheme across Northern Ireland.

**KEY OBSERVATIONS**

1. Despite recent drops in wholesale energy prices further actions are needed to address NI’s dependency on home heating oil, a non-regulated fuel to reduce fuel poverty in future years

2. Energy efficiency installation standards should be evidenced in the upcoming House Condition Survey in Northern Ireland to provide up-to-date information on the contribution that energy efficiency is making to mitigating fuel poverty

3. Current and future schemes must be effectively targeted at those that need the most support to reduce their heating costs and the energy justice principles of the Northern Ireland Sustainable Energy Programme (NISEP) must be embedded as a key principle

4. Further focus must be placed on enhancing support via health initiatives and new frameworks that can tackle Excess Winter Deaths. The NICE NG6 Guidelines, should be implemented in Northern Ireland
The Scottish Government is required to eradicate fuel poverty in Scotland as far as is reasonably practicable by November 2016. However, currently, 845,000 households in Scotland still live in fuel poverty, 34.939% of the population.

The need for a roadmap

As early as 2011, the UKFPM had recommended that in order to make sufficient progress towards the goal of eradicating fuel poverty, a detailed fuel poverty target roadmap was needed. As in England, the report noted that the map should set out milestones for progress and describe in some detail how these are to be reached and what actions are required, and by whom. This prompted EAS (and subsequently other bodies such as the Scottish Fuel Poverty Forum) to note in the report:

“It is the Scottish Government’s target that total expenditure on alleviating fuel poverty in Scotland will be £200 million a year. This was the figure recommended by a range of bodies, including EAS some time ago, as being the minimum amount required to have sufficient impact on fuel poverty.”

This level has never been achieved and now needs to be recalculated. The Scottish Government has however a range of schemes to address fuel poverty, mainly by improving the poor energy efficiency of dwellings. The first area-based scheme started in 2009 with the Home Insulation Scheme (HIS) which today is the Home Energy Efficiency Programmes for Scotland: Area-Based Schemes (HEEPS:ABS) which is run by local authorities. In addition, there has since 1999 with the Warm Deal, been a scheme aimed at those individuals in most need on a reactive basis. This is currently HEEPS: Warmer Homes Scotland.

In June 2015, the Scottish Government announced in its Heat Policy Statement that it was going to make energy efficiency a National Infrastructure Priority, after calls by the Existing Homes Alliance (which included EAS), World Wildlife Fund (WWF) Scotland and the Scottish Federation of Housing Associations (SFHA). The cornerstone of this will be Scotland’s Energy Efficiency Programme which will offer support to all domestic and non-domestic buildings in Scotland to improve their energy efficiency ratings. This programme will launch in 2017-18.

According to the Scottish House Condition Survey Key Findings Report 2014 “there is a long-term trend of improving energy efficiency of the housing stock. Two out of five Scottish dwellings (41%) are now in EPC Band C or better, an increase of 71% since 2010, and 11% in the last year.” The Scottish Government has also allocated specific funds for fuel poverty measures each year however EAS frequently gives oral and written evidence to Scottish Parliament committees each year on the need to increase the budget for fuel poverty within the Scottish budget. In the UKFPM 2013-2014, EAS noted that:

Progress on energy efficiency

The majority of the delivery of energy efficiency improvements in Scotland is devolved to the 32 local authorities. The Scottish Government requires them to contribute to the statutory duty set out in the Housing Act (Scotland) 2001 to end fuel poverty. An earlier UKFPM in 2011 made the recommendation:
“Local authorities were required to define outcomes and set targets for achieving a progressive reduction in fuel poverty, as part of their Local Housing Strategies. They should also identify indicators that measure progress towards meeting these targets.”

This recommendation was met in so far as local housing strategies now set targets for fuel poverty and climate change:

“Local authorities must set robust fuel poverty outcomes and targets with indicators to measure progress, making particular reference to the HEEPS:ABS, what the funding will be used for and what it is hoped will be achieved.”
(Source: Local Housing Strategy Guidance, Scottish Government, 2014)

A further contributory factor was the requirement on registered social landlords to meet the Scottish Housing Quality Standard (SHQS) by 2015. EAS had campaigned for a commitment to reviewing the SHQS and to going beyond 2015, as seen in UKFPM 2011. The SHQS was replaced by the Energy Efficiency Standard for Social Housing (EESSH) in 2014. It builds on the SHQS and landlords are expected to achieve the standard by 2020. The EESSH sets a single minimum energy efficiency rating for landlords to achieve that varies dependent upon the dwelling type and the fuel type used to heat it. It will mean that in the main no social property will be lower than a ‘C’ or ‘D’ energy efficiency rating, meaning that tenants should benefit from a warmer home, which could mean lower fuel consumption, lower energy bills and fewer tenants in fuel poverty.

However there are as yet no standards to regulate energy efficiency in the private sector. The Scottish Government set up a working group to look into this issue in 2013, as recommended by the Sustainable Housing Strategy and also by EAS as can be seen in the 2013 and the 2013-14 UKFPM reports:

“EAS has been urging the Scottish Government, via the Sustainable Housing Strategy Group, to introduce regulation of the private rented sector (PRS) in terms of energy efficiency. EAS considers that no home should be offered for rent if it does not meet a minimum standard of energy efficiency e.g. at least NHER 5. Since landlords in the social rented sector are required to ensure their stock achieves at least a NHER 5 by 2015, EAS sees no reason why the same standard should not apply to the private rented sector.”

As of 18 September 2015, this consultation has been delayed by the Scottish Government due to the increased uncertainty around support for household energy efficiency by the UK Government and the demise of the Green Deal. The consultation is expected to be taken forward in the next Parliamentary session.

The need to develop links to health

As seen in the other countries’ progress reports, the UKFPMs have also highlighted the need to take action to prevent cold-related illness and Excess Winter Deaths in Scotland. EAS noted in the UKFPM 2013 that:

“It seems axiomatic that poor housing conditions have a detrimental effect on the health and welfare of occupants. However recognition of this association has yet to be universally accepted across the fuel poverty, housing and health sectors in Scotland.”

The impact of low indoor temperatures on health was firmly established by the World Health Organisation in 1985. Despite this, there is still much ground to cover in Scotland in order to equal the position in England. In March 2015, the National Institute for Health and Care Excellence (NICE) published guidance on excess winter deaths and illnesses associated with cold homes. Currently, England is the only nation to have accepted these guidelines and it is for the Scottish Government to decide whether to adopt them in Scotland. The figure for excess winter deaths in Scotland in 2014-15 was 4,060. In terms of the number of deaths registered in Scotland, winter 2014-15 was unusually bad, compared to the previous fourteen winters.

In 2014, the Scottish Government passed the Public Bodies (Joint Working) (Scotland) Act, referred to as the integration of health and social care. The reason for the
integration was to improve outcomes for individuals and to make services more efficient. An example of how this could help the fuel poor could be to reduce delayed discharges, where a person is released from hospital to a cold home. Services could work together more effectively to prevent this from happening. The full integration of services is expected to be completed by April however Audit Scotland recently reported that the integration was still being held back by a lack of national leadership and clear planning.

There are however good local examples of projects which help the fuel poor. Nevertheless, these need to be replicated on a national scale if fuel poverty and health inequalities are to be reduced. This prompted EAS to recommend in the UK Fuel Poverty Monitor 2014 – 2015 that:

“Scottish Ministers must act quickly to use this opportunity to tackle fuel poverty, poor health and to reduce costs to the National Health Service”.

Links to UK policies and need to reflect higher heating costs

Augmenting the Scottish programmes to improve energy efficiency and fuel poverty are UK national schemes such as the Warm Home Discount, the Winter Fuel Payment, the Cold Weather Payment, and the Energy Company Obligation (ECO). Some of these benefits and programmes will be devolved to Scotland under the Scotland Bill.

The two previous UK Government programmes prior to ECO and the Green Deal were the Carbon Emissions Reduction Target (CERT) and the Community Energy Saving Programme (CESP). CESP, in particular, was aimed at delivering measures for hard-to-treat homes and Scotland has a high proportion of these. EAS has recommended in UKFPM 2013 – 2014 that harder to treat measures must be supported well in programmes in order to achieve the results required. When these measures were available under ECO, they were fulfilling the purpose for which they were intended. Unfortunately when ECO was revised in 2014, this good progress was lost. EAS recommended in the UKFPM - Fuel Poverty: The State of the Nations’ 2011:

“There is a view that the higher carbon savings to be made in Scotland as a result of the extended heating season should be explicitly recognised in the carbon accounting set up of the new schemes. Installers should be incentivised to deliver measures to very remote areas (which can also apply to other remote areas of the UK.”

To some extent, this need was recognised. The Carbon Saving Community Obligation (CSCO) strand of ECO has a sub-obligation, which requires that at least 15% of a supplier’s CSCO must be achieved by promoting measures to low-income and vulnerable households in rural areas or deprived rural areas. With the best of intentions, in order to avoid duplication of effort, the Scottish Government designed its programmes to dovetail with ECO, but when ECO was revised, that had a negative impact on HEEPS and this is still an issue going forward. As seen in the UK Fuel Poverty Monitor 2013-14, EAS has continually called for rural and off-gas-grid areas to be better served by the main national and GB programmes.

The Warm Home Discount

Like other organisations in the fuel poverty field, EAS had expressed grave concern in UKFPM 2011 over the focus of the mandatory WHD. The discount’s focus on older people in the Core Group excluded other low income groups at risk of, or in, fuel poverty. In addition, the level of discount is insufficient to compensate for the high levels of fuel required to adequately heat a property in many parts of Scotland. To date, little progress has been made on this recommendation. EAS presented the case for a higher rate of discount to be paid in Scotland on the basis that the heating season is longer in Scotland and, consequently, the benefits of the discount are inequitable. The WHD was broadened from just the core group to include a Broader Group and Industry Initiatives (at GB level) to cover more than just older people. However this is expected to be devolved and so could change in Scotland.

Winter Fuel Payment

EAS proposed in UKFPM 2011 a regional weighting for the WFP. A banding system could enable higher payments to be made to eligible claimants on a rising scale for more northerly areas. This would reflect the higher costs of heating and the longer heating season associated with an overall colder climate.

This is still a priority area as the WFP still needs to reflect higher costs in northern areas. This payment could also be devolved and may change. The WFP is still
paid as a flat amount. Regional banding, as described, is still an option, because it is needed. An additional point is paying the winter fuel payment in summer (rather than winter) in order to enable off-gas-grid customers to use it towards purchasing heating oil, which is generally cheaper in summer. Recently in a Scottish Parliament debate on social security, The Cabinet Secretary for Social Justice, Communities and Pensioners’ Rights said that the Government was looking at being able to time winter fuel payments to help people who are off-grid, that would materially improve their situation, and only an administration cost would be involved.

The implications of greater devolution

In 2014, the population of Scotland voted no in an independence referendum. Following this, the UK Government set up the Smith Commission, which recommended devolution to the Scottish Parliament of certain elements of: the ECO, the Warm Home Discount Scheme, Winter Fuel Payments and Cold Weather Payments. It also proposed closer links between the Scottish Parliament and the energy regulator, Ofgem. These proposals are now contained in the Scotland Bill 2015-16 which is expected to become law later this year. In last year’s UKFPM EAS recommended that:

“The proposed devolution of further powers to shape ECO schemes delivered in Scotland may enable the development of an ECO scheme that better suits Scotland’s needs. However the UK Treasury should provide additional resources for Scottish Government schemes from reserved infrastructure funds.”

Further details about the new powers over energy are still to become apparent. As part of the Fairer Scotland conversations the Scottish Government has been having with the public over the new powers being devolved to Scotland, a paper was published on the future of social security delivery in Scotland. Evidence had been gathered from respondents which argued that:

“Winter Fuel Payments were not targeted in any way and there was no guarantee that eligible households will use the income to reduce fuel bills”.

The Scottish Government said in response that they were considering the possibility of converting the payments into a fuel bill rebate or using the funding to provide warmer, more affordable homes for people. However, after a flurry of public outcry, the Scottish Government issued a news release promising not to “abolish, cut or means-test the winter fuel payment when it comes under Holyrood control”.

KEY OBSERVATIONS

1. The need to have a detailed roadmap with targets and milestones for eradicating fuel poverty

2. Adopt the NICE guidance for cold homes and develop better links with health

3. Scottish Government to commit to having the consultation on the energy efficiency regulations for private sector homes once the new government is formed
The Fuel Poverty Commitment for Wales (2003) adopted 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 among social housing tenants by 2012. Over 380,000 households were living in fuel poverty in 2012 (latest available figures) equating to 30% of the population and the interim targets have failed to be achieved.

The need for a detailed roadmap

The Welsh Assembly Government published its revised Fuel Poverty Strategy for Wales in July 2010, reiterating its commitment to fuel poverty targets to eradicate fuel poverty amongst vulnerable groups; amongst social housing tenants and for all households in Wales. NEA Cymru has previously recommended in the UKFPM that in order to make sufficient progress towards the goal of eradicating fuel poverty, a detailed fuel poverty roadmap is needed to achieve the 2018 target. In addition, it was recommended in the 2013-14 UKFPM that:

“The National Assembly for Wales’ Environment and Sustainability Committee should undertake an inquiry into the Welsh Government’s measures to tackle fuel poverty and examine the 2010 Fuel Poverty Strategy and whether it is fit for purpose given the challenging landscape and unmet targets”.

In response, the National Assembly for Wales’ Environment and Sustainability Committee held an inquiry into fuel poverty and energy efficiency between May 2014 and the summer of 2015. NEA Cymru along with various stakeholders provided written and oral evidence to the Committee. NEA Cymru was pleased that the Committee had taken on board a number of its recommendations and the Committee concluded that the Welsh Government’s forthcoming Energy Efficiency Strategy should set out how co-ordination between the Welsh Government and UK-wide energy efficiency schemes will be improved; as well as recommending keeping the delivery of energy efficiency schemes in rural areas under review and also to reduce the levels of fuel indebtedness in Wales, particularly in rural areas.

The Energy Efficiency Strategy was published in February 2016 which revealed that there would be an update on fuel poverty levels in Wales. It is expected that research to establish this will be completed in 2016.

The need for a Ministerial Advisory Group on Fuel Poverty

NEA Cymru also urged the Committee to recommend a reinstatement of the Ministerial Advisory Group on Fuel Poverty. This was also a key recommendation in the 2013-14 UKFPM. It stated:

“The Welsh Government should re-establish the Ministerial Advisory Group on fuel poverty. This group should be responsible for the areas listed in the Fuel Poverty Strategy 2010, namely; considering and reporting on the Fuel Poverty Strategy, examining the effectiveness of current Welsh Government policies in delivering reductions in fuel poverty; identifying areas in which the Welsh Government could commission research into fuel poverty. The group should link into the Tackling Poverty External Advisory Group but it should be recognised as its own entity.”

The Committee wrote to the Minister in January 2015 asking him to reconsider reinstating it, but the Minister declined citing that action to tackle fuel poverty must be part of wider action across the Welsh Government to combat poverty.

The link between fuel poverty and wider deprivation

This key action is still outstanding although fuel poverty has been incorporated into the wider Tackling Poverty agenda and Action Plan led by the Minister for Communities and Tackling Poverty, Lesley Griffiths. The Minister produces an annual report which reports on the number of homes improved through its Warm Homes, Nest and Arbed programmes. Following an inquiry into poverty in Wales, the Communities, Equality and Local Government Committee recommended the Welsh Government establish a Welsh Poverty Reduction Alliance to bring together key stakeholders to develop innovative poverty reduction solutions and a
commitment in its tackling poverty strategy to introduce targets for food poverty, fuel poverty and homelessness.

Given the Welsh Government’s ongoing commitment and substantial investment in this area NEA continues to press the case for the UK Government to investigate the impact of its welfare reforms on fuel poverty levels in Wales. This was a key recommendation in the 2014-15 report:

“The new UK Government must recognise that austerity and welfare reform have had a real impact on the ability of the Welsh Government to eradicate fuel poverty and poverty in general. The new UK Government should publicly set out its plans for working with the Welsh Government to meet its fuel poverty and child poverty targets” 66.

Tapping into GB-wide energy efficiency resources

The previous recommendation reflects the observation in the UK-wide section of this report that wider impact of decisions made in Westminster must be addressed by building in a new mechanism to evaluate the impacts of policy changes across the UK. This is particularly important given the desire in Wales to capitalise on UK Government policy initiatives such as Green Deal and ECO to support its own energy efficiency programmes. In the 2012-13 UKFPM the introduction of these new policies was heralded as an exciting opportunity to expand Wales’ own national programmes. The UK Government stated:

“By 2020, we will have seen a revolution in British property. Millions of us will live and work in greater comfort, through upgraded and insulated properties which do not cost the earth to heat, with smarter controls and meters helping us manage our energy use, and generating our own heat or electricity. Fewer of us will struggle with our fuel bills, unable to reach basic standards without spending a huge proportion of the weekly budget. And for many people this will mean a more attractive home – modern measures like external solid wall insulation can transform a tired pebble dash terrace into a tidy, smart façade; internal measures can be the catalyst for new render or repainting; replacing an inefficient boiler can be done easily” 67.

As a result, the UKFPM recommended to the Welsh Government there was a need to:

“Capitalise on the potential of energy efficiency programmes, including Green Deal and ECO to create green job opportunities and apprenticeships in Wales” 68.

“Ensure Nest and Arbed are effectively integrated with UK-wide supporting programmes, prioritising and targeting severely fuel poor households” 69.

Nest and Arbed are the Welsh Government’s two main energy efficiency programmes to tackle fuel poverty. Nest is a demand-led scheme for individual owner-occupiers and private rental tenants, whilst Arbed is an area-based scheme available to all tenures within a defined area. In October 2013, the Welsh Government announced £70m funding - £35m for 2014-15 and £35m for 2015-16 - to incentivise energy companies to invest in ECO in Wales. The rationale for this investment was similar to that of the Scottish Government that also set itself a target to lever in £120 million a year in total to Scotland via ECO, primarily into its national area-based scheme. Whilst there is some evidence to suggest these investments helped to make ECO expenditure more attractive in Wales (and Scotland) it is still not known how many additional households received measures through the total investment to incentivise ECO investment in Wales up to 2016.

It is also largely unknown the extent to which the 33% reduction to the Carbon Emission Reduction Obligation (CERO) target within the ECO programme, reduced or badly impacted delivery of energy efficiency through directly reducing the amount of carbon abatement required to be delivered by the obligated supplier through the programme. It is however assumed that this change, coupled with uplifted scores for early CERO delivery, significantly reduced the key role ECO resources could have played in supporting domestic energy efficiency schemes in Wales (and Scotland), especially given the propensity of solid wall and hard-to-treat properties within these countries.
As a result of the impact of these changes to the ECO scheme, Alun Davies, the former Minister, wrote to the then Secretary of State, Ed Davey in February 2014 to express concern over the effect that the changes to ECO would have on the delivery of solid wall insulation (SWI). The letter raised the issue of the high number of solid wall and hard-to-treat properties in Wales, which would benefit from SWI; it also stressed the need to increase support for off-gas properties. More recently, Minister Carl Sargeant in his response to the Environment and Sustainability Committee in February 2015 stated:

“The significant changes made by the UK Government to ECO, along with ongoing changes by energy companies to their approach to delivering ECO, have made it challenging to dovetail Welsh Government and UK Government schemes….The Welsh Government’s energy efficiency programme prioritises not only carbon reduction but tackling poverty and the creation of growth and jobs. The programme places a high priority on delivering multiple benefits, such as jobs, training, community benefits and effective household engagement alongside the delivery of energy efficiency measures in homes. It has been challenging to dovetail our high standards in terms of these requirements with the delivery of ECO, under which the focus is singularly on securing the best rate per tonne of carbon reduction, and which is driven increasingly by a desire on the part of the energy companies to deliver ECO through their own delivery mechanisms, which are unlikely to deliver the wider multiple benefits to communities and their local economies that we know could be achieved in Wales”.

Improving national schemes

It should be also be noted that up to £10 million of additional funding is being invested in the Nest scheme in 2015-16 to continue to maximise the funding that can be leveraged from the ECO into Wales. The Welsh Government is to be commended for maintaining its own national schemes despite a difficult economic climate and changes to GB-wide programmes. However, in the 2014-15 UKFPM NEA stated that, independent of the activities of the UK Government, there was also a need to improve national schemes:

“A ‘whole house approach’ under Nest has sadly not fully materialised in the majority of households and the future of these current schemes is uncertain. The Welsh Government is unlikely to meet the 2018 fuel poverty target without addressing these points. It must act upon these areas in the coming months. However, without substantially increased funding overall, the Welsh Government’s flagship energy efficiency programmes are currently only able to assist a small fraction of fuel poor households in Wales”.

In March 2015 the Welsh Government published an independent evaluation report into Nest. The aim was to determine if the scheme was able to reach the households most in need; provided value for money; resulted in energy savings for the householders; and to evaluate the customer experience of the service throughout the process. The evaluation concluded that the majority of households (84%) had received only a single measure whereas the aim of the scheme was to provide a whole house approach. In response, the eligibility criteria were widened to include E-rated properties, in addition to F and G-rated properties. The Welsh Government has also extended the contract for the delivery of Nest by the Nest scheme manager (British Gas and Energy Saving Trust) by 12 months to 31 March 2017, to enable any changes to UK government obligations on energy suppliers to be considered in the design of any future demand-led fuel poverty scheme. The evaluation also concluded that Nest had leveraged an additional £4.2m of ECO funding into Wales.

NEA Cymru is awaiting details on the development of the new Wales-based energy efficiency programmes post 2016 under the Warm Homes Wales Programme banner and whilst some additional funding has been given to Nest (i.e. the aforementioned £10m) there does not appear be any substantial increase in funding proposed to meet the 2018 fuel poverty target.

Gaps in provision

As well as the need to enhance existing programmes, there are still gaps in support for fuel poor households in Wales. In particular, in the 2011-12 and 2012-13 UKFPM, NEA Cymru urged the Welsh Government to introduce an emergency heating fund:

“The Welsh Government must develop an emergency heating crisis fund to ensure the wellbeing of vulnerable households during the winter months.”
This recommendation has been included in the Fuel Poverty Coalition Cymru’s Manifesto for the Assembly Elections in May 2016. As well as calling for vulnerable households to be protected with a crisis fund for emergency heating when their health is at risk, ‘Ending Wales’ Cold Homes Crisis’ introduces other key priorities for action for the next Welsh Government over the next five years from 2016:

- Set a new fuel poverty target to improve homes to a minimum energy efficiency standard of EPC C, backed up with the data to drive an ambitious new strategy
- Invest in a well-resourced, well-targeted energy efficiency programme for fuel poor households in Wales as an infrastructure priority
- Fund independent advice and support services to help people in fuel poverty
- Save lives by implementing the NICE guidelines on tackling excess winter deaths

**Action on the health impacts of cold homes**

The final recommendation was also reflected in the 2014-15 UKFPM which urged the Welsh Government to fully engage with the NICE consultation process to develop guidance on “excess winter deaths and morbidity and the health risks associated with cold homes” and consider development of their own guidance or adopt the final guidance. This was recommended again in the most recent UKFPM. Disappointingly, there is no mention in the Energy Efficiency Strategy published in February 2016 to the NICE guidance and it is unknown how the Welsh Government will transpose this guidance into its national frameworks or more broadly set out a programme of work for health and social care services to support the eradication of fuel poverty. Instead, to measure the health impacts of living in a cold home, the Welsh Government will publish research later this year on which low-income individuals or households are most at risk from the effects of living in a cold home, and who need the support for home energy efficiency improvements.

The Welsh Government is also working with the Economic and Social Research Council to link data on energy efficiency improvements with health outcome data.

### KEY OBSERVATIONS

1. There is still a need for a detailed roadmap to deliver new fuel poverty targets and a Ministerial Advisory Group on Fuel Poverty

2. Despite the ongoing opportunities to tap into GB-wide energy efficiency resources the Welsh Government must address gaps in provision

3. The Fuel Poverty Coalition Cymru’s Manifesto: Ending Wales’ Cold Homes Crisis’ sets out clear priorities for action for the next Welsh Government from May 2016

4. There is an urgent need to take further action on the health impacts of cold homes and adopt relevant guidance on excess winter deaths and related morbidity
The UK and country progress reports present a mixed picture of the steps the UK Government and nations have made to respond to the practical recommendations made in the annual UK Fuel Poverty Monitor over the last five years. It is important to note that whilst there are some major areas where progress is being made, an estimated 4.5 million low-income households across the UK still cannot adequately heat and power their homes and there are over 500,000 more fuel poor households living in cold homes now than five years ago.

Perhaps the most significant concern arising from our analysis this year is a clear shift away from co-ordinated action on fuel poverty across the UK. The urgency to address this situation is also underlined by the stubborn levels of needless excess winter deaths due to the cold each winter and the costs to the public of inaction.

In the UK-wide section of the report we highlight that one of the challenges to securing and developing lasting co-operation is the lack of a common definition of fuel poverty across the UK. This requires policy makers to be clear about which definition or measurement of fuel poverty is being referred to in any given context but equally the ongoing need for the UK Government to continue reporting on progress under the 10% measurement.

Annual reporting is not only important to track progress at a UK-wide level but also to ensure that the wider impact of policy decisions made at Westminster are understood prior to interventions. In particular, through transparent engagement with Scottish and Welsh governments, the Department of Energy and Climate Change (DECC) must take responsibility in the coming months for investigating (and then stating) how the changes to the GB-wide ECO scheme will impact on England, Wales and Scotland’s own statutory fuel poverty targets. This information must be included within the upcoming impact assessment and consultation on the future of the ECO scheme. Continuing progress at a national level to update and improve housing surveys is welcome. Similarly other policy changes should be assessed for their impact on how to avoid unintended or negative consequences on efforts to meet national statutory commitments.

Beyond existing or new reporting mechanisms a regular and transparent forum should be established for representatives of the UK Government to meet with Ministerial and departmental colleagues from across the UK nations, to better shape policy ideas and share good delivery practices. The transition from ECO2 and the opportunities presented by the new Affordable Warmth Obligation post 2018 provides a GB-specific opportunity to foster closer high-level collaboration with key stakeholders.
The extent of engagement from Ministers and other departments will have a big impact on the efficiency of the new obligation and the opportunity to create positive economic and fiscal outcomes. Co-funding from the private sector to match national or local public sector investment could also result from improved cross-sectoral and inter-government working.

This engagement could also lead to greater participation from health and local government representatives. Whilst these are devolved matters, by sharing good practice we conclude that there is value in establishing a UK approach to reducing excess winter deaths and morbidity due to the health risks associated with cold homes. Health and social care services across all four nations could reduce the cost to the public of treating patients with health conditions caused or worsened by living in cold, damp housing by accelerating the work that is already underway within other nations to explore the relevance of the NICE guidance in the context of their own national frameworks.

**KEY ASKS**

1. **UK Government continues to report on annual progress under the 10% measurement of fuel poverty**

2. **Scottish and Welsh Governments, the Department of Energy and Climate Change (DECC) work together in the coming months to assess how the changes to the GB-wide ECO scheme will impact on England, Wales and Scotland’s own statutory fuel poverty targets**

3. **Update and improve annual housing surveys for each of the countries to accurately measure progress towards national statutory commitments and track effective policy making**

4. **Regular and transparent forum for representatives of the UK Government and Ministerial and departmental colleagues from across the UK nations, to better shape policy ideas and share good delivery practices to reduce fuel poverty levels**
Further information and sources

1. The strategy defines a fuel poor household as a household that needs to spend more than 10% of its income to maintain a warm and healthy living environment (defined as 21°C in living areas and 18°C in other areas of the home) and meet other energy needs. The concept of ‘required fuel expenditure’, which is different to ‘actual fuel expenditure’, is intended to address the fact that many low-income households ration their expenditure on fuel and as a consequence suffer cold homes.

2. The UK-wide remit inferred in the title is limited given that overall responsibility for fuel poverty rests with the UK government but many of the actions required to implement a UK-wide approach are devolved to the devolved nation governments. This effectively put paid to the original assumption that fuel poverty definitions and targets would be joined up and an integrated UK-wide approach has never fully materialised.

3. The LIHC indicator, unlike the 10% definition, is a relative definition. Because of the method used for adopting a relative approach, namely to set the threshold for ‘high required fuel costs’ at the median of ‘all required fuel costs’, it is now effectively impossible to eliminate ‘fuel poverty’. The indicator also means that the number of ‘fuel poor households’ will stay fairly constant at around the 2.3m mark, although the ‘gap measure’ will change according to changes in fuel prices and the impact of policies. It also changes the distribution of fuel poverty; in general, moving from an emphasis on older person households to families with children and those living in larger homes.

10. As noted in the NI section, the Housing Condition Survey is now being updated.
11. There has been no house condition survey in Wales since the ‘Living in Wales’ housing survey in 2008. As noted in the Wales section, the Housing Condition Survey is now being updated.
12. Lord Bourne of Aberystwyth, Parliamentary Under-Secretary of State for Energy and Climate Change, oral evidence to the Energy and Climate Change Committee’s inquiry into home energy efficiency and demand reduction on the 19th January 2016 & Minister of State, Department of Energy and Climate Change (Andrea Leadsom), House of Commons, 7 January 2016.
14. Ibid.
15. Ibid.
18. Ibid
20. Ibid
21. Recommendation 1, the UK Fuel Poverty Monitor 2013-14, key UK-wide recommendations, p12.
23. Ibid
26. At the end of December 2014, there were around 27 million homes in total in Great Britain, of which 23.9 million have lofts. Between March 2008 and December 2014, the number of homes with loft insulation with thickness greater than 125mm increased from 10.2 million to 16.7 million, a rise of 64%. Around 70% of homes with lofts have loft insulation thicker than 125mm. Since March 2008, the number of homes with cavity wall insulation increased from around 10 million to around 14.1 million in December 2014, a rise of 40%. In December 2014 there were around 19.4 million homes with cavity walls, and therefore around 73% of homes with wall cavities have cavity wall insulation. Between March 2008 and December 2014, the number of homes with solid wall insulation has increased from 65,000 to 294,000, more than tripling the level of uptake. In December 2014, there were 8 million homes with solid walls, of which around 3.7% had solid wall insulation. There has also been an increasing trend for condensing boilers, replacing non-condensing boilers in households since 2005, partially as a result of a change in building regulations. In 2013, across all households, condensing systems can now be found in approximately 50% of all homes. Despite these improvements across the whole housing stock, the following section highlights low-income households continue to live in less efficient properties than affluent households.
27. To read the Committee report: http://www.parliament.uk/business/committees/committees-a-z/commons-select/energy-and-climate-change-committee/
29. Replacing the longstanding absolute definition of fuel poverty (10% required energy costs threshold) with a relative indicator (Professor Hills’ low income, high cost measurement) means the distribution of fuel poverty across households in England (and consequently across the UK) has changed; in general, moving from an emphasis on older person households to younger households, and in particular, families with children.
30. Ibid
33. For more information on the Committee on Fuel Poverty (CFP) see:
36. The figures NEA has cited for the costs to the NHS are extrapolated from Age UK estimates that cold homes cost the NHS in England £1.36 billion per year in hospital and primary care (2012). See: http://www.ageuk.org.uk/latest-news/archive/cold-homes-cost-nhs-1-point-36-billion/.
39. Excess winter deaths and morbidity and the health risks associated with cold homes, NICE, 5 March 2015.
40. In 2016, NEA has conducted research into which Health and Wellbeing Boards have referenced action to address fuel poverty in their Joint Strategic Needs Assessments.
41. NEA press release, Cold homes claiming needless lives and costing every local Health and Wellbeing Board in England over £27,000 each day, 26 February 2016.
43. The UK Fuel Poverty Monitor 2013, p28.
45. Ibid
47. The UK Fuel Poverty Monitor 2013, p27.
49. Ibid
51. The UK Fuel Poverty Monitor 2013, p 51.
52. The UK Fuel Poverty Monitor 2013, p 53.
55. Published Feb 2014.
60. The UK Fuel Poverty Monitor 2013, p 38.
70. The evaluation of Nest stated that Nest has leveraged an additional £4.2m of ECO funding into Wales. The evaluation also concluded that the scheme has levered additional returns for beneficiaries including: a total of £1,548,934 in annual benefits claims for those signposted to benefit checks and an estimated £57,110 in annual spending through the GB wide Warm Home Discount Scheme through effective signposting.
72. Evaluation of the Nest energy efficiency scheme, Miller Research (UK) Ltd and Brook Lyndhurst Ltd, 10 March 2015.
73. The UK Fuel Poverty Monitor 2013, p 45.
74. The Fuel Poverty Coalition report can be read here: http://www.nea.org.uk/nea-cymru/wales-fuel-poverty-coalition/
75. The Welsh Government is conducting research into impacts of its home energy efficiency schemes and which low-income individuals or households are most at risk from the effects of living in a cold home. NEA Cymru in our consultation response called for the WG to implement and build on the NICE guidance recommendations as part of the Energy Efficient Strategy for Wales and set up procedures to prioritise fuel poverty and the reduction of excess winter deaths in Wales.
77. As a minimum it is suggested that the fuel poverty advisory groups of the respective nations must also be actively engaged in this process.
NEA is the national fuel poverty charity. Registration No. 290511. www.nea.org.uk