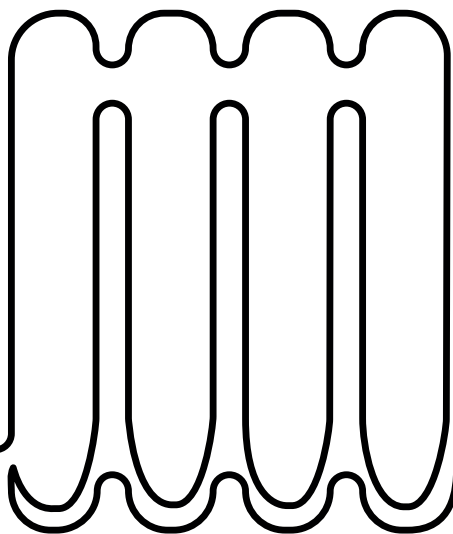




*Action for Warm Homes*

# Manifesto for Warmth



Produced by National Energy Action  
November 2019



November 2019

Dear Prospective Parliamentary Candidate

This is the first winter general election for 96 years. It is also the first election where climate action and energy efficiency are at the heart of the campaign.

You will be walking up some cold, dark and damp streets. Knocking on doors and explaining your plans, including for a Net Zero UK. Not all doors are going to open for you. Some will remain firmly shut. Frustrating, but you'll be used to that.

It might not be election fatigue. A lot of heat can escape in two minutes on the doorstep. Behind those doors, many people will be coping with the cold. They will be dreading winter and the ill health, discomfort and shame that it brings.

Every single constituency in the UK has a fuel poverty problem. This election, you may come face to face with it. This time you may have something more positive to say to them.

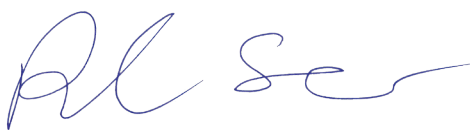
You could tell them that you are determined that your party's plan to tackle the climate emergency should also be plans to end the fuel poverty, housing and public health emergencies.

This election we are asking you to do three things:

- Think about what lies behind those front doors
- Appreciate just how much a warm and safe home would mean to your fuel-poor constituents
- Translate the warm words on fuel poverty into action, if you get into government

You may never get this opportunity again. Please don't waste it.

Yours faithfully



Adam Scorer  
Chief Executive



# A fair energy future for all

## About National Energy Action (NEA)

NEA works across England, Wales and Northern Ireland to ensure that everyone in the UK can afford to live in a warm, healthy home. When Parliament is sitting, NEA also provides the secretariat for the All-Party Parliamentary Fuel Poverty & Energy Efficiency Group (FPEEG) to raise awareness of fuel poverty and stimulate cross-party debate about the need to make energy costs more affordable.

## Introduction

Each winter across the UK, on average, at least 11,400 people die due to a cold home. During the “Beast from the East” in the winter 2017/18, people were ten times more likely to die from living in a cold house than a road accident. As well as the direct devastating impacts of a cold home, the resulting loss in productivity and cold-related ill health causes significant health and social care costs, queues at GP surgeries and emergency departments and delays the discharge of the most vulnerable patients from hospital.

This general election will be the first fought in the midst of winter in living memory. All prospective parliamentary candidates will be knocking on doors where warmth is a struggle and where people will adopt desperate coping tactics to keep warm.



Going to bed early to stay warm



Using unsafe, unserviced heating appliances or inappropriate devices like ovens to stay warm



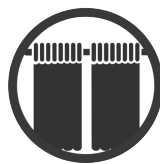
Only heating one room or avoiding using central heating at all



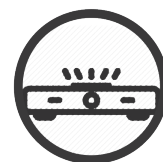
Cutting back on electricity and using candles instead of lights



Spending the day in heated spaces such as a library, cafe or even A&E



Leaving curtains closed all day or putting newspaper over windows



Cooking using alternative sources such as a barbeque or portable stove



Cutting back on buying essential personal items, food, eating only cold meals or reliance on food banks



Not inviting friends or family in to the home



Formal or informal borrowing from friends and family

# Summary of key actions for the next UK Government

In this campaign, more than any other, all parties should pledge to maintain cross-party commitments to end fuel poverty within their manifestos. As well as directly improving the lives of millions of individuals and families in the UK, our proposals will:

- Reduce stress and costs on the NHS, especially over winter
- Reduce carbon emissions and improve air quality
- Provide a cornerstone for a fair transition to a net zero carbon society
- Boost the economy, increase productivity and create jobs

Our main recommendations are:



Maintain existing cross-party commitments to end fuel poverty



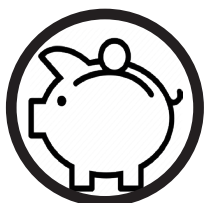
Commit to a 'net zero fuel poverty challenge fund'



Designate domestic energy efficiency a national infrastructure priority



Extend and expand the Warm Home Discount scheme



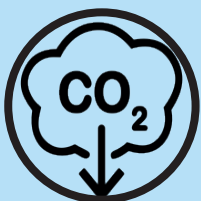
Boost incomes and address in-work poverty

# Why does ending the cost and suffering of living in a cold home matter?



## Improving health and well-being whilst reducing the strain on public services

- As well as the direct devastating impacts of living in a cold home, the resulting loss in productivity and cold-related ill health causes significant health and social care costs, queues at GP surgeries and emergency departments and delays the discharge of the most vulnerable patients from hospital.
- By avoiding ill health from living in cold homes it will improve public health outcomes and reduce needless costs. The cost to the NHS of health conditions made worse by poor housing is estimated to be between £1.4 and £2.0 billion each year in England alone, with the costs of productivity loss potentially far higher.
- Despite the potential, there has however been a reduction in national resources dedicated to this area. Whilst some health-related projects are still securing some funding from local sources and/or are leveraging the limited national funding that is available from the Better Care Fund (BCF) or energy supplier-funded schemes, investment in fuel poverty interventions by the health sector is not widespread.



## A fair transition to a net zero carbon society

- Earlier this year Parliament legislated for a net-zero emission reduction target. The aim to reach net-zero is unprecedented and will have profound implications for all UK citizens, businesses and society at large. The radical shift to net zero will need to be taken when fuel poverty continues to be a very real and stark reality for millions of people.
- Successive UK governments have recognised the need to end the cost and suffering of living in a cold home and have recognised home energy improvements are a vital area to invest in. As a result of improvements in home insulation and more efficient heating systems since 1970, UK energy consumption is now half of what it would have been. This has helped improve UK energy security, reduce GB energy supply infrastructure costs and saved the typical dual fuel household over £500 per year. Despite the benefits, the installation of the most cost-effective energy efficiency measures under the only remaining GB-wide scheme (the supplier-led Energy Company Obligation) is 95% lower than what was delivered in 2012.

■ The Committee on Climate Change (CCC) has stressed the importance of enhancing the quality and efficiency of fuel-poor homes in their most recent 2019 progress report to Parliament and advice to government on reaching net-zero emissions. The CCC recommended greater investment in home insulation and low-carbon heating in fuel-poor homes to achieve carbon reduction and fuel poverty targets at the same time. The CCC has also recommended HM Treasury sets out how the cost of reaching net-zero will be addressed in order to be 'fair'. If a future UK government fails to act, they warned both fuel poverty and carbon targets would not be met and an additional 2.4 million households could be pushed into fuel poverty across the UK by 2030.

■ Achieving a good level of energy efficiency for all homes by 2035 is consistent with the least-cost approach to meeting the fourth and fifth carbon budgets, and a critical staging post for achieving zero carbon homes and net-zero emissions in the UK. Government investment in energy efficiency reduces the costs of decarbonisation for all households – heat decarbonisation could cost £6.2 billion less per year to 2050 – and decreases the overall level of public subsidy needed. A buildings energy infrastructure programme would also reduce the need for costlier upgrades to the electricity grid, new power supply and low-carbon heat supply, with a present value of avoided electricity network investment of £4.3 billion and avoided annual costs of decarbonised heat to 2050 of up to £6.2 billion. It would also improve outdoor air quality, with a present value of £4.1 billion.



### **A major boost to the economy**

■ A comprehensive buildings energy efficiency infrastructure programme would deliver a net benefit of over £50 billion to UK households, businesses and government. In the long-term the public investment pays for itself. The economic activity that would be driven by an energy efficiency infrastructure programme delivers tax revenue, cumulatively £51.1 billion by 2030. In present value terms, a return of £1.27 per £1 invested would be achieved over this time. As a result of greater energy efficiency investment, GDP could be 0.6% higher in 2030 (£13.9 billion), driven by a 26% reduction in imports of natural gas, enhancing energy security and improving the balance of trade.

■ An energy efficiency infrastructure programme would create skilled employment opportunities, through the renovation and construction work needed and the supply chains around them. This means a net increase in annual employment of around 100,000 full-time equivalents over the period 2020-2030, with most jobs created in the services and the construction sectors. It would also improve national competitiveness, by enhancing energy productivity and staff productivity in the workplace.



# Key recommendations to create a fair energy future for all

## **1. Maintain existing cross-party commitments to end fuel poverty**

In 2017 all major political parties set out clear commitments to reduce the cost and suffering of living in a cold home. Some parties have already set out ambitious plans for addressing fuel poverty and improving domestic energy efficiency during this campaign. Whilst we hope all political parties will commit to ambitious new policies, NEA requests all parties maintain their commitment to this area and, as a minimum, reaffirm the ambition to meet existing (or emerging) statutory fuel poverty commitments across the UK. All parties should also stress the multiple benefits that this will achieve (principally, ensuring improved health and well-being for the most vulnerable in society, simultaneously reducing the strain on public services, creating a fair energy future for all members of society at the same time as capturing key economic benefits).

## **2. Commit to a new 'Net-Zero Fuel Poverty Challenge Fund'**

England remains the only nation not to have its own national energy efficiency programme and whilst the devolved nations of Northern Ireland, Scotland and Wales have maintained their own national energy efficiency schemes (see table in annex) the UK continues to have the most energy inefficient homes in Europe. The current statutory energy efficiency commitments contained within the Fuel Poverty Strategy for England require fuel poor homes to be at the energy efficiency standards of a new-build home by 2030, will be missed without central investment. According to the Committee on Fuel Poverty (CFP), progress towards the nearer term 2020 and 2025 milestones are also flat-lining and will be missed without more ambitious action. The CFP has warned 160,000 fuel-poor households will still be living in the least efficient homes by 2020.

In order to rapidly move towards net-zero and meet near-term fuel poverty commitments, a crucial action that all parties can commit to in the first fiscal event of a new Parliament is to allocate £1 billion of central investment to establish a new "net-zero fuel poverty challenge fund". The new challenge fund has been proposed by the Committee on Fuel Poverty (CFP). It would operate from early 2020 and help the poorest households living in the least efficient homes, mainly in rural areas and other hard-to-heat homes. By tackling the most challenging homes, it will reduce emissions in the least efficient homes which have not yet benefited from current programmes and improve air quality. In addition, the challenge fund could provide an immediate signal for the domestic energy efficiency industry to retain jobs and skills within the sector.

### **3. Designate domestic energy efficiency a national infrastructure priority**

Beyond adequate support for those living in fuel poverty in England, huge potential still remains for making all our homes more energy efficient. Alongside over 30 businesses, charities and councils, NEA recently signed a joint “Energy Efficiency First declaration”. The declaration was published on the day that the Energy Efficiency Infrastructure Group also set out our shared vision for how to make all UK homes energy efficient. Called ‘The Net-Zero Litmus Test’, the report underlines that energy efficiency is the most cost-effective way to decarbonise the economy and would deliver a net benefit of over £50 billion to UK households, businesses and government. This new cross-departmental programme would ensure all UK homes are made highly energy efficient and would require additional public capital investment of £1 billion a year for the next 15 years. It would also establish an independent energy efficiency delivery body to coordinate the programme and provide renovation advice. The report also highlights how the programme would operate and a summary of the tremendous benefits that could be achieved; including increasing productivity, competitiveness, employment, energy security and reducing other infrastructure investment costs and boosting the UK’s fiscal position.

### **4. Extend and expand the Warm Home Discount scheme**

As well as taking key actions to improve energy efficiency, there is an urgent need to safeguard vulnerable domestic customers, particularly those living on the lowest incomes, during the transition to net zero. The Digital Economy Act now allows energy suppliers to work with government to provide the Warm Home Discount rebate (WHD) automatically to low-income working households across Great Britain. We believe that it is critical the WHD is now amended to act on these new powers as it would help at least an extra 0.6 million and possibly more than 1.5 million more low-income households heat and power their homes. Although eligible to receive WHD, these households currently miss out on the £140 rebate each year either because they are unaware of it or fail in their applications due to the limited annual budget of the scheme.

As well as expanding vital energy rebates, NEA stresses that without urgent certainty over the future of the industry initiatives component of the scheme, a wide range of organisations will not be able to maintain work to award grants, fuel debt advice and wider services via the industry initiative component of the scheme across Great Britain beyond its current end date of 2021. A summary of the likely effectiveness and value for money, distributional impacts and administrative and compliance costs is included as an annex 2. NEA also stresses these aims can be achieved without increasing energy prices for other domestic energy customers or increasing general taxation.

## 5. Boost incomes and address in-work poverty

One key reason for energy debt and energy affordability issues is the 'benefits freeze' and unclaimed benefit entitlements remain endemic. Millions of low-income working households currently miss out on support, despite facing unimaginable gaps between their incomes and the essential cost of living. As well as ending the benefits freeze a national income maximisation drive across the UK could potentially leverage an estimated £10 billion of unclaimed Pension Credit and income support towards paying for essential goods and services, including energy.

For more information regarding the information in this briefing, including any sources, please contact [nearesearchteam@nea.org.uk](mailto:nearesearchteam@nea.org.uk)

## Annex A | Key differences in energy efficiency programmes across the UK nations

Area covered	Scheme name	Description
Great Britain	Energy Company Obligation	<p>An obligation on energy suppliers, with more than 250,000 customer accounts, to improve the energy efficiency of low-income and vulnerable households. This includes provisions for insulation, first time central heating, and a limited number of boiler replacements.</p> <p>Key deficiencies of the scheme include:</p> <ul style="list-style-type: none"> <li>• A solid wall minimum which is significantly less than is required to meet climate and fuel poverty targets</li> <li>• Delivery 'cherry-picks' households willing to pay contributions, therefore not reaching the most in need first; and</li> <li>• A poor level of targeting, where only ~30% of qualifying households are fuel poor (in relation to the current metric).</li> </ul>
	No Treasury-funded energy efficiency programme.  Private rented sector Minimum Energy Efficiency Standards (MEES)	<p>England remains the only nation not to have its own national energy efficiency programme.</p> <p>A minimum energy efficiency standard for privately rented domestic properties is in place. This means that landlords must spend up to £3,500, inclusive of VAT, to improve the energy efficiency to EPC E. Unfortunately, the low mandated spend means that this policy will only result in 48 per cent of Band F and G privately rented properties being upgraded to Band E by 2020.</p>
Wales	Arbed	Funded by the Welsh Government and the European Regional Development Fund. The aim of the scheme is to help eradicate fuel poverty by identifying and installing, where appropriate, energy efficiency measures in properties in areas of severe fuel poverty across Wales. It is not known how the funding for ERDF will be replaced when the UK leaves the EU.
	Nest	Funded by the Welsh Government, a scheme offering a range of free, impartial advice and, if the household is eligible, a package of free home energy efficiency improvements such as a new boiler, central heating and/or insulation.
Scotland	Private rented sector Minimum Energy Efficiency Standards (MEES)	The Scottish Government will legislate for a similar private rented sector standard to England and Wales. This will require landlords to spend £5,000 to meet EPC D, from April 2020.
	Home Energy Efficiency Programmes	A government-funded scheme to offer households free energy advice, benefits entitlement checks and energy efficiency measures.
Northern Ireland	Affordable Warmth Scheme	Tackles fuel poverty in the private sector through providing capital measures to upgrade the energy efficiency of low-income households.
	Northern Ireland Sustainable Energy Programme	<p>Levy-funded scheme providing help to install energy saving measures in homes. This can be energy-efficient boilers, heating controls, loft insulation and cavity wall insulation.</p> <p>Eligibility is wider than for the Affordable Warmth scheme.</p>

## Annex B | Extending and expanding energy rebates and advice to manage bills via the Warm Home Discount (WHD)

<p><b>Likely effectiveness and value for money</b></p>	<p>The WHD is an existing programme. The delivery of rebates to the ‘core group’ using data-sharing powers supports the poorest pensioner households and has been considered a great success and key innovation within the UK Government (as it removes the need for vulnerable households to know about the programme or come forward for support). Our proposals would build on this success. Whilst Ofgem [via E-serve] has never fully evaluated the industry initiatives component of the scheme, NEA’s own delivery of the scheme has found this part of the programme often provides better value for money than switching or even direct yearly rebates.</p>
<p><b>Revenue implications for the Exchequer</b></p>	<p>Our proposed reforms could be achieved in a cost-neutral way. Further details can be provided by contacting NEA.</p>
<p><b>Wider macroeconomic implications (for economic stability and growth)</b></p>	<p>Reducing energy costs for the poorest households helps reduce energy arrears and stimulates spending on other essential goods and services. It can also have a positive impact on health and well-being, reducing the stress on current tax-funded services.</p>
<p><b>Sectorial and distributional impacts</b></p>	<p>As noted above, the proposals would help the poorest working age households and would support the poorest fifth of society.</p>
<p><b>Administrative and compliance costs and issues</b></p>	<p>Whilst there would be a marginal increase in additional administration for the Department for Work and Pensions (DWP) to undertake data-matching, these costs would be borne by suppliers and given the reduction in compliance costs for obligated parties, there would be no overall additional costs.</p>
<p><b>Legislative and operational requirements</b></p>	<p>In order for the scheme to be extended and expanded, the current Warm Home Discount regulations would need to be amended and tabled next year in order for the new programme to start in April 2021.</p>
<p><b>Environmental impact</b></p>	<p>Whilst the proposals may imply greater energy use and therefore emissions, in reality it would just reduce the gap between theoretical and actual energy consumption. This relationship is largely correlated with household income, with those in the lowest income decile using on average £189 less than the level already currently assumed in national policy making. The greatest gap between theoretical and actual energy consumption is for couples with children and lone parents with children who would be the key beneficiaries of this reformed policy.</p>

For more information regarding the Warm Home Discount proposals please contact [nearesearchteam@nea.org.uk](mailto:nearesearchteam@nea.org.uk)

If you would like to discuss NEA's **Manifesto for Warmth**  
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