Warm Homes Fund
Programme Evaluation

Abridged second interim report
Summary

September 2021

Newcastle University
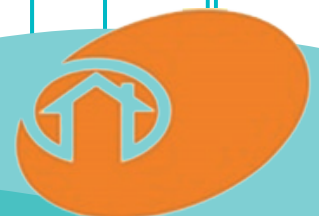
NEA
Action for Warm Homes

INTRODUCTION TO THE EVALUATION

Funded by National Grid and administered by Affordable Warmth Solutions, the Warm Homes Fund is one of the largest fuel poverty programmes across Great Britain, representing private sector investment of £150million. The programme is being evaluated by a consortium made up of Newcastle University, National Energy Action, and Energy Audit Company. This summary presents the findings of the second wave of research activity, which has included innovative energy and economic modelling as well as the distribution of questionnaires to beneficiary households. To read the second interim report in full, please visit https://www.nea.org.uk/researchpolicy/whf-evaluation.

Key findings

The evaluation has used pre- and post-improvement EPC data and project returns data from the Warm Homes Fund to produce preliminary modelling of the fuel poverty status, required running costs, and fuel poverty gap before and after the installation of new heating systems and, where applicable, any other improvement measures provided to beneficiary homes.[1] The number of homes included in this exercise is 9,898, and the preliminary findings of the analysis are:

- The average annual running costs reduced from £1,853 to £1,337 post-intervention, and households therefore saved £626 per annum on average. In addition, the number of homes with running costs above £1,500 decreased by 4,155 (42%), and the number of homes with extremely high running costs (>£2,000) decreased from 30.3% to ~4%.
- Pre-intervention, 6,095 homes (just over 60%) were defined as living in fuel poverty under the Low Income High Costs definition, and the average fuel poverty gap for these homes was £852. After measures were installed, the number of households defined as in fuel poverty was reduced by 33.8%, and their average fuel poverty gap plummeted to £298.

The outputs of the energy modelling analysis was used to inform an analysis of the broader economic impact of the Warm Homes Fund. Using a Social Accounting Matrix developed by researchers at Strathclyde University, the evaluation team were able to conduct preliminary modelling of the economic impact of a) the transfer of capital from National Grid into the housing, construction, and installer sectors, and b) the spending of any additional income obtained by households through reductions in their required running costs and subsequent energy bills. Although this analysis will continue to be refined, the main findings of this exercise are:

- Enabling the benefits: The transfer of investment from National Grid into the housing, construction, and installation sectors is estimated to create around £100m of increased demand across the economy, over and above the eventual direct investment of £150m.
- Realising the benefits: In addition to the above, the modelling suggests that there will be a boost of around £900,000 of increased demand in the economy annually stemming from reductions in household running costs, which leads to beneficiaries having more income to spend in other parts of the economy.
- The modelling shows that targeting low income households creates a boost in economic demand that is around 19% larger than if the funding had been untargeted. This is because low income households spend money in different ways to other income groups: more is spent in parts of the

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[1]   The energy modelling analysis includes households that received Category 1 interventions and Category 2 interventions. Category 1 is focused on urban homes and communities, primarily through first time gas central heating systems; Category 2 is focused on rural homes and off gas communities, primarily through 'non-gas' solutions such as LPG or heat pumps. The WHF includes two further categories: Category 3, which is focused on advice, health, and energy efficiency related solutions to fuel poverty, and Category 3 (Park Homes), which is focused on the extension of mains gas to park home sites.

economy like services, accommodation, food, and retail that lead to larger economic impacts than if the money was spent in other sectors.

Lastly, household questionnaire analysis compliments these findings and begins to show the substantial impact of the Warm Homes Fund on beneficiaries.[2] The findings show that:

- The proportion of respondents who said they could keep their whole house warm following their intervention increased more than threefold, from 21.6% to 78.6%. Approximately 1 in 2 respondents also reported finding their energy bills easier to afford after their intervention.
- There were also significant and welcome reductions in self-reported measures of energy rationing (e.g. using the heating less often than would be liked), financial vulnerability, and levels of financial stress and worry. In aggregate, this evidence suggests that receiving a Warm Homes Fund intervention has resulted in household budgets that are less pressured, less stressful to manage, and less likely to result in harmful energy rationing practices.
- 40-50% of respondents said their physical and/or mental health was now better than before their intervention, and just over 60% of these attributed this change to their Warm Homes Fund support. For those who received interventions between March and December 2020 in particular, this suggests that beneficiary homes have become warmer and healthier at the exact juncture their occupants have been forced to spend longer at home, and at a time when severe pressure has been exerted on their health by the ongoing pandemic.

Next steps

The evaluation will continue in the coming months, with the final evaluation report due at the end of 2022. In this time, the evaluation will be focusing on the following activities:

- Concluding the second wave of qualitative interviews with beneficiary households and Warm Homes Fund projects and conducting a final third wave of fieldwork in early 2022.
- Developing a blueprint for the delivery of large scale energy efficiency/fuel poverty programmes in the future, drawing on detailed stakeholder consultation and the different strands of analysis conducted to date.
- Conducting a fuel poverty churn and scenario analysis to determine the extent to which beneficiary households have been futureproofed from the possibility of falling (back) into fuel poverty in the future.
- Synthesising the diverse data collected in each individual strand of research and modelling activity. This triangulation process will cement the validity of the final evaluation conclusions by ensuring that they are based on a convergence of data from each strand of analysis.

Contact

For further information about the evaluation, please contact Helen Stockton, Research Manager at National Energy Action, at helen.stockton@nea.org.uk.

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[2]   Questionnaire analysis includes households from all four categories of the Warm Homes Fund programme. Findings will be disaggregated by category in future analysis.