

HUG: tackling the worst first

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Overview



Worked on fuel poverty strategy 2014-2020.

Now Head of Policy for the Home Upgrade Grant.

Presentation to cover:

- Principles in the fuel poverty strategy
- The role of HUG in tackling the worst homes
- Spending Review 2021

Fuel poverty strategy: principles



Department for
Business, Energy
& Industrial Strategy

Sustainable Warmth

Protecting Vulnerable Households in England

Vulnerability: consider the needs of low income households most at risk from the impact of living in a cold home.

Cost effectiveness: ensuring the best returns on investment made in tackling fuel poverty.

Sustainability: alignment of fuel poverty policies and other Government priorities, such as Net Zero, air quality and health inequalities.

Worst first: focus on the households facing the most severe fuel poverty, including upgrading the least energy efficient homes.



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Tackling the worst homes





The 2021 fuel poverty statistics show that progress has been disproportionately focused on the least energy efficient homes. The number of fuel poor homes rated E, F or G have reduced by 66% since 2010.

However there remain 680,000 E, F or G rated homes, including around 160,000 F or G rated homes, so continued effort is required to ensure these households are not left behind.

	2010	2021	Percentage decrease
D	2,797,000	2,496,000	10%
E	1,509,000	522,000	65%
F	353,000	121,000	66%
G	121,000	37,000	69%
EFG	1,983,000	680,000	66%

Home Upgrade Grant

The 2019 Conservative manifesto included a **£2.5bn** spending proposal for the Home Upgrade Grant. HUG aims to upgrade the worst quality homes off the gas grid with energy efficiency measures and low carbon heating.

 Low income households	 Off the gas grid
 Owner occupier and PRS	 Focus on homes rated E, F or G

This has the strategic ‘win-win’ of addressing some of the worst levels of fuel poverty and phasing out high carbon heating – where we need to decarbonise heating first.

15% of gas fuelled fuel poor homes are rated EFG compared to **54%** of fuel poor households off grid.

Gas grid connection	Energy efficiency rating	Number of fuel poor households (000's)
Yes	D	2,244
	E	364
	F/G	26
No	D	253
	E	158
	F/G	132

HUG1 – designed to support the worst homes

An initial £150m was allocated to HUG at the 2020 Spending Review. Local Authorities were able to bid for funding as part of the Sustainable Warmth competition over summer 2021.

Proposals were required to focus on E, F or G rated homes, with the proportion of D rated homes capped at 30% per project to aid area based upgrades and delivery at pace whilst preserving a focus on the worst first.

To enable energy efficiency and low carbon upgrades in different types of housing stock, segmented costs caps were permitted with the worst homes that have greater retrofit costs permitted greater capital costs.

	F&G	E	D
Electric	£20,000	£15,000	£10,000
Oil/coal/LPG/solid fuel	£25,000	£20,000	£15,000

Spending Review 2021

In launching SR21 the Chancellor set out key principles for the three-year review which will set out the government's spending priorities for the Parliament:

- ❖ Ensuring strong and innovative public services;
- ❖ Levelling up across the UK to increase and spread opportunity;
- ❖ Leading the transition to Net Zero across the country and more globally;
- ❖ Advancing Global Britain and seizing the opportunities of EU Exit;
- ❖ Delivering our Plan for Growth - delivering on our ambitious plans for an infrastructure and innovation revolution.

Tackling fuel poverty through energy efficiency and clean heating upgrades can play a direct role in delivering several of these priorities. SR21 presents an opportunity to introduce multi-year funding on HUG and other key priorities such as transforming social housing through the Social Housing Decarbonisation Fund.



Next Steps

- HUG phase 1 (and LAD Phase 3) successful LAs expected to be made grant offers imminently to support thousands of low income households in 2022.
- SR21 concludes October 27th. Subject to SR outcomes BEIS will be able to proceed with plans for HUG and SHDF to continue through the 2020s alongside a reformed ECO scheme.
- Government looking to set out longer term plans in the Heat and Buildings Strategy and Net Zero Strategy.
- UK Presidency of COP26 kicks off in Glasgow, 31 October.