



NATIONAL ENERGY ACTION

ENERGY CRISIS: TWO YEARS IN – URGENT ACTION ON FUEL POVERTY POLICY

**UK FUEL
POVERTY MONITOR**
2022-23 EXECUTIVE SUMMARY

INTRODUCTION

National Energy Action (NEA) and Energy Action Scotland (EAS) are the UK's national charities aiming to end fuel poverty. For two decades, we have published a yearly investigative report on progress to eliminate fuel poverty across the UK and within each of the four UK nations: the UK Fuel Poverty Monitor (UKFPM). This year's UKFPM is more important than ever. With 6.5 million UK households in fuel poverty this winter, we consider the ongoing impact the energy crisis is having two years in. Specifically, the report highlights the impact the crisis is having on progress towards fuel poverty targets across the four nations. It then highlights what the priorities should be for a reinvigorated approach to abate endemic fuel poverty levels and generate the greatest societal, economic, and environmental benefits.



PHOTOGRAPHY: SHUTTERSTOCK

OUR APPROACH



136 RESPONDENTS TO OUR CALL FOR EVIDENCE

The report is informed by a Call for Evidence (CfE), which gained responses from 136 respondents covering the breadth of the UK to obtain views on the success of current fuel poverty strategies and policies.



FIRST OF KIND RESEARCH ON BENEFITS OF MEETING FUEL POVERTY TARGETS

To supplement this, National Energy Action (NEA) commissioned new analysis by Gemserv to understand the costs and benefits of meeting energy efficiency-based fuel poverty targets.



INFORMED BY REAL LIVING EXPERIENCES

Crucially, we draw on the direct experience of people who are living through the crisis, with real-life experiences of households contained as case studies that tell stories about their experiences of being in fuel poverty and accessing support.



POLLING FROM PEOPLE ACROSS THE WHOLE OF THE UK

This testimony is also supported by recent polling, commissioned by National Energy Action with YouGov.



The energy crisis has made paying for bills very hard. Last winter, she would prioritise feeding her teenage son over herself.

STORIES FROM A CONTINUING CRISIS

ALFRED* has severe back issues so he can't work, and he attends a local food pantry. He was so worried about the cost-of-living crisis and energy crisis that he stopped using his gas central heating. Alfred only heated his living room with electric heaters and turned all heat off in his bedroom and bathroom. This led to severe mould in his bathroom – something he has never had before. This affected his health. "This was a hard lesson to learn."

This affected his health. "This was a hard lesson to learn."

SAMMIE* has a young child. She also cares for her mum and dad, which requires lots of travelling and is very expensive. The energy crisis has led to her falling into energy debt, which she is paying off on her legacy prepayment meter. She has cut down on food shopping and can no longer afford preschool for her toddler. Last winter she really struggled to pay for energy. This was partly due to the high energy usage needed for when her mum came to stay some weekends. Her mum has a condition which means she needs to stay warm, and she uses an oxygen machine constantly connected to the mains.

KATH* is disabled and has lived in the house for three years. She said it took three years for her supplier to switch her from a prepayment meter to direct debit. The energy crisis has made paying for bills very hard. Last winter, she would prioritise feeding her teenage son over herself.

HELEN* had brain surgery recently. She was a standard credit customer but had wanted a smart meter for a while. However, her supplier did not get her one for several months. She was also waiting several months to get the Energy Bills Support Scheme last winter, during which she really struggled with the cost of energy. She didn't use the heating or lights at all, and her appliances were switched off at the walls most of the time. She would do batch cooking and ration her food.



When current policies work well, they can have profoundly positive impacts on households

There are policies and schemes across all nations of the UK that exist to reduce the impacts of fuel poverty. Within our own evaluations of energy efficiency interventions, we have found they result in reduced costs, increased comfort, and improved health outcomes for the individuals in receipt of measures, as well as having a positive impact on local economies. Since 2010, fuel poverty schemes have led to a significant increase in the number of households that reach EPC C, which now stands at 50% of all domestic properties.

Our case studies have shown that when vulnerable households are able to access support, the benefits can be life-changing. Whether it is simply making energy more affordable to help make ends meet or helping to reduce the impacts of a severe health condition, the benefits at stake are clear, and have only increased as energy prices have inflated.

Current strategies now fail to meet the scale of the challenge

Although the importance of fuel poverty strategies and related programmes has grown during the crisis, fuel poverty targets will now not be met, and current strategies and plans are not sufficient.

- 7 out of 10 respondents to our Call for Evidence overwhelmingly told us that the English 2030 target is unlikely to be met.
- 1 in 2 respondents told us that at least one of the three targets for Wales is unlikely to be met.
- 1 in 3 respondents told us that the Scottish 2040 target is unlikely to be met.

Our analysis shows that there is a significant gap in funding to meet the 2030 fuel poverty target for England without substantial use of financial support to plug the energy efficiency gap. In total, our commissioned analysis suggests that on top of existing commitments, an additional £1.8bn of investment is needed to upgrade 90% of fuel poor homes and meet the fuel poverty 2030 target.

National Energy Action expects that £10.8bn of this shortfall will be publicly funded alongside an additional £7-8bn of private funding leveraged from landlords. If equivalent targets were placed across the UK, additional government funding of £1bn in Wales, £1.6bn in Scotland and £0.4bn in Northern Ireland would be required.

While this is clearly a substantial gap, just in the last year the UK government spent over £40bn supporting households to reduce their energy bills. This demonstrates that investment of this level is achievable where there is the political will to protect households from the devastating impacts cold homes create.

The benefits of meeting energy efficiency-based fuel poverty targets are significant, and early action is crucial

Our analysis has found that the benefits of meeting the 2030 fuel poverty target in England are vast, spanning household savings, savings for the health sector, benefits to landlords, positive environmental impacts and benefits to the broader economy compared to business as usual:

- Total cumulative energy bill savings for households 2022-2030: **£5bn**
- Average yearly household energy bill savings: **£480**
- Value of increases to thermal comfort cumulative, 2022-2030: **£0.8 bn**
- Increased capital value of private rented properties: **£3bn**
- Employment impact: **22,000 full time jobs**
- Reduced Imports - cumulative, 2022-2030: **24 TWh**
- Primary Energy Saved - cumulative, 2022-2030: **43 TWh**
- Reduced Carbon Emissions - cumulative, 2022-2030: **8,2 MtCO₂e**
- Improved Outdoor Air Quality - cumulative, 2022-2030: **16,500 tNO_x**

Although England is the only nation in the UK with an energy efficiency-based fuel poverty target, our modelling has shown that this has significant benefits, and these benefits could be replicated across the UK if there were such targets elsewhere.

Alongside our new modelling, our wider research has shown that reducing heating costs can extend the life chances for children and be transformative for householders' health. Overall, this analysis demonstrates that prioritising fuel poor households for energy efficiency upgrades is not just crucial to offset the energy crisis or achieve a fair and affordable transition, but also to derive the most benefits to society from meeting net zero.

OUR KEY FINDINGS

The strategies that each UK nation has put together to address fuel poverty have been overwhelmed by the scale of the crisis. While welcome, the temporary policies that have been put in place to offset the impacts of energy price rises on behalf of all households have subsequently been withdrawn, and those that remain are not sufficient to address the scale of the challenge faced by the most vulnerable households or meet statutory targets.

Our polling with YouGov, found in the last three months:

- 41% of prepayment meter customers have found themselves without credit on their prepayment meter and unable to access any energy
- 43% of adults have gone to bed early to stay warm
- 13% used appliances like ovens to stay warm
- 23% left curtains closed all day or put

- newspaper over windows
- 49% turned heating off, even though it was cold in the house
- 20% left the house to avoid using heating at home
- 14% used an improvised heater
- 6% foraged locally for wood, peat, or other solid fuels to burn at home for warmth

Using the English fuel poverty target for all fuel poor households to reach EPC C by 2030, the report quantifies a startling and widening gap in funding required to meet this legal requirement. It also demonstrates that with renewed focus and resources, there are growing benefits of meeting these commitments in England. The analysis extrapolates the same approach to the devolved nations, to encourage these nations to commit to energy efficiency-based targets as a core element of their wider fuel poverty goals.

These headline findings are grouped around three themes which are explored below.

OUR RECOMMENDATIONS

The route to a warm and safe home in the long-term is rooted in solutions that are already known. The report uses the evidence we have collected from our clients, stakeholders and the general public. It makes recommendations across three key areas to ensure that the English fuel poverty target is met, with similar objectives achieved in the devolved nations:

- New, more ambitious cross-departmental strategies are desperately needed in light of the energy crisis.
- HM Treasury must commit to significant additional investment to meet legal duties and capture the full benefits of meeting these goals.
- Urgently raise the level of energy efficiency in the worst privately rented homes.

Each of these headline recommendations is explored below, alongside what the priorities should be for a reinvigorated approach.



URGENTLY RAISE THE LEVEL OF ENERGY EFFICIENCY IN THE WORST PRIVATELY RENTED HOMES.

Two fifths of all fuel poor households in England are private renters and 37% of the most expensive to heat homes are in this tenure. The government's legal fuel poverty target means by 2030, all fuel poor tenants should be able to live in a warm safe home. The UK government should extend Minimum Energy Efficiency Standards in private rented sector up to Band C by 2030, alongside reintroducing tax allowances to incentivise private landlords to invest in their properties to meet the higher standards sooner. To enforce tenants' right to a warm, safe and healthy home, central government and local authorities need to work closely together to ensure monitoring and enforcement is a resourced priority for all local authorities.

NEW, MORE AMBITIOUS CROSS-DEPARTMENTAL STRATEGIES ARE DESPERATELY NEEDED IN LIGHT OF THE ENERGY CRISIS.

The priorities for action are:

- 1** England should retain its 2030 target and accelerate its path towards this statutory requirement.
- 2** To abate endemic fuel poverty levels and generate the greatest societal, economic, and environmental benefits, the devolved nations should employ similar energy efficiency-based targets within their own strategies and plans.
- 3** It is not sufficient to have plans that sit solely within a single department. Fuel poverty spans energy, income, housing, and health policies so all new and refreshed fuel poverty strategies should be put together on a cross-departmental basis, including at least the relevant

departments with responsibility for energy, housing and health.

- 4** As well as adequate overall investment (see below) these strategies should prioritise extending the accessibility of current programmes and ending the postcode lotteries.
- 5** Rectifying failed poor quality energy efficiency retrofit schemes in communities with high fuel poverty must be an urgent priority for policymakers.
- 6** It is vital that Northern Ireland, the only area without a live strategy or plan, brings a new ambitious strategy into force as soon as possible and should be a greater priority within any future programme for government.

SIGNIFICANT ADDITIONAL TREASURY INVESTMENT MUST BE COMMITTED TO MEET LEGAL DUTIES AND CAPTURE THE FULL BENEFITS OF MEETING THESE GOALS.

Our commissioned modelling shows that in England, as a minimum, an additional £18bn of energy efficiency measures needs to be invested in fuel poor homes to meet the fuel poverty target.

NEA expects that £10.8bn of this will be required from the public purse if no low-income household is to be asked to make their own contribution. Therefore, we recommend that the UK government commits an additional £2bn per year to upgrading the energy efficiency of fuel poor homes in England during the next parliament, up from approximately £0.5bn per year currently.

We have also estimated the gaps in funding for the other nations across the UK that would need to be filled

in order to meet similar energy efficiency targets. We recommend that at least an additional:

- £0.2bn per year is committed in Wales towards fuel poverty-focused energy efficiency schemes to 2030
- £0.32bn per year is committed in Scotland towards fuel poverty-focused energy efficiency schemes to 2030
- £60m per year is committed in Northern Ireland towards fuel poverty-focused energy efficiency schemes to 2030

This investment can be generated from existing sources of revenue such as carbon taxes, VAT revenues or planned windfall taxes.

PHOTOGRAPHY: TYNESIGHT PHOTOGRAPHY



NATIONAL ENERGY ACTION

National Energy Action, the fuel poverty charity, campaigns so everyone can afford to live in a warm, safe and healthy home. This is something denied to millions because of poor housing, low incomes, and high bills.

Working across England, Wales and Northern Ireland, everything we do aims to improve the lives of people in fuel poverty. We directly support people with energy and income maximisation advice and we advocate on issues including improving the energy efficiency of our homes.

We do not work alone. Partnerships and collaboration have been at our heart for over 40 years, helping us drive better health and wellbeing outcomes for people struggling to heat their homes.

WHERE TO FIND US

Email: press@nea.org.uk

Web: www.nea.org.uk

NEA is an independent charity, Registration No. 290511. Company limited by guarantee. Registered in England, No. 1853927 Registered office: Level 6, West One, Forth Banks, Newcastle upon Tyne, NE1 3PA Tel: 0191 261 5677

JOIN THE CONVERSATION



Twitter [@NEA_UKCharity](https://twitter.com/NEA_UKCharity)



Instagram www.instagram.com/nea_ukcharity/



Threads [@NEA_UKCharity](https://www.threads.net/@NEA_UKCharity)



LinkedIn www.linkedin.com/company/national-energy-action



Facebook www.facebook.com/nationalenergyaction