

## Decision under Delegated Powers

### Fuel Poverty Strategy for England - Consultation Response

#### Officer Requesting Decision

Jacky Oughton, Housing Projects Officer

#### Officer Making the Decision

Alison Simmons, Head of Strategic and Private Sector Housing

#### Recommendation

1. That the Council responds to the Department for Business, Energy and Industrial Strategy consultation on the Fuel Poverty Strategy for England as detailed in Appendix A.

#### Reason

1. To ensure that the Council's views are considered by the Department for Business, Energy and Industrial Strategy when developing national policies which may affect the residents of the Borough of Charnwood.

#### Authority for Decision

Under section 8.2 of the Constitution the Head of Strategic and Private Sector Housing has delegated authority to respond to consultation documents in relation to those Council functions for which she has responsibility, in consultation with the relevant Lead Member.

#### Decision and Date

Signed:



Dated: 24/10/2019

Head of Strategic and Private Sector Housing

## Background

On 22<sup>nd</sup> July 2019, the Department for Business, Energy and Industrial Strategy  
This consultation closes on the 16th September 2019.

Fuel Poverty is defined in the Warm Homes and Energy Conservation Act 2000 as 'a person (who) is a member of a household living on a lower income in a home which cannot be kept warm at a reasonable cost. In 2014 the Government introduced in legislation a fuel poverty target for England to improve as many fuel poor homes as is reasonably practical to a minimum energy efficiency rating of Band C by the end of 2030.

The 2015 Fuel Poverty Strategy, 'Cutting the Cost of Keeping Warm' set out the Government's plan to meet this target for England. The strategy was always intended to be a living document. It is now 4 years since that strategy was released and Government is consulting on proposals to update the Fuel Poverty Strategy for England.

This document has 2 aims

- To publish an assessment of the Government's implementation of its 2015 Fuel Poverty Strategy so far, and
- To seek views on proposals to update the Fuel Poverty Strategy.

The Head of Strategic and Private Sector Housing has consulted with the Lead Member for Housing on the Council's proposed response as detailed in Appendix A.

## Risk Management

No risks have been identified with this decision.

### Key Decision:

No

### Background Papers:

Department for Business, Energy and Industrial Strategy consultation document available at:

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/819606/fuel-poverty-strategy-england-consultation.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/819606/fuel-poverty-strategy-england-consultation.pdf)

# consultation response

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## FUEL POVERTY STRATEGY FOR ENGLAND

This briefing paper considers the Department for Business, Energy and Industrial Strategy consultation paper on the Fuel Poverty Strategy for England, published on 22<sup>nd</sup> July 2019 closing 16<sup>th</sup> September 2019.

### Introduction

Fuel Poverty is defined in the Warm Homes and Energy Conservation Act 2000 as 'a person (who) is a member of a household living on a lower income in a home which cannot be kept warm at a reasonable cost. In 2014 the Government introduced in legislation a fuel poverty target for England to improve as many fuel poor homes as is reasonably practical to a minimum energy efficiency rating of Band C by the end of 2030.

The 2015 Fuel Poverty Strategy, 'Cutting the Cost of Keeping Warm' set out the Government's plan to meet this target for England. The strategy was always intended to be a living document. It is now 4 years since that strategy was released and Government is consulting on proposals to update the Fuel Poverty Strategy for England.

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- To publish an assessment of the Government's implementation of its 2015 Fuel Poverty Strategy so far, and
- To seek views on proposals to update the Fuel Poverty Strategy.



## Government's proposal to update the fuel poverty metric

### The Government's proposal

The first UK Fuel Poverty Strategy, adopted in 2001, set out the 10% indicator under which a household was considered fuel poor if it needed to spend more than 10% of its income (measured before housing costs) on energy in the home.

The current fuel poverty measure – Low Income High Costs) Under the Low Income High Cost Indicator, a household is considered to be fuel poor if:

- they have required fuel costs that are above the national median level
- were they to spend that amount, their disposable income (after housing cost) would be below the poverty line

The Low Income High Cost Indicator (LIHC) is a dual indicator consisting of:

- The number of households that have both low incomes and high fuel costs
- The depth of fuel poverty among these fuel poor households. This is measured through a fuel poverty gap, which represents the difference between the required fuel costs for each household and the nearest fuel poverty threshold.
- Government proposes to update the way in which fuel poverty is measured to better track progress against the statutory poverty target. The updated measure would still reflect the key drivers of fuel poverty (income, energy efficiency and fuel prices) and would still measure the number of households in fuel poverty and the fuel poverty gap.
- Under the proposed measure, Low Income Low Energy Efficiency (LILEE), a household would be classed as fuel poor if:
  - They are living in a property with energy efficiency rating of Band D, E, F or G as determined by the most up to date Fuel Poverty Energy Efficiency Rating Methodology (FPEER)
  - Their disposable income (after housing costs and energy needs) would be below the poverty line

The LILEE measure would update the current relative high cost threshold to an absolute threshold. The income threshold would remain the unchanged, following the existing methodology as specified under LIHC.

The fuel poverty gap would be defined as the required change in fuel costs which is associated with increasing the energy efficiency of a fuel poor household to above



an FPEER Band C: or which increases the disposable income to a level where the household is no longer in income poverty.

The average fuel poverty gap would be calculated by simulating energy improvements which move all fuel poor households out of fuel poverty. The fuel costs for each property would then be re-calculated, after the energy efficiency improvements have been simulated

The difference between a household's current fuel costs and the simulated property would give an estimate of the fuel poverty gap. As with LIHC, this would allow the Government to compare the severity of fuel poverty between the different dwellings and household types.

### Consultation Question 1

Do you agree with the Government's proposal to update the fuel poverty metric to Low Income Low Energy Efficiency? If not, which metric would you prefer and why?

### Proposed Council Response

The Council agrees with the Government's proposal to update the fuel poverty metric to Low Income Low Efficiency.

### Consultation Question 2

The proposed metric update – LILEE- would necessitate certain updates to the current methodology, namely as regards the high costs threshold, but the other aspects of the current LIHC methodology would not necessarily need updating. Do you have any views or evidence on whether the Government should update those other aspects of the methodology on the introduction of LILEE, including the following:

- Household energy requirements calculation, including heating regimes
- Equivalisation factors, for fuel costs and for income
- Income methodology
- Fuel price methodology

### Proposed Council Response

The Council does not have any evidence to support any further update than those other aspects of the methodology on the introduction of LILEE.

## The fuel poverty target for England

### The Governments proposal

The fuel poverty target was set in the Fuel Poverty (England) Regulations 2014. It requires that as many fuel poor homes as is reasonable achieve a minimum energy efficiency rating of Band C, by the end of 2030.

The Government is minded to retain this target. Band C by the end of 2030 remains an ambitious but achievable target, which is consistent with the Clean Growth Strategy commitments

Government engaged with the Committee on Fuel Poverty and several other stakeholders in preparing the Consultation. Many of these stakeholders advised that the current milestones and target should be retained, and that Government should focus on setting out an updated policy plan for meeting the existing target and milestones

### Consultation Question 3

Do you agree that Government should retain the current target and interim milestones?

### Proposed Council Response

The Council agrees that the Government should retain the current target and interim milestones.

## Guiding principles for meeting the fuel poverty target

### The Governments proposal

The 2015 strategy sets out three principles that are designed to guide policy making. Government has received feedback that these principles remain relevant, but should be more detailed in an updated strategy.

- Prioritisation of the most severely fuel poor. Under this principle known as the 'Worst First' principle – Government prioritises households with the largest fuel poverty gaps in other words, Government aims to help those in the worst homes first.



- Currently, if a severely fuel poor household receives support from the Energy Company Obligation, they may only receive one measure. An updated 'Worst First' principle would provide an opportunity to clarify whether energy efficiency schemes such as ECO should take more of a whole house retrofit approach.
- The Government welcomes views and evidence on to what extent a 'straight to C' approach would improve the lives of those in severe fuel poverty

#### Consultation Question 4

Do you have views or evidence on our proposal to add more detail, and clarify, the meaning of the 'Worst First' principle, including the considerations raised above?

#### Proposed Council Response

The Council agrees with the proposal to add more detail and clarify the meaning of the 'Worst First' principle.

## Supporting the fuel poor with cost effective policies

### The Government's proposal

Under this principle, Government prioritises approaches to fuel poverty which provides best value for money for taxpayers' funds. Government is committed to long term cost effectiveness by investing in energy efficiency and innovation, such as the Energy Company Obligation.

Part of cost-effectiveness is the consideration of 'who pays'. Central Government, local authorities, health services, energy companies, and landlords must work together in progressing towards ambitious fuel poverty target and milestones.

This review seeks views and evidence on how these groups can work together to deliver the aims of the Fuel Poverty Strategy in a cost effective way.

Another part of cost effectiveness is considering the total value of investment required to improve individual homes. Some properties can only be improved to Band C with extensive retrofit measures with can cost tens of thousands of pounds. This consultation seeks views on the challenges associated with providing effective fuel poverty support across a housing stock with significant variances in underlying energy performance.



## Consultation Question 5

Do you have views or evidence on our proposal to add more detail on, and clarify the meaning of the cost effectiveness principle, including the considerations raised above?

### Proposed Council Response

The Council agrees with the proposal to add more detail on, and the clarify the meaning of the cost effective principle.

## Reflecting vulnerability in policy decisions

### The Government's proposal

In the 2015 strategy, this principle is about considering the particular needs of the subset of fuel poor households who are most at risk from cold homes, including the elderly, very young children, and those with long-term mental or physical health conditions or disabilities. This principle recognises that Government should not focus just on the home.

Current fuel poverty policies extend support to vulnerable people even if they are technically fuel poor under the Low Income High Cost metric, in order to ensure care for those who could be at risk of poor health, disability or death due to their cold home. For example, ECO Flexible Eligibility allows local authorities to identify 'low income and vulnerable to the cold' households to deliver ECO measures.

Government proposes to refine the meaning of this principle by clarifying that we will consider the impact of our policies on the health and wellbeing of people on very low incomes, even when they fall outside the proposed fuel poverty metric. As such, we propose that as we design fuel poverty policies, we should consider as a matter of priority the specific needs of vulnerable households.

An updated 'vulnerability' principle would also provide an opportunity to clarify who is most at risk to the impact of living in a cold home. Government is minded to update the vulnerability principle based on the National Institute for Health and Care Excellence (NICE) guidelines and other relevant evidence, to help make clear which factors make a person more vulnerable to the effects of living in a cold home and should be particularly considered during policy.

## Consultation Question 6

Do you have views or evidence on our proposal to add more detail on, and clarify the meaning of the vulnerability principle and in particular, on our proposed changes to the meaning of the principle?

### Proposed Council Response

The Council agrees with the proposal to add more detail on, and clarify the meaning of the vulnerability principle and in particular to the proposed changes to the meaning of the principle.

## Designing sustainable fuel poverty policies

### The Government's proposal

Government proposes a new fourth principle, designing sustainable fuel poverty policies. Under this principle, Government would aim to design policies which will benefit fuel poor households in the long term, in line with other Government priorities such as the Clean Growth Strategy, the Clean Air Strategy, and the Industrial Strategy. This principle would also contribute to international commitments such as the United Nations Sustainable Development Goals.

By incorporating this principle, the revised Fuel Poverty Strategy would support clean, affordable energy for all.

In addition, by incorporating this principle, the revised Fuel Poverty Strategy would support the development of smart energy systems with flexible energy usage

The Government envisions the revised Fuel Poverty Strategy playing a significant role in supporting health priorities. Tackling fuel poverty is important for improving health outcomes and reducing health inequalities, and helping to prevent the major avoidable effects on health during periods of cold weather in England. Taking a long term view, work on fuel poverty should complement work on health policy.

## Consultation Question 7

Do you agree with our proposal to create a fourth principle on aligning Fuel Poverty Strategy with current and future Government priorities? Do you have views or evidence that may be useful in creating this principle?



## Proposed Council Response

The Council agrees with the proposal to create a fourth principle on aligning Fuel Poverty Strategy with current and future Government priorities.

## Consultation Question 8

Would suggest any other guiding strategic principles? Do you have any other views or evidence on the guiding principles?

## Proposed Council Response

The Council does not have any suggestion for other guiding strategic principles.

## The strategic approach in the future

### The Government's proposal

For each of the eight strategic challenges identified in the 2015 strategy Government set out forward-looking commitments to underpin progress towards the fuel poverty target. Government are proposing to reform this section of the strategy into a plan to meet the fuel poverty target. Where possible we intend to set out the scheme in place, or committed elsewhere that will make a contribution to overcoming each challenge and tackling fuel poverty. Government intend to review previous Government commitments and set out a new policy plan with updated commitments for the meeting the 2030 fuel poverty target.

### Improving energy efficiency standards in fuel poor homes.

Improving energy efficiency is the best long-term solution to tackling fuel poverty. Meeting the 2030 fuel poverty target requires facing up to the challenge of delivering millions of energy efficiency measures to transform the domestic housing stock.

Examples of current key activity addressing this challenge include ECO and the Minimum Energy Efficiency Standards for the private rented sector.

## Consultation Question 9

Keeping in mind the strategy's guiding principles, what policies might be included in a policy plan to improve energy efficiency for households in fuel poverty?



### Proposed Council Response

The Council agrees with the Government's proposal to adopt the commitments made in the Clean Growth strategy that are relevant to home energy efficiency.

### Consultation Question 10

What commitments, whether new or retained from the 2015 strategy. Might supplement the policy plan in the updated strategy to improve energy efficiency for households in fuel poverty?

### Proposed Council Response

The Council has no further comment.

### Working together to help the fuel poor through partnership and learning

Fuel poverty is a societal issue which Government cannot and should not seek to tackle alone. The most effective and innovative approaches are most likely to emerge when partners join their efforts and expertise. Effective partnerships between Government departments, local authorities, the energy sector, health sector, charities and academics are essential to tackling fuel poverty.

### Consultation Question 11

Keeping in mind the strategy's guiding principles, what policies might be included in a policy plan to improve partnership and learning on fuel poverty?

### Proposed Council Response

The Council suggests that policies that support effective partnership working should be included to improve partnership knowledge and learning on fuel poverty.

### Consultation Question 12

What commitments, whether new or retained from the 2015 strategy. Might supplement the policy plan in the updated strategy to improve partnership and learning on fuel poverty.

### Proposed Council Response

The Council considers that identifying the partners most appropriate to deliver to different segments of the fuel poor population is crucial. Toolkits on health evaluation, health referrals and fuel poverty need to continue to be developed and reviewed, learning and good practice should continue to be shared.

### Increasing effective targeting of fuel poor households

It is important to ensure that support is directed towards those that need it most and that the costs of developing energy efficiency improvements are minimised as far as practical through effective targeting.

### Consultation Question 13

Keeping in mind the strategy's guiding principles, what policies might be included in a policy plan to improve targeting for households in fuel poverty?

### Proposed Council Response

The Council considers that there should policies to support and encourage greater data sharing certain local authorities and health and charities, as well as between local authorities and licenced gas and electric suppliers.

### Consultation Question 14

What commitments, whether new or retained from the 2015 strategy might supplement the policy plan in the updated strategy to improve targeting for households in fuel poverty?

### Proposed Council Response

The Digital Economy Act 2017 gives Government greater power to target fuel poor households. The Government needs to establish how different data set could be used as tools to better target and identify fuel poor homes.

More fuel poor households should receive automatic Warm Homes rebates in the future.

## Improving the reach of support for certain high cost homes

There is no one size fits all approach to address fuel poverty. Certain types of home have particular challenges, such as the mix of more expensive and often higher carbon heating in homes that are not connected to the main gas grid, or challenges with park homes or houses of multiple occupations. It is important to recognise these challenges in the design and delivery of the support that will be required to meet the fuel poverty target.

### Consultation Question 15

Keeping in mind the strategy's guiding principles, what policies might be included in a policy plan to support households in fuel poverty in high cost homes?

### Proposed Council Response

The Council suggests that the Government funded Central Heating Fund and the National Grid 'Warm Homes' continue to provide heating solutions to low income homes that are off the mains gas grid. This should include supporting park home residents under the scheme.

### Consultation Question 16

What commitments, whether new or retained from 2015 strategy, might supplement the policy plan in the updated strategy to support households in fuel poverty in high costs homes?

### Proposed Council Response

The Council considers that ECO Flexible Eligibility should continue to support improving the reach of support to certain low income households.

## Improving the reach of support to certain low income households

Just as there is no one size fits all for homes, different approaches will be required to support individuals and families. Government seeks to remove barriers to support for all households. A particular focus is on those on low income households who are most at risk of harm from living in a cold home, in line with the updated vulnerability principle as proposed in this consultation



### Consultation Question 17

Keeping in mind the strategy's guiding principles, what policies might be included in a policy plan to improve support for low income households who are most for adverse health outcomes from living in a cold home?

#### Proposed Council Response

The Council considers that a policy supporting partnership working between Local Authorities and the health sector. Policy and promotion of the Policy should be in place to ensure that low income households are aware of the support available to them.

### Consultation Question 18

What commitments, whether new or retained from the 2015 strategy, might supplement the policy plan in the updated strategy to improve support for low income households who are most at risk for adverse health outcomes from living in a cold home?

#### Proposed Council Response

The Council considers that the following should be retained from the 2015 strategy:

- ECO Flexible Eligibility
- The use of the Better Care Fund combination with energy efficiency funding to ensure that homes are fit for purpose and people are able to stay in their homes for longer

### Tackling the financial burden of energy bills for those on low incomes

Energy efficiency upgrades are the most effective way to support those facing fuel poverty in a lasting way. However, upgrading our housing stock takes time and it is important that all low income households are able to afford to heat their homes. This is why Government has a number of schemes in place that provide direct support in the interim to help ease the financial burden of energy bills, particularly over the winter months.

### Consultation Question 19

Keeping in mind the strategy's guiding principles, what policies might be included in a policy plan to decrease the financial burden of energy bills for households in fuel poverty

#### Proposed Council Response

The Council suggests that the Winter Fuel Payment is paid direct to the energy company, as the payment is not always used by those awarded it, currently there is no guarantee that it will be spent on heating the home, similarly with the Cold Weather payment.

### Consultation Question 20

What commitment, whether new or retained from the 2015 strategy. Might supplement the policy plan in the updated strategy to decrease the financial burden of energy bills for households in fuel poverty?

#### Proposed Council Response

The Council considers that the following commitments are retained:

- The Warm Home Discount continues beyond 2021.
- Winter Fuel Payments continue for all pensioner aged households
- Cold Weather Payments continue to be provided to low income and vulnerable households if the average temperature in an area is recorded as, or forecast to be zero degrees Celsius or below for 7 consecutive days.

### Ensuring the fuel poor are able to get maximum benefit from a fair and functioning energy market

It is important that all consumers are able to afford to heat their home. The impact of increases in energy prices and poor value tariffs will place the largest burden on those with the least ability to pay. Whilst energy efficiency is the best long term solution it will always be important that all low income and vulnerable consumers have access to a fair and functioning energy market. In this context vulnerability means those that may suffer such a detriment in line with Ofgem's Vulnerability Strategy.

### Consultation Question 21

Keeping in mind the strategy's guiding principles, what policies might be included in a policy plan to create a fairer energy market for households in fuel poverty?

#### Proposed Council Response

The Council considers that policies should be included that further help fuel poor households understand tariffs so they can make informed choices as to whether to switch tariff or energy supplier. Policies should make it easy and straightforward for consumers to switch energy suppliers.

### Consultation Question 22

What commitments, whether new or retained from the 2015 strategy, might supplement the policy plan in the updated strategy to create a fairer energy market for households in fuel poverty?

#### Proposed Council Response

The Council considers that the Big Energy Saving Network should be further developed, to provide face to face support to switch and save for vulnerable and low income consumers.

### Enhancing and improving understanding of fuel poverty

The UK is acknowledged as having a world class evidence base on fuel poverty due to an active academic community and charitable sector. Evidence helps Government formulate and deliver effective policies for addressing the complex challenge of fuel poverty. The evidence base will need to evolve over time in line with activity to meet the target and interim milestones. We will also look to develop the evidence base on the relationship between fuel poverty and other Government priorities, such as health, employment, and education

### Consultation Question 23

Keeping in mind the strategy's guiding principles, what policies might be included in a policy plan to improve the evidence base on fuel poverty?

#### Proposed Council Response

The Council has no further proposals.



## Consultation Question 24

What commitments, whether new or retained from the 2015 strategy, might supplement the policy plan in the updated strategy to improve the evidence base on fuel poverty?

### Proposed Council Response

The Council considers that the following commitments should be retained:

- The Fuel Poor Research Network.
- National Energy Action continues to play a key role in research which is influential in Government thinking.
- The Committee on Fuel Poverty
- The Government to continue to add to the evidence base.

## Reviewing the strategy and scrutiny of progress

### The Government's proposal

The 2015 strategy emphasised the importance of ensuring the Fuel Poverty Strategy is updated regularly. We intend to maintain this commitment

Progress towards the fuel poverty target and interim milestones are scrutinised by:

- The Committee on Fuel Poverty
- The 2015 strategy requires Parliament to debate fuel poverty each year. The most recent debate took place on 11<sup>th</sup> December 2015

Official fuel poverty statistics, published annually, will provide an opportunity for scrutiny.

## Consultation Question 25

Are existing arrangements sufficient to meet our commitments to review and scrutinise Government action on fuel poverty?

### Proposed Council Response

The Council considers the existing arrangement sufficient to meet the Government's commitments to review and scrutinise Government action on fuel poverty.

*This consultation outlines our proposals for updating the 2015 strategy. However, if you have any further views which did not fit in to one of the questions above, please provide them*

### Consultation Question 26

Do you have any further views or evidence on how the 2015 Fuel Poverty Strategy should be updated?

### Proposed Council Response

The Council has no further views or evidence on how the 2015 Fuel Poverty Strategy should be updated.