



Consultation on the Fuel Poverty Strategy for England

16 September 2019

CREDS responds to consultations and calls for evidence from government, agencies and businesses, providing insight and expertise to decision-makers.

This response was created for a call for evidence from the Department for Business, Energy and Industrial Strategy. The consultation ran from July- September 2019.

<https://www.gov.uk/government/consultations/fuel-poverty-strategy-for-england>

CREDS' response was written by Dr Mari Martiskainen (University of Sussex), Ed Dearnley (University of Sussex), Prof Nick Eyre and Kay Jenkinson (University of Oxford).

CREDS provided evidence to questions 1, 3, 4, 5, 6, 7, 8, 9, 11/12, 13, 17/18, and 23/24.

Our full response is below.

The Centre for Research into Energy Demand Solutions (CREDS) welcomes the opportunity to respond to the Government's Consultation on the Fuel Poverty Strategy for England. CREDS is a research centre established in 2018 with a vision to make the UK a leader in understanding the changes in energy demand needed for the transition to a secure and affordable, low carbon energy system. We are a team of over 80 academics at 13 academic institutions across the UK, led by Professor Nick Eyre at University of Oxford.

This response has been prepared by Dr Mari Martiskainen (University of Sussex), Ed Dearnley (University of Sussex), Prof Nick Eyre and Kay Jenkinson (University of Oxford).

Q1. 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?

CREDS welcomes the Government's aim of updating the fuel poverty metric in England. We agree that addressing energy efficiency is a key step in not only combating fuel poverty but also in meeting our Net Zero by 2050 objectives. Improving energy efficiency is a key way of achieving lasting reductions in fuel poverty by permanently reducing heating costs. In addition, there is evidence that broadening the measure of fuel poverty to embrace social factors would be beneficial. Research has shown that there is a need to move from a purely technical, energy efficiency focused approach to fuel poverty as such focus can risk ignoring issues such as unequal incomes and high costs of living¹. There is hence, a need to recognise the underlying reasons for fuel poverty, i.e. issues such as affordable housing, social housing provision and private rented sector tenancy issues¹. Furthermore, we ought to also recognise that there are spatial implications for policy (as shown with previous research in using both the LHIC and 10% indicator), with differences between urban inner-city areas and rural areas². We would thus encourage the exploration of the Scottish route to defining fuel poverty, which in addition to recognising the importance of energy efficiency, takes on a more needs-based approach, differentiating also between different levels of fuel poverty and extreme fuel poverty. Instead of only focusing on energy efficiency, this definition takes into account a combination of household income, fuel price costs, indoor temperature requirements, and

¹ Middlemiss, L. (2016). A critical analysis of the new politics of fuel poverty in England *Critical Social Policy*, 37, pp. 425-443. <https://journals.sagepub.com/doi/abs/10.1177/0261018316674851> [Accessed 13.09.2019]

² Robinson, C., Bouzarovski, S., Lindley, S. (2018). 'Getting the measure of fuel poverty': The geography of fuel poverty indicators in England, *Energy research & social science*, 36, pp. 79-93. <https://www.sciencedirect.com/science/article/pii/S2214629617303195> [Accessed 13.09.2019]

housing conditions, all of which can contribute to a household being considered to be in fuel poverty (e.g. Fuel Poverty (Targets, Definition and Strategy) (Scotland) Act 2019³).

Q3. Do you agree that Government should retain the current target and interim milestones?

At present the Government is not meeting its fuel poverty target of improving as many fuel poor homes as is reasonably practicable to a minimum energy efficiency rating of Band C by the end of 2030 and the interim milestones of Band E by 2020 and Band D by 2025. For example, the IPPR, referring to estimates by the Department for Business, Energy and Industrial Strategy (BEIS), has concluded that due to sluggish rate of installations under Energy Company Obligation (ECO), it would take until year 2091 to have all fuel poor homes in Band C by 2030⁴. This shows that the current policies in place are not sufficient enough to meet current targets. We nevertheless recommend that the Government keeps a target in place, but moves to a percentage of homes meeting band C as the interim targets (rather than homes meeting band E, then band D). The current interim targets seem to suggest an iterative process where a house could be improved to band D with further work at a later date to get it up to band C. A whole house approach would be much more beneficial here, ensuring properties are upgraded to high energy efficiency standard from the start. Furthermore, achieving the UK's Net Zero objective will require a fully energy efficient housing stock for *all* existing and new buildings. The Climate Change Committee has for example stated that direct emissions from all buildings will need to be reduced by 32% below 1990 levels in 2030, while no new homes should be built today which will require retrofitting in 15 years' time⁵. This therefore means tough energy efficiency goals for *all* homes.

Q4. Do you have views or evidence on our proposal to add more detail on, and clarify, the meaning of the 'Worst First' principle, including the considerations raised above?

We would recommend that most severely fuel poor households are targeted as a matter of urgency, and as indicated in the consultation document, receive a whole house retrofit

³ Poverty (Targets, Definition and Strategy) (Scotland) Act 2019:

<http://www.legislation.gov.uk/asp/2019/10/enacted> [Accessed 13.09.2019]

⁴ IPPR (2018). BEYOND ECO. THE FUTURE OF FUEL POVERTY SUPPORT, Institute for Public Policy Research, <https://www.ippr.org/files/2018-07/fuel-poverty-june18-final.pdf> [Accessed 13.09.2019]

⁵ Committee on Climate Change, Reducing the UK's emissions, <https://www.theccc.org.uk/our-impact/reducing-the-uks-emissions/#buildings> [Accessed 13.09.2019]

approach⁶ and multiple measures. ECO in its current form is clearly not working and is inadequate in delivering on the Government's fuel poverty targets. Furthermore, we would advocate a whole house approach also to other fuel poor households. To achieve this, we would recommend an area-based targeting, based on indices of multiple deprivation and access to affordable energy (i.e. target highly deprived and/or areas off the gas grid first). This approach would have a better chance of identifying those who are likely to be fuel poor, while also providing the opportunity for social and neighbourhood networks aiding awareness of measures being available⁴. Here local intermediaries could coordinate efforts, acting as impartial sources of information and advice⁷.

Q5. 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?

In terms of the cost-effectiveness principle, we need to consider the implications fuel poverty has beyond energy policy. Given the costs that fuel poverty causes to society in terms of linked ill-health and impact on children's education for instance, we would recommend that the Government provides a central fund, for fuel poverty alleviation work, collected through taxation. We also recommend that this fund would be distributed to be delivered at a local authority level through an area-based approach², using the networks and knowledge of local charities and community organisations who are often well-placed to identify those who need help^{8, 9}. Such area-based approach would ensure better and more efficient targeting of fuel poverty alleviation, taking into account local and regional differences in for example the quality of housing stock, income levels and available local authority services (e.g. health, wellbeing, housing). England used to have a national network of energy advice centres run by the Energy Saving Trust, which had breadth of local knowledge, but these were nevertheless stopped and reduced to telephone helplines due to funding cuts (they still exist in Scotland). Our research has shown that fuel poverty alleviation work often requires face-to-face advice,

⁶ Brown, D., Kivimaa, P., Rosenow, J., Martiskainen, M. and Bird, J. (2018). Warm Homes for All – A comprehensive policy approach for residential energy efficiency retrofit in the UK. CIED report. <http://www.cied.ac.uk/publication/warm-homes-retrofit/> [Accessed 13.09.2019]

⁷ Martiskainen, M. and Kivimaa, P. (2018). Creating innovative zero carbon homes in the United Kingdom – intermediaries and champions in building projects. *Environmental Innovation and Societal Transitions*. 26, pp. 15-31. <http://www.sciencedirect.com/science/article/pii/S2210422416301277> [Accessed 13.09.2019]

⁸ Martiskainen, M., Speciale, G. and Bird, J. (2017) Alleviating fuel poverty: the role of the energy café, CIED Policy Briefing, November 2017. <http://www.cied.ac.uk/publication/alleviating-fuel-poverty-role-energy-cafe/> [Accessed 13.09.2019]

⁹ Martiskainen, M., Heiskanen, E. and Speciale, G. (2018). Community energy initiatives to alleviate fuel poverty: the material politics of Energy Cafés. *Local Environment*. 23(1), pp.20-35. <http://www.tandfonline.com/doi/full/10.1080/13549839.2017.1382459> [Accessed 13.09.2019]

and in many cases home visits⁹. Given the complexities that cause fuel poverty, people can truly benefit more from a more personal, tailored advice.

Q6. 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?

We welcome that the Government is considering the needs of the most vulnerable households first in addressing fuel poverty. In addition to the identified groups (e.g. the elderly, very young children, and those with long-term mental or physical health conditions or disabilities), we welcome that those on very low incomes will be considered too. We also think that through a more area-based approach, local differences in vulnerability can be taken into consideration so that other potentially vulnerable groups are not excluded (e.g. refugees, those living in off-grid locations or park homes).

Q7. 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?

We encourage the Government to link fuel poverty policies to other objectives, especially those supporting health priorities and the Government's overarching Net Zero by 2050 objective. We would also recommend that as we face more extreme weather, vulnerability to fuel poverty is not only focused on treating cold homes but also addresses avoiding overheating of buildings⁵¹⁰, so that potential heat-related health impacts can be taken into consideration.

Q8. Would you suggest any other guiding strategic principles? Do you have any other views or evidence on the guiding principles?

As we move towards a Net Zero society, the principles of equity and justice need to be taken into consideration so that no one is left behind in this low carbon transition. We argue to that extend in our recent report 'Shifting the focus: energy demand in a net-zero carbon UK':
"Fairness and perceptions of fairness are critical to successful policy in the UK; perceived

¹⁰ See for example Thomson, H, Simcock, N, Bouzarovski, S & Petrova, S 2019, 'Energy poverty and indoor cooling: an overlooked issue in Europe', Energy and Buildings, vol. 196, pp. 21-29.
<https://www.sciencedirect.com/science/article/pii/S0378778818324307?via%3Dihub> [Accessed 13.09.2019]

unfairness has undermined many past policies, e.g. VAT on fuel, fuel duty escalator, feed-in tariffs. UK policymakers have long- acknowledged that householder access to energy/energy services and transport/ mobility are unevenly distributed. For household energy use, this has led to considerable policy attention on fuel poverty. Policy has not, however, succeeded in ending fuel poverty (BEIS, 2018). Energy prices have increased at a higher rate than incomes for poorer households, and energy efficiency policies have not reduced energy demand in homes sufficiently such that adequate energy services are affordable for all. More attention is needed on how the costs and benefits of the energy transition are going to be distributed between different groups in society and different sorts of organisations.” (p.81).¹¹

Q9. 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?

We recommend an area-based, whole-house approach, with continuous Government funding. Such approach would take into consideration activity at different scales (e.g. local authority/community) and utilise social and local neighbourhood networks and intermediaries

^{4,12.}

Q11. 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?

Q12. 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?

Response to Q:11–12

Previous research has shown that locally-led solutions to fuel poverty alleviation, working closely with local authorities, charities, health organisations and community organisations⁸, are ideally placed to identify those households who may need help. Initiatives such as energy cafes⁸ have been run by community groups, providing services such as advice on energy

¹¹ Eyre, N and Killip, G. (eds). 2019. Shifting the focus: energy demand in a net-zero carbon UK. Centre for Research into Energy Demand Solutions. Oxford, UK. ISBN: 978-1-913299-00-2, <https://www.creds.ac.uk/wp-content/pdfs/CREDS-Shifting-the-focus-July2019.pdf#page=8> [Accessed 13.09.2019]

¹² Martiskainen, M. and Kivimaa, P. (2018). Creating innovative zero carbon homes in the United Kingdom – intermediaries and champions in building projects. Environmental Innovation and Societal Transitions. 26, pp. 15-31. <http://www.sciencedirect.com/science/article/pii/S2210422416301277> [Accessed 13.09.2019]

efficiency, behavioural changes, supplier switching and wider energy market engagement. Community energy charities such as South East London Community Energy (SELCE)¹³ and Brighton & Hove Energy Service Cooperative (BHESCo)¹⁴ are excellent examples of dedicated organisations working tirelessly to help those vulnerable to fuel poverty in their local areas. However, many such initiatives have to rely on stop-start style funding programmes. We would thus encourage, as a national priority, a continued and regular funding for these initiatives that often have the type of tacit knowledge and networks needed to create locally appropriate solutions for fuel poverty alleviation¹⁵.

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?

We would recommend an area-based approach to alleviating fuel poverty, akin to the recommendations made by several local charities and community organisations⁸. We welcome the Government's recognition of the work conducted by the Fuel Poverty Research Network, the National Energy Action and several local authorities, and as mentioned under Q11-12, local community organisations.

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 at risk for adverse health outcomes from living in a cold home?

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?

Response to Q:17–18

We would welcome better co-ordination between local GP practices, health visitors, school nurses and local authorities in order to identify those who may be in risk of fuel poverty. We would also encourage an increased focus on the over-heating of homes, especially given potentially detrimental consequences for vulnerable groups (e.g. older people or those with

¹³ SELCE: <https://selce.org.uk> [Accessed 13.09.2019]

¹⁴ BHESCo: <https://bhesco.co.uk> [Accessed 13.09.2019]

¹⁵ Martiskainen, M., Heiskanen, E. and Speciale, G. (2018). Community energy initiatives to alleviate fuel poverty: the material politics of Energy Cafés. *Local Environment*. 23(1), pp.20-35. <http://www.tandfonline.com/doi/full/10.1080/13549839.2017.1382459> [Accessed 13.09.2019]

previous illness) or those in particular types of housing (e.g. unventilated properties). While cold homes have been the main focus of fuel poverty alleviation work in England, we would encourage an approach that considers both heating and cooling objectives.

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?

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?

Response to Q:23–24

As we move towards a Net Zero society with increased electrification and interconnectedness between the energy and transport systems, we need to also consider what impacts this may have on the most vulnerable people in society. As part of our equity and justice strand of work, CREDS is therefore funding a new research project in this domain. The Fuel and trAnsport poverty In the UK’s energy tRansition (FAIR) project will examine the intersections between fuel and transport poverty in the UK, commencing in January 2020. This is a partnership with six universities (Sussex, Edinburgh, Liverpool John Moores, Manchester, Oxford and Ulster), Cambridge Econometrics, Green Alliance, and the Energy Saving Trust.