

Fuel Poverty in England: The Government's Plan for Action



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Ministerial Foreword

We are committed to tackling fuel poverty. Our *'UK Fuel Poverty Strategy'*, *'Our Energy Future – Creating a low Carbon Economy'* and *'Energy Efficiency – The Government's Plan for Action'* confirmed that commitment.

We have achieved a great deal in England since our Fuel Poverty Strategy was published. The number of vulnerable fuel poor households in England more than halved from around 3 million in 1996 to 1.4 million in 2001, with estimates for 2002 showing a further drop. Our Warm Front programme has provided assistance to over 900,000 vulnerable households since 2000.

Government recently announced that an additional £140 million would be allocated to fuel poverty in England over the next three years. This will help us to build upon the promising start that we have made.

'Fuel Poverty in England – The Government's Plan for Action' sets out how we intend to meet the first of our fuel poverty targets in England – eradicating fuel poverty in vulnerable households by 2010.

The Plan explains how Government Departments are working together, with stakeholders, to meet our target. Our work to improve housing, to reduce poverty and to improve energy efficiency will all help us to tackle fuel poverty. Our work to tackle fuel poverty will help us to create warmer, more healthy homes and to reduce poverty, particularly amongst the elderly and families with children.

Our main tool for eradicating fuel poverty in England will remain the Warm Front programme, which improves the energy efficiency of the homes of vulnerable households. The Plan shows how we intend to improve the Scheme to maximise its impact. We will extend the range of central heating available and make central heating available to all who are eligible for the Scheme; we will further extend the very successful Benefit Entitlement Checks and improve targeting. Additional powers for local authorities to act where landlords prevent their vulnerable tenants receiving assistance under the Scheme will also be introduced.

But this is not the final word. We will be monitoring progress and updating the plan as appropriate.

A handwritten signature in black ink, appearing to read 'Lord Whitty', written in a cursive style.

Lord Whitty
Minister for Food, Farming and Sustainable Energy

Executive summary

The Energy White Paper confirmed our commitment to tackling fuel poverty as one of our four energy policy goals. Eradicating fuel poverty will also make a major contribution to reducing poverty – especially for the elderly and in homes containing children. It will help to tackle social exclusion, improve health and allow older members of society to remain in their own homes.

In England our initial goal is to end fuel poverty for vulnerable households¹ as far as reasonably practicable by 2010.

We have made excellent progress to date with the number of households in fuel poverty falling steadily since 1996. We exceeded our 2004 Public Service Agreement target for the Warm Front Scheme, which helps us to take households out of fuel poverty. The Scheme has so far helped more than 900,000 vulnerable households to heat their homes more affordably.

We have demonstrated our commitment by making an additional £140 million available for the Warm Front programme over the years 2005-8 – a total of £251 million of Government funding to tackle fuel poverty in 2007-8. The Fuel Poverty Advisory Group have welcomed this extra funding.

Meeting our targets will be challenging. The number of households in fuel poverty is affected by many things, but particularly by changes in household income and in energy prices. Households also move in and out of fuel poverty as their personal circumstances change.

To meet our targets we will make the best possible use of the existing regulations, policies and programmes designed to increase energy efficiency, improve housing, regenerate communities, tackle poverty and improve health. We will ensure that these policies are well coordinated across Government, that synergies are developed and we make the very best use of resources. We will continue to work closely with representatives of the fuel poor, the energy efficiency industry, energy suppliers, local authorities and others.

We have concluded that current and planned policies and programmes including those of local authorities and Housing Associations, activity stimulated by the Office of the Deputy Prime Minister and by energy suppliers should ensure that, as far as reasonably practicable, the majority of households living in social sector housing will be removed from fuel poverty by 2010. We will continue to monitor progress and work to identify solutions for any households remaining in fuel poverty. In 2001 around 20% of the fuel were poor living in social housing. Landlords have invested and are investing heavily to improve the quality of their homes and the average energy efficiency of homes in the social sector is above that in the private sector.

¹ A vulnerable household is one containing children or those who are elderly, disabled or long-term sick.

Eradicating fuel poverty in private sector housing will be more challenging. Existing policies and programmes will help us. In particular we intend to substantially increase the number of vulnerable households in the private sector living in decent homes by 2010. We also plan to extend and increase the size of the Energy Efficiency Commitment, which sets targets for energy suppliers to promote energy efficiency improvements in the home.

But a very large number of households will need to be taken out of fuel poverty by Warm Front. We are improving the Scheme, to ensure that it is well focussed on those who are, or are most likely to become fuel poor, and that the Scheme takes householders out of fuel poverty.

The current Scheme has been criticised by the National Audit Office (NAO) and the Public Accounts Committee (PAC) for not being sufficiently targeted on the fuel poor. Many of the measures outlined will help us to target better and ensure that households are no longer at risk of fuel poverty. We will also work with our Scheme Managers to work for the continued improvement of identification of households and targeting of the Scheme on those most likely to be in fuel poverty, to ensure that we meet our target of eradicating fuel poverty amongst vulnerable householders by 2010.

This Plan announces some important changes to maximise the impact of Warm Front – ensuring that the most vulnerable in society can affordably heat their home:

- To eliminate fuel poverty in the properties of Warm Front clients by increasing the energy efficiency Standard Assessment Procedure² (SAP) rating of each property. Where practicable we will aim to achieve a SAP rating of 65 – a level where there is a minimal risk of any household being in fuel poverty.
- Extend Benefit Entitlement Checks to households in hard to heat homes where we are unable to take the energy efficiency rating above a SAP level of 65.
- Provide all eligible households with central heating and appropriate insulation measures, as central heating is a key way to take households out of fuel poverty. Alternative technologies will be introduced as cost effective measures become available. Offer oil central heating, once other low carbon solutions have been considered.
- Encourage Scheme Managers to work more closely in partnership with other energy efficiency schemes (for example, the Energy Efficiency Commitment), to ensure that fuel poor households receive the maximum possible benefits and the best possible customer service.
- Encourage greater activity in areas where there are high proportions of fuel poor.
- Some detailed changes to the Scheme will help ensure that as many households as possible are taken out of fuel poverty, for example:
 - Increasing the grant maxima, in part due to the inclusion of additional measures;
 - Enabling measures to be delivered, up to the grant maxima, over a period of time;
 - Enabling households who have previously received assistance to apply for help under the revised Scheme.

² The Standard Assessment Procedure rating is a benchmark figure for the energy performance of dwellings of between 1 and 120. The higher the number the better the standard.

Executive summary

Taken together, we believe that these changes to the Scheme will improve our targeting and ensure the maximum impact of measures to take households out of fuel poverty.

To ensure that we remain on track we will continue to monitor progress, manage the risks to achieving the targets and work to improve our understanding of the impact of our plans and policies on fuel poverty. We will continue to work to find solutions for those households where challenges remain.

This Plan will be amended and updated as further research findings and information on costs, following the current Warm Front procurement process, become available.

Introduction

- 1.1 We are firmly committed to tackling fuel poverty. The Energy White Paper³, 'Our Energy Future – towards a low carbon economy' published in February 2003, made clear that tackling fuel poverty is one of our four energy goals. 'Energy Efficiency – The Government's Plan for Action'⁴ published in April 2004 reaffirmed our commitment to tackling fuel poverty.
- 1.2 Our goal, together with the Devolved Administrations, is to seek an end to the problem of fuel poverty – that is where a household has to spend more than 10% of its income on all fuel to keep warm. This document sets out our plans for meeting this goal in England, focussing upon vulnerable householders – our first priority.
- 1.3 Our 'UK Fuel Poverty Strategy'⁵, published in 2001 included targets for the eradication of fuel poverty⁶ in England. This has since been clarified to:

'In England, the Government as far as reasonably practicable will seek an end to fuel poverty for vulnerable households by 2010.

Fuel poverty in other households in England will, as far as reasonably practicable, also be tackled as progress is made on these groups, with a target that by 22 November 2016 no person in England should have to live in fuel poverty.

Separate targets will be / are being set by the Devolved Administrations in respect of tackling fuel poverty'

Further detail can be found at: <http://www.defra.gov.uk/environment/energy/fuelpov/>.

- 1.4 We exceeded our original Public Service Agreement of assisting 600,000 households under our own Warm Front programme between 2001 and 2004, with Warm Front having now provided assistance to more than 900,000 vulnerable households with total expenditure on the Scheme during that period in excess of £600 million.

3 <http://www.dti.gov.uk/energy/whitepaper/ourenergyfuture.pdf>

4 <http://www.official-documents.co.uk/document/cm61/6168/6168.pdf>

5 http://www.dti.gov.uk/energy/consumers/fuel_poverty/strategy.shtml

6 The Strategy provides two definitions of fuel poverty:

- A household is in fuel poverty if, in order to maintain a satisfactory heating regime it would be required to spend more than 10% of its income (including Housing Benefit or Income Support for Mortgage Interest) on all household fuel use; and
- A household is in fuel poverty if, in order to maintain a satisfactory heating regime it would be required to spend more than 10% of its income (excluding Housing Benefit or Income Support for Mortgage Interest) on all household fuel use.

As stated in the Strategy, targets will be set on the first of these definitions. However, we are committed to reporting against both definitions in the Annual Progress Report on Fuel Poverty (http://www.defra.gov.uk/environment/energy/fuelpov/pdf/fuelpov_2nocover.pdf).

- 1.5 We have a new Public Service Agreement target to '*Eliminate fuel poverty in vulnerable households in England by 2010 in line with the Government's Fuel Poverty Strategy Objectives.*' To ensure that there are sufficient resources available to achieve this, an additional £140 million was allocated to Warm Front in the Spending Round 2004.
- 1.6 The current Warm Front contracts run until May 2005. We are currently mid way through the process of retendering for the next phase of Warm Front contracts to run from June 2005, for a seven year period.
- 1.6 Tackling fuel poverty is key to the Government's wider agenda of reducing poverty, tackling social exclusion, improving health and taking care of the older members of our society. For example, reducing fuel bills will help us to meet our objective of halving child poverty by 2010 and reducing the number of cold and damp homes which will in turn contribute to '*Tackling Health Inequalities; A Programme for Action*'⁷ and help to increase the number of Decent Homes.⁸
- 1.7 This Plan looks at the scale of the challenge in meeting our 2010 fuel poverty targets for vulnerable households in England; reviews the mechanisms in place to meet those targets; and highlights issues to be addressed including, for example, the challenge of hard to treat homes and the particular needs of the private rented sector.
- 1.8 The Plan will be amended and updated as further information and research results become available.

⁷ <http://www.dh.gov.uk/assetRoot/04019362.pdf>

⁸ http://www.odpm_housing/stellent/groups/odom_housing/documents/page/odpm_house_027427.hcsp

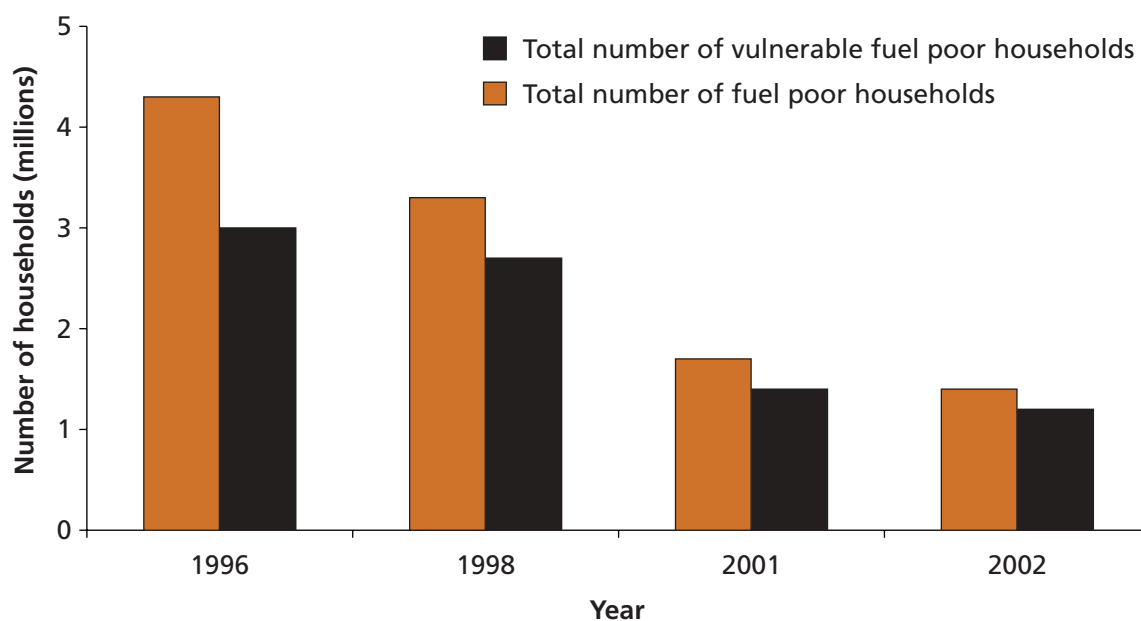
The scale of the challenge

2.1 The number of fuel poor households

2.1.1 Estimates of the number of households in fuel poverty in England indicate that the number has fallen steadily since 1996. The graph below, derived from our Second Annual Progress Report⁹, shows that the number of fuel poor households in England fell to 1.7m in 2001, of which 1.4m were considered vulnerable.

2.1.2 Modelled estimates for 2002 suggest a continued decrease. We have used 2001 figures in this Plan as they are the last figures to be based on actual survey data. Further survey based information will not be available until 2005, as a result of changes to the English House Condition Survey which has moved to a continuous format with fieldwork conducted throughout the year. A review of the methodology used to calculate the fuel poverty figures is currently underway.¹⁰

Graph 1: Number of fuel poor households in England¹¹



Source: The UK Fuel Poverty Strategy: 2nd Annual Progress Report 2004

⁹ http://www.defra.gov.uk/environment/energy/fuelpov/pdf/fuelpov_2nocover.pdf

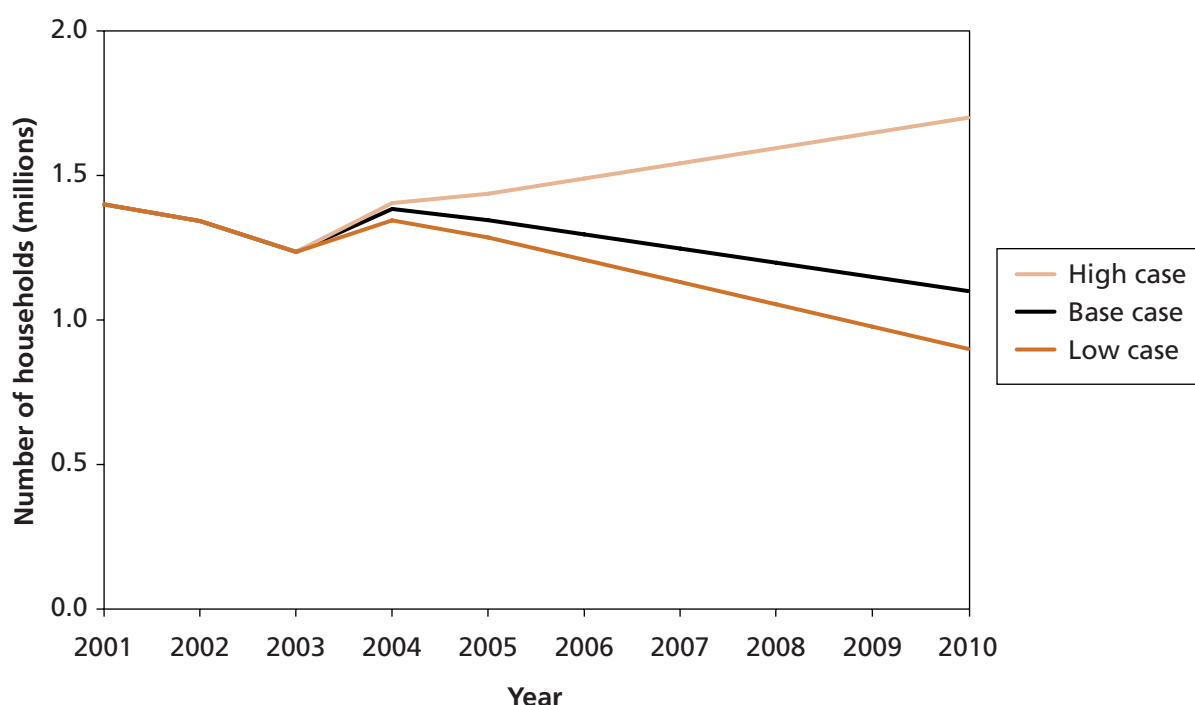
¹⁰ A public consultation was held earlier in 2004 on a number of proposed methodological improvements. It is hoped that as many as possible of the changes will be implemented for the Third Annual Progress Report, due to be published in April 2005.

¹¹ 2002 data is based upon modelled estimates.

2.2 Effect of economic changes on the number of vulnerable fuel poor households to 2010

2.2.1 Several factors can have a direct impact on the number of households in fuel poverty, including household income and fuel prices. DTI have estimated the economic effects on the number of fuel poor by 2010 with three scenarios outlined in the graph below. Headline analysis is presented below, with further details of the assumptions made being available on the DTI website at http://www.dti.gov.uk/energy/consumers/fuel_poverty. DTI are also making available a ready reckoner that will allow the impact of price and income changes on fuel poverty to be considered. This is available at the same location.

Graph 2: Number of vulnerable households in fuel poverty after economic effects



Source: Estimates derived by DTI from EHCS 2001 data (November 2004)

- i. **Base-case scenario** – a 13% increase in the price of electricity and a 4% rise in the price of gas between 2001 and 2010 in real terms. This is broken down into a 2% rise in electricity prices between 2001 and 2005 and a 10% rise between 2005 and 2010. For gas there is a 15% rise between 2001 and 2005 and a 10% fall between 2005 and 2010.

Incomes are assumed to grow at 2.5% per annum in the period 2001 to 2005, approximately in line with Treasury estimates. Incomes are then assumed to grow at 1.25% per annum in real terms, lower than the Treasury annual growth forecast to 2008.

- ii. **Low-case scenario** – a 9% increase in the price of electricity and a 2% fall in the price of gas between 2001 and 2010 in real terms. This is broken down into a 1% rise in electricity prices between 2001 and 2005 and an 8% rise between 2005 and 2010. For gas there is a 13% rise between 2001 and 2005 and a 14% fall between 2005 and 2010.

Incomes are assumed to grow at 2.5% per annum in real terms throughout the period. The income growth is approximately the Treasury annual forecast to 2008.

- iii. **High-case scenario** – a 30% increase in the price of electricity and a 15% increase in the price of gas between 2001 and 2010 in real terms. This is broken down into a 3% rise in electricity prices between 2001 and 2005 and a 26% rise between 2005 and 2010. For gas there is a 19% rise between 2001 and 2005 and a 4% fall between 2005 and 2010.

Incomes are assumed to grow at 2.5% per annum in the period 2001 to 2005, approximately in line with Treasury estimates. Incomes are then assumed to stay at their current levels in real terms.

- 2.2.2 Electricity and gas prices for domestic customers in 2003 were at or near to their lowest levels in real terms over the last 30 years. There is a range of factors likely to cause electricity prices to rise over the next few years. These include wholesale price recovery, fossil fuel prices, regulation of transmission and distribution costs, the Renewables Obligation and, for domestic customers, the Energy Efficiency Commitment (EEC). For gas prices some of the same factors apply, including wholesale market pressures from the link to increased oil prices in non-liberalised gas markets.
- 2.2.3 Prices for 2004 and 2005 are estimated based on price rises already announced to the start of November 2004. This implies that gas prices rise by 13 per cent in real terms between 2003 and 2005, while electricity prices rise by 7 per cent over the same period.
- 2.2.4 Between 2005 and 2010, we expect electricity prices to rise by about 10 per cent under our base case, mainly due to the tightness in generation capacity. Over the same period, we expect gas prices to fall by 10 per cent, due to the beach price of gas returning to a range of between 17.5p/therm and 22.5p/therm, which in turn is due to the liberalisation of European gas markets and the additional import capacity for the UK in the form of Liquefied Natural Gas terminals, additional interconnector capacity and lower oil prices. These forecasts are consistent with International Energy Agency projections.
- 2.2.5 Even under the high case scenario prices would be well below the high point over the last 25 years and around the average level over that period. In real terms we expect prices to remain below the average over the last 30 years.
- 2.2.6 For the purposes of this Plan we focus on the base case scenario which implies that the numbers in fuel poverty will decrease by approximately 20% due to price and income movements. This reduces the number of vulnerable households in fuel poverty in England from 1.4 million in 2001 to 1.1 million households in 2010.

2.3 Households refusing assistance

- 2.3.1 There will be a number of households who will not accept assistance when it is offered to them. Preliminary results from the evaluation of Warm Zones¹² have shown that, even with repeat visits, around 20% of households refuse energy efficiency advice and/or measures.
- 2.3.2 Research currently underway is considering how we can tackle those households who are reluctant to take advantage of assistance offered. Areas for consideration include –
- raising awareness of schemes and promotion of benefits;
 - explaining to the wider community the benefits of Warm Front and other schemes to reduce the feeling of 'charity';
 - ensuring local endorsement from trusted individuals and organisations in all parts of the community, eg the health service;
 - involving friends and family to pass the message to those who may be vulnerable to fuel poverty.
- 2.3.3 As we expect to become more successful in overcoming reluctance to the take-up of measures, we have estimated that the proportion of households refusing assistance will reduce to around 10%.
- 2.3.4 On the base case scenario and the assumptions highlighted above this would leave around 1 million vulnerable households to be removed from fuel poverty to 2010.

¹² In 2000 the Government provided funding for a three year pilot programme to establish five Warm Zones. The purpose of the pilot was to assess the benefits of a systematic local approach to identifying and assisting fuel poor households.

Impact of current and planned policies to 2010

3.1 Policies and programmes which can contribute

3.1.1 A number of current and planned policies and programmes will have an impact on the number of vulnerable fuel poor households in England. These include:

- Housing policies and programmes;
Including the Decent Homes Standard, Energy Efficiency Commitment, Community Energy programme and Building Regulations.
- Programmes to provide energy efficiency advice;
From a number of sources including Energy Efficiency Advice Centres and utilities.
- Local delivery;
Including work by local authorities and others.
- Regeneration programmes;
Including the Pathfinder Market Renewal programme and the Neighborhood Renewal Fund.
- Economic instruments;
Such as measures to lower VAT on energy saving materials and energy efficiency products and a tax allowance for private sector landlords to encourage investment in insulation and consideration of a Green landlords scheme.
- Consumer policy;
Including opportunities for savings to be made from transferring supplier or payment method, and efforts to drive down erroneous transfers and complaints.
- Policies to tackle poverty;
Including welfare to work, financial inclusion, and economic policies to reduce child poverty and increase the income of elderly households.
- Policies to improve health;
Including a number of programmes aimed at raising awareness and generating referrals from this sector for energy efficiency schemes.

Further consideration of a wide range of policies that will contribute to tackling fuel poverty is contained in Annex A.

3.1.2 It is difficult to accurately quantify the impact of these policies and programmes on fuel poverty. Some policies enable action rather than provide it directly – such as energy efficiency advice from Energy Efficiency Advice Centres and energy suppliers. Other examples include access to tariffs for those on low incomes and appropriate metering or billing arrangements. Some of these measures could take households out of fuel poverty, but we do not know whether the recipient was fuel poor before assistance – or indeed is afterwards. Monitoring the effect of these activities is a challenge we will continue to address as we move ahead.

- 3.1.3 This section does however provide a summary of the likely impact of these policies and programmes on the number of households in fuel poverty, in both social and private sector housing.

3.2 Social housing

- 3.2.1 According to the 2001 English House Condition Survey nearly 20% of all fuel poor households are in the social housing sector. On the base case scenario and other assumptions outlined in Section 2, 200,000 households will require assistance in the social housing sector to 2010, according to the 2001 baseline.
- 3.2.2 Government and local authorities in partnership with many other agencies and organisations have already devoted a great deal of resource and expertise to minimise the risk of fuel poverty for those in social housing. This can be seen by the relatively high energy efficiency Standard Assessment Procedure rating of social sector homes, when compared with those in the private sector. The average rating in the social sector is 53 for local authority homes and 60 for those of Registered Social Landlords, whilst the average in the private sector is less than 50.
- 3.2.3 There is also a wide range of activities underway or proposed which will have an impact on the social housing sector. Some examples are –

Local authority and housing association work to improve the energy efficiency of their housing stock – e.g. guidance provided by the Housing Corporation includes requirements for developments to pass the EcoHomes Standard; support has been provided for programmes to “enhance the quality of life of present and future residents of housing associations”.

ODPM stimulated activity – e.g. the Decent Homes Standard incorporates a thermal efficiency standard and a target for all social housing to reach the decency standard by 2010; the Energy Performance of Buildings Directive will require minimum energy performance standards for new buildings and the provision of energy performance certificates at the point of construction, sale or rental for most other buildings; the Building Regulations are under review; higher standards will be required for new and replacement boilers; and the proposed Housing Health and Safety Rating System, which will apply to all residential properties, will help local authorities target those in the worst condition by identifying the hazards in dwellings, such as excess cold, which have an adverse effect on health or safety.

Plans to extend and expand the Energy Efficiency Commitment – providing an opportunity for gas and electricity suppliers to help to improve energy efficiency and tackle fuel poverty in social sector homes – energy suppliers will continue to provide schemes to help homes in the social housing sector.

- 3.2.4 We have concluded that, based on the information available, the level of activity anticipated within this sector will ensure that, as far as reasonably practicable, the eradication of fuel poverty for vulnerable households should be achieved. This sector already has the highest average SAP rating within the housing stock and only 20% of the fuel poor. There are targets to continue to improve social housing which will help to eradicate fuel poverty together with supporting policies to ensure activity levels are maintained.
- 3.2.5 However, we will carefully monitor and report on activity in this sector through our Annual Progress Report on the UK Fuel Poverty Strategy¹³. Initial desk based analysis of survey data highlights that there may be cases where those who live in a 'Decent Home' could still suffer from fuel poverty. Further research is required and ODPM together with Departments such as Defra, will investigate this area to ensure targets are achieved.

3.3 Private sector housing

- 3.3.1 Within the private sector there are two distinct groups – the owner occupier and the private rented sector. According to EHCS 2001 over 80% of fuel poor households are in this sector – around 65% owner occupiers and 15% in the private rented sector. On the base case scenario and the assumptions made in Section 2, 800,000 vulnerable fuel poor households will require assistance in the private sector to 2010.
- 3.3.2 There are a number of reasons why there is a higher propensity for households to be fuel poor in this sector. For example over two thirds of pensioners, who may be on lower incomes, and so more likely to face fuel poverty, own their homes.
- 3.3.3 Many of the policies outlined in Section 3.1, such as the Energy Efficiency Commitment, economic measures and wider poverty and health initiatives will have a positive effect in both the social and the private sector. We estimate that 100,000 households in the private sector will have been taken out of fuel poverty between 2001 and 2010 as a result of such programmes.
- 3.3.4 There are particular challenges in the private rented sector which are explored further in Section A4.11 and A4.12, and B8.3. The Housing Act 2004 introduces new measures aimed at raising standards in this sector through enforcement based on assessments under the Housing Health and Safety Rating System (HHSRS), licensing of houses in multiple occupation and the selective licensing of other residential accommodation, which will apply to this sector.
- 3.3.5 The Government's Warm Front Scheme has also made a significant contribution. However, we recognise that not all grants will have reached the fuel poor and that not all households assisted will have been taken out of fuel poverty. An internal review carried out by Defra and reports from the National Audit Office and Public Accounts Committee highlighted areas for attention which are explored further in Chapter 4 and Annex B.

¹³ http://www.defra.gov.uk/environment/energy/fuelpov/pdf/fuelpov_2nocover.pdf

- 3.3.6** As stated above, on the base case scenario and assumptions in Section 2, 800,000 vulnerable fuel poor households will require assistance in the private sector to 2010. For the purposes of this Plan, we have limited estimates of the impact of Warm Front to 150,000 households being removed from fuel poverty between 2001 and the end of the current Scheme in May 2005.
- 3.3.7** When those identified above, and the 100,000 households assisted due to other policies already identified to 2010 are taken into account there will be some 550,000 vulnerable households remaining in the private sector to be removed from fuel poverty between 2005 and 2010 by programmes not already taken into account, such as the next phase of Warm Front.
- 3.3.8** We are amending the Warm Front Scheme from June 2005 so that it will make the greatest possible impact on fuel poverty in the private housing sector in England. Details are set out in Section 4. We will continue to assess the impact of all programmes and to identify solutions in the challenging areas that remain.

3.4 Gas network extension and consumer policy

- 3.4.1** The Design and Demonstration Unit at the DTI intends to complete ten pathfinder projects to provide gas connections to households in deprived communities, together with associated measures inside the home, by the end of 2005/06. The pilots will provide a template for gas projects and the funding packages that support them. Elements within packages include the Energy Efficiency Commitment, fuel switching allowances, contributions by suppliers and European Union funding, as well as funding from a range of energy efficiency programmes.
- 3.4.2** The Government will seek ways in which to replicate this work on a larger scale, and is investigating the range of funding sources that would allow it to do so in the longer term. In the short term it is seeking to expand the pilots to around 80 communities over a three-year period.
- 3.4.3** DTI is responsible for gas and electricity consumer policy and has strong links with key players in the energy market, including the industry, Ofgem and energywatch. This offers opportunities to assist fuel poor households, as well as other domestic consumers, by improving the operation of the market. This includes addressing problems within the transfer process and billing, as well as promoting switching and cheaper payment methods.

Warm Front – key developments

4.1 Background

- 4.1.1 Warm Front is a major Government grant programme, funded by Defra, for the installation of a range of energy efficiency measures and the provision of energy advice in the private sector. It was established in 2000, as a successor to the former Home Energy Efficiency Scheme, to help vulnerable households – the elderly, families with young children, the long term sick and the disabled. During the development of the UK Fuel Poverty Strategy, which was published in November 2001, Warm Front was identified as a key programme to tackle fuel poverty.
- 4.1.2 Reviews of the performance of Warm Front including an internal review by Defra, and that carried out by the National Audit Office in 2003¹⁴ indicate that, although the Scheme has made a considerable contribution to eradicating fuel poverty, it is not always well targeted towards the fuel poor.
- 4.1.3 There was also concern as to how far heating and insulation measures currently available under the Scheme are likely to remove households from fuel poverty. It was estimated that the current Warm Front Scheme may be insufficient to move households out of fuel poverty in at least 20% of cases, and possibly more.
- 4.1.4 The NAO report on Warm Front quoted data from the Warm Zone pilot project and suggested that:
- “A third or more of fuel poor households are not being reached by Warm Front largely because they are not claiming the passport benefits or are not eligible for them.”*
- 4.1.5 The NAO report *‘Tackling pensioner poverty: Encouraging take-up of entitlements’*¹⁵ suggested that between 22-36% of people over 60 who are eligible for Income Support do not claim it; one in ten do not claim Housing Benefit; and one in three (around 1.2 million people) do not claim Council Tax Benefit¹⁶. For those in the private housing sector it is these benefits that can provide eligibility for help under Warm Front.

4.2 Action taken

- 4.2.1 We have explored the proportion of vulnerable fuel poor households who are not currently eligible for assistance under Warm Front. Our estimates indicate that up to 25% of the vulnerable fuel poor are not eligible for the Scheme. We estimate that to widen eligibility to all vulnerable households would add some seven million households. The proportion of these likely to be fuel poor would be 5%.

¹⁴ http://www.nao.org.uk/publications/nao_reports/02-03/0203769.pdf

¹⁵ http://www.nao.org.uk/publications/nao_reports/02-03/020337es.pdf

¹⁶ The main National Statistics publication on the take-up of benefits is ‘Income Related Benefits – Estimates of Take-Up in 2001/2002’, available at <http://www.dfw.gov.uk/asd/irb.asp>

- 4.2.2 Over 60% of the fuel poor not eligible for Warm Front are single elderly householders, with many of the remainder being elderly couples. The reason for these households being in fuel poverty may be due to underoccupancy, an area we will explore further, or individuals not claiming the benefits for which they are eligible.
- 4.2.3 To assist those in the latter category we have introduced Benefit Entitlement Checks for those who, at the time of application, do not qualify for assistance from Warm Front. These checks provide both the potential of increasing household income and enabling households to benefit from measures under Warm Front.
- 4.2.4 Figures to date demonstrate that around half of applicants ineligible at the time of initial application accepted the offer of a Benefit Entitlement Check, with 30% of this group then found to be eligible for benefits which would make them entitled to a Warm Front grant. The checks have resulted in an average weekly increase in benefits of £24 per claimant. We plan to continue with this measure under the next phase of Warm Front.
- 4.2.5 Looking at the measures we can offer to households, *we have removed the requirement for boilers to be replaced on a like for like basis*. This will allow Scheme Managers to provide a response suited to the needs of the household. *We are currently running a pilot to test a system to see whether we can – in a consistent way – provide help where there is an energy inefficient, but still functioning, boiler in place*. The findings of this pilot are expected in early 2005.

4.3 Way ahead

- 4.3.1 We are committed to improve the targeting of Warm Front to ensure that a greater proportion of help goes to those who are or are more likely to become fuel poor, and takes those households out of fuel poverty. The current Scheme has been criticised by the National Audit Office and the Public Accounts Committee for not being sufficiently targeted on the fuel poor. Many of the measures outlined will help us to target better and ensure that households are no longer at risk of fuel poverty. We will also work with our Scheme Managers for the continued improvement of identification of households and targeting of the Scheme on those most likely to be in fuel poverty, to ensure that we meet our target of eradicating fuel poverty amongst vulnerable householders by 2010.
- 4.3.2 We have looked at the eligibility criteria and how we can further refine targeting. Particular issues considered include local geographical areas, house type, demographics and the impact of measures offered in improving the thermal efficiency of properties to minimise the risk of fuel poverty. As a result of these considerations we plan to:
- eliminate fuel poverty in the properties of Warm Front clients by increasing the energy efficiency Standard Assessment Procedure (SAP) rating of each property. Where practicable we will aim to achieve a SAP rating of 65 – a level where there is a minimal risk of any household being in fuel poverty;
 - provide all eligible households with central heating – the measure most likely to take households out of fuel poverty;

- offer oil central heating, once other low carbon solutions have been considered;
- look at alternative technologies as an option to help households not on the gas mains;
- continue to offer insulation measures where recommended and feasible to all households;
- extend the provision of Benefit Entitlement Checks;
- encourage Scheme Managers to work in partnership with other energy efficiency schemes (eg the Energy Efficiency Commitment) to bring maximum benefit to fuel poor households;
- encourage activity in geographical areas where there is a greater propensity for households to be fuel poor;
- increase the grant maxima to take account of proposed changes;
- introduce a Warm Front account, to enable measures to be delivered, up to the grant maxima, over a period of time;
- enable households who have previously received assistance to apply for help under the revised Scheme for additional measures.

4.3.3 Although the above will go a long way to improving the assistance we provide to fuel poor households a number of challenges remain. These are explored in more detail in Annex B. These include further exploration of measures for hard to treat homes and those off the gas network, underoccupancy and activity across all sectors. We are broadening the range of measures available but will monitor the situation and add other measures to the Scheme as they are proven.

4.3.4 A number of other initiatives will also provide insight into such issues. One of these is that the Government continues to develop, through the work of the Design and Demonstration Unit, approaches to extending the gas network to assist fuel poor communities. The scope for expanding this work is being explored and more detail is set out in Annex A. It will be important to ensure that, extension of the gas network and other low carbon based options are considered before oil central heating is installed.

Moving forward

5.1 Engaging with stakeholders

- 5.1.1 We will continue to work closely with others to ensure that we meet our targets for the eradication of fuel poverty. Across Government Departments we will ensure our policies on fuel poverty, health, wider poverty, housing and regeneration are well coordinated. We will ensure synergies are developed and that we make the very best use of the resources available. We will also continue to work closely with representatives of the fuel poor, the energy efficiency industry, energy suppliers, local authorities and others.
- 5.1.2 We will continue to maintain regular contact with the main players in this area individually and through established stakeholder groups including:
- Interdepartmental Ministerial Group on Fuel Poverty and the supporting official level group;
 - Fuel Poverty Advisory Group (for England) – *an advisory Non Departmental Public Body bringing together representatives of the energy efficiency industry, energy suppliers, voluntary bodies and charities;*
 - Energy Efficiency Partnership for Homes – *bringing together key players in energy efficiency;*
 - Fuel Poverty Monitoring and Technical Group – *a technical group drawing together analysts from across Government and academia.*
- 5.1.3 When appropriate we will arrange special events or meetings to discuss key issues. For example, stakeholders were consulted on the development of Warm Front and the Energy Efficiency Commitment at specific stakeholder events organised by the Energy Efficiency Partnership for Homes in November 2003.
- 5.1.4 We will encourage our Scheme Managers to further develop partnerships with others working with the most vulnerable in society. Discussions are ongoing to ensure the effective interaction of schemes, including Warm Front and the Energy Efficiency Commitment. We are committed to ensuring, as far as possible, the maximum opportunity for, and to remove any barriers to, the ability for schemes to work together. Engaging with local communities is achieved by establishing partnerships with those working on the ground. The expertise and knowledge of such local networks and the trust which they engender in vulnerable householders makes them an invaluable resource in reaching the most needy clients.

5.2 Risks

- 5.2.1 There are a range of potential risks to achieving our fuel poverty targets. The target may change for reasons not completely within Government's control e.g. changes in the economy and fuel prices. Some of the actions needed to meet the targets are also outside Government's control.

- 5.2.2 The Fuel Poverty Advisory Group, which advises Ministers on the implementation of the Fuel Poverty Strategy in England, drew attention to insufficient resources as a key risk in its 2003 Annual Report. The Group said that *'if expenditure for low income groups under EEC is doubled, then other programmes need to increase by at least 50% ...'* to achieve the 2010 target, implying that failure to double EEC expenditure on low income households would necessitate an even greater increase in other programmes.
- 5.2.3 In the 2004 Spending Review we allocated an additional £140 million to the Warm Front programme over the years 2005-2008. This highlights the importance of this programme in meeting the fuel poverty targets. This means that the resources for fuel poverty for Defra total £172 million in 2005/6, £201 million in 2006/7 and £251 million in 2007/8. The Fuel Poverty Advisory Group have welcomed these extra resources and Government recognises the ongoing need to demonstrate commitment to these targets right through to 2010 and 2016.
- 5.2.4 Identified risks to achieving our 2010 target include:
- A deterioration in the economy, leading to more fuel poor households;
 - An increase in fuel prices, above that assumed in the Energy White Paper and revised in this document;
 - Failure of Benefits to match the increase in the cost of living;
 - Availability of energy efficient materials, or installers to fit the measures;
 - Failure to deliver the Government's Warm Front Scheme e.g. because of a shortage of funds or issues with Scheme Managers;
 - Lower contribution from other energy efficiency schemes than expected;
 - Failure of supplementary programmes to assist fuel poverty;
 - Failure of schemes to reach the fuel poor.
- 5.2.5 Steps to be taken to manage these risks include:
- Monitoring and devising alternative approaches to delivery wherever possible;
 - Encouraging programmes to work together as much as possible (eg EEC and Warm Front);
 - Working with the energy efficiency industry and those concerned with training to try to ensure a smooth supply of materials and trained installers to respond to fuel poverty and Energy White Paper targets;
 - Consultation with stakeholders within this policy area;
 - Ensuring smooth development and introduction of next phases of programmes such as Warm Front and the Energy Efficiency Commitment.

5.3 Monitoring progress

- 5.3.1 To ensure that we remain on track towards our 2010 target we will continue to monitor progress on the overall number of households in fuel poverty through the English House Condition Survey.
- 5.3.2 We will monitor progress towards the target as a whole and the split between the social and private housing sectors. We are also committed to working with colleagues to ensure improved monitoring of the wide range of policies which will affect fuel poverty so that we can estimate the impact of those policies and programmes in reaching and treating the fuel poor.
- 5.3.3 We have considered the consequence of this across all fuel poor households on the base case scenario outlined in Section 2. Taking account of economic activity and those who are expected to refuse assistance, we believe there will be a total of one million vulnerable households to be taken out of fuel poverty between 2001-10.
- 5.3.4 It is estimated that some 20% of the fuel poor are in social housing, so of the total to be assisted in this period 200,000 households are expected to be in this sector. As outlined in Section 3 we expect these households to be tackled by existing programmes and the proposed programmes such as activity under the next phase of the Energy Efficiency Commitment. We will monitor the impact of these programmes.
- 5.3.5 This leaves some 800,000 vulnerable households in the private sector to be taken out of fuel poverty between 2001-10. We have limited our estimate to 150,000 of these households being removed by the first phase of Warm Front with a further 100,000 removed by other programmes in the private sector to 2010. This leaves 550,000 private sector households to be treated between 2005-10, the majority of which we expect to be assisted through Warm Front and the improved impact of this Scheme.
- 5.3.6 We are currently undertaking the procurement process for the Warm Front Scheme Managers from mid 2005. To avoid any risk of prejudicing the procurement process we are not able to give an indication of the costs of delivering the Scheme in this Plan.
- 5.3.7 We intend to update this plan as appropriate, to reflect progress and any changes in the context of our work.

Government policies and programmes contributing to the eradication of fuel poverty

- A1 This Annex provides details of a range of Government policies and programmes which have the potential to impact on our targets to eradicate fuel poverty. Further detail can be found in the Government's Energy Efficiency Action Plan, which was published alongside the Second Annual Progress Report on the Fuel Poverty Strategy in April 2004 and which sets out a balanced package of measures designed to overcome the barriers to energy efficiency.
- A2 It is challenging to estimate the impact of this wide range of policies and programmes on the number of fuel poor households. In all cases there are likely to be reductions in the number of fuel poor, either directly e.g. through the installation of energy efficiency measures, or indirectly e.g. by stimulating action through advice.
- A3 However it is difficult to make realistic estimates as:
- In some cases action will be stimulated by one policy or programme – but can be funded by another. For example, local authorities and the Decent Homes Standard are heavily dependent on action under Warm Front or through the Energy Efficiency Commitment.
 - It is often difficult to assess the number of households that have been taken out of fuel poverty – schemes are often aimed at one facet of fuel poverty e.g. home improvement or increased income, and it is difficult to tell whether a household has been taken out of fuel poverty or whether they were suffering initially.

Housing policies and programmes

Decent homes standard

- A4.1 Tackling fuel poverty has wide links to other policy goals one of which is to ensure that all individuals, and as a priority the most vulnerable in society, benefit from living in a decent home. An important policy in ensuring this is the Decent Homes Standard which has a number of components including that a home must provide a reasonable degree of thermal comfort, which means it must have effective heating and insulation. The work that is done to achieve this Standard will have a substantial effect in limiting the number of individuals who suffer from fuel poverty.
- A4.2 Two commitments included in the Standard are particularly relevant to tackling fuel poverty:
- to bring all social housing into a decent condition by 2010, with most improvement taking place in deprived areas;
 - increase the proportion of private housing in decent condition occupied by vulnerable groups to 65% by 2006 and 70% by 2010.

- A4.3 Work to meet these targets may be arranged and funded through a number of routes including, for example, local authorities working with energy suppliers through the Energy Efficiency Commitment. Activity through EEC must be additional to work already planned by local authorities and so it can be expected that the majority of EEC monies will result in work taking householders above the Decent Homes Standard.
- A4.4 It is difficult to estimate the impact of activity under the Standard on fuel poverty in social housing. ODPM are planning to carry out research into the extent to which social landlords are exceeding the Standard when carrying out work on their stock. Further research will also be carried out to assess the impact on the fuel poor.

EU Directive 2002/91/EC on the energy performance of buildings

- A4.5 The Energy Performance of Buildings Directive will require minimum energy performance standards to be set for dwellings and the provision of energy performance certificates for all dwellings at the point of construction, sale or rental.
- A4.6 In England minimum energy performance standards for dwellings and energy certificates for new homes will be implemented by amendment to the Building Regulations. The provision of energy certificates at the point of sale is expected to be implemented through the Home Information Pack. Options to ensure energy certificates are provided for rented homes are currently being examined.

Building regulations

- A4.7 Amendments to Part L of the Building Regulations are currently being considered. These amendments would increase the energy efficiency of new dwellings and extensions to existing properties by a further 25%.
- A4.8 Part L is mainly aimed at the construction of new dwellings to ensure the maximum energy efficiency of the property. At the moment the Standard Assessment Procedure rating for new build properties is around 80, and the new Regulations would be expected to increase this. It is proposed that all new properties would be provided with an energy certificate which would clearly indicate to the new owners how energy efficient their dwelling is.
- A4.9 In 2003 the Energy White Paper announced the intention to raise the standard required for new and replacement boilers to the level of the most efficient type A and B rated condensing boilers. Over one million boilers are installed each year. At the Better Building Summit in October 2003 the Deputy Prime Minister announced that the new standard would be implemented by bringing a Building Regulations amendment into effect by 1 April 2005.

Government policies and programmes contributing to the eradication of fuel poverty

Home information packs

A4.10 Home Information Packs will include an energy report for prospective buyers. It is proposed that this would include information on existing energy efficiency measures, an energy efficiency rating of the property and recommendations for improving the energy efficiency of that property. The Home Information Pack initiative is expected to go live in January 2007, dependent on sufficient trained assessors (or Home Inspectors as they are to be known) being available.

Standards in the private rented sector

A4.11 Provisions in the Housing Act 2004 will introduce new measures aimed at raising standards in the private rented sector. These include mandatory licensing for Houses in Multiple Occupation (HMO) over a certain size; powers for authorities to license other HMOs; and selective licensing for private landlords in designated areas. Wider developments such as accreditation schemes to nurture and encourage more good practice among landlords are also underway.

Written tenancy agreements

A4.12 For rented properties, the Law Commission's 'Renting Homes' report contains proposals that would require a written tenancy agreement which could include a requirement for an energy certificate.

Housing health and safety rating system

A4.13 The Housing Act 2004 introduces a new Housing Health and Safety Rating System (HHSRS) to replace the current Housing Fitness Standard in late 2005. The HHSRS will apply to all residential properties. The powers provided will help local authorities target the worst condition properties, often housing some of the most vulnerable in society.

A4.14 As noted in 3.2.3, HHSRS will help local authorities to target necessary work on their own stock. In the private sector, it will provide the basis for statutory enforcement action to deal with any of the health and safety hazards found in dwellings. Cold hazards are likely to be amongst the most prevalent in the housing stock and it is important that local authorities regard the appropriate use of their enforcement powers as part of their housing renewal and energy strategies.

Standards in temporary accommodation

A4.15 Some of the most vulnerable tenants placed by a housing authority are in temporary accommodation in the private rented sector. ODPM is determined to ensure that all such temporary accommodation meets minimum standards, including hazards from cold.

Home improvement agencies, often referred to as care and repair or staying put

A4.16 Home Improvement Agencies are small not for profit organisations funded and supported by local and central Government. They provide advice, support and assistance to elderly or disabled homeowners and private tenants. They help people to repair, improve, maintain or adapt their home to help them live independently.

Housing corporation

A4.17 The Housing Corporation provides guidance and standards for Registered Social Landlords (RSLs). New build schemes for grant funded RSLs through the Housing Corporation must comply with the Corporation's published Scheme Development Standards (April 2003). This includes assessing developments' performance against the EcoHomes standard.

A4.18 EcoHomes is an environmental assessment method for new and refurbished homes. It considers broad environmental concerns and new homes are assessed on a number of issues including energy efficiency, pollution and water use.

Connections to the mains gas network

A4.19 Since 2003, the Design and Demonstration Unit, a team of private sector secondees based in DTI, has been designing, developing and delivering projects in support of the Government's Fuel Poverty objectives. The Unit's initial focus has been on connections to the mains gas network, which have the scope to remove significant numbers of households from fuel poverty on a community basis. The Unit aims to complete five pathfinder projects to provide gas connections to households in deprived communities, together with associated measures inside the home, by the end of 2004/5, with others to follow. The first of these projects were carried out in Llay, North Wales (450 homes) and Glasgow (120 homes). A third, in Milford Haven (450 homes), has now begun. They have been supported with funding from existing sources such as Energy Efficiency Commitment fuel switching allowances, contributions by suppliers and European Union funding as well as a range of energy efficiency programmes.

Energy supplier activity

The Energy Efficiency Commitment

A5.1 Under the Energy Efficiency Commitment electricity and gas suppliers are required to achieve targets for improvements in energy efficiency in the household sector.

A5.2 The current programme, for 2002-5, requires suppliers to direct at least 50% of energy savings to a priority group of low-income customers – those on benefits and tax credits. The purpose of the priority group is to ensure that customers are treated equitably, and that those who are unable to make a financial commitment are still able to benefit from EEC.

Government policies and programmes contributing to the eradication of fuel poverty

- A5.3 Following consultation in summer 2004, the Government has proposed that the next phase of the EEC – to run from 1 April 2005 for six years – should be at about twice the level of the current EEC programme. The draft Order laid before Parliament on 10 November 2004 proposed that suppliers should be required to achieve at least 50% of energy savings during the EEC for 2005-08 from households in the priority group, as under the current EEC. Provision for the EEC 2008-11 will be made in 2007.
- A5.4 Whilst EEC is not intended specifically to target the fuel poor, it does make a contribution to the alleviation of fuel poverty by increasing the energy efficiency of the overall housing stock.
- A5.5 Ofgem¹⁷ have estimated that around 5 million low income households will benefit from activity under EEC 2002-05.¹⁸ They expect around 360,000 energy efficient boilers, and even more control packages to be installed in addition to insulation, energy efficient lighting, and A-rated cold and wet appliances.
- A5.6 Ofgem estimate approximately 170,000 measures (cavity wall insulation, loft insulation and energy efficient boilers) will be delivered to fuel poor households by this programme.

Other energy supplier schemes

- A5.7 Some energy suppliers are undertaking work to tackle fuel poverty in addition to their EEC targets. DTI will publish a detailed analysis of such schemes for 2002 and 2003 next year. Initial findings suggest a wide variation in the range of incentives offered, arrangements, geographical coverage, and financial and energy efficiency savings for customers.

Energy efficiency advice

- A6.1 The provision of energy advice and information on energy efficiency can lead to lower expenditure on energy in the home. Advice can come from a number of sources – from health professionals, Energy Efficiency Advice Centres and energy suppliers. Energy efficiency advice can have many positive outcomes through financial savings and increased thermal comfort leading to better health.
- A6.2 Moreover, we are looking carefully at how we can communicate more effectively about climate change at every level so as to gain the support and active participation of the public. We recognise that communicating the reality of climate change, and its links with the choices and behaviours that each of us make, including energy use, is going to be vital if the UK is going to deliver its long-term climate change goals. As part of this, the Government has commissioned independent communications consultants to advise on an evidence-based climate change communications strategy. The objective of this strategy is to raise public awareness in the first instance, but with changing attitudes and changing behaviour in mind as the ultimate goal.

¹⁷ Ofgem is the regulator for Britain's gas and electricity industries. Its role is to promote choice and value for all customers.

¹⁸ Ofgem, "A review of the EEC to the end of the second year" July 2004, intro.

Energy efficiency advice centres

A6.3 The Energy Efficiency Advice Centres (EEACs), managed by the Energy Saving Trust (EST), are local centres with knowledge and experience about energy efficiency. EEACs give free, impartial and locally relevant energy efficiency advice to householders across the UK. To date they have helped over two million customers save energy and money on their fuel bills and, as around a quarter of those assisted are claiming benefits, this will include many who are suffering or at risk from fuel poverty, although advice alone will only remove those marginally fuel poor.

Sustainable energy centres

A6.4 EST has been developing a proposal to expand the EEACs into a holistic local advice delivery service which would encompass energy efficiency, renewable energy and sustainable transport options for consumers. The EST is working with Defra and other stakeholders to further develop this proposal.

Advice from gas and electricity suppliers

A6.5 Gas and electricity suppliers are obliged by their licences to provide energy efficiency advice. In 2003 over 300,000 customers were provided with energy efficiency advice and information from suppliers.

Local delivery

A7.1 Many local authorities have a real commitment to tackling fuel poverty within their areas of responsibility across all tenures. As an example, a case study of the work of Newark and Sherwood District Council has been carried out for the Best Practice Programme at EST and can be accessed from their website (www.est.org.uk).

A7.2 Community solutions to fuel poverty are instigated by a number of bodies including local authorities. Examples include the Warm Zones model which brings together a range of organisations to provide solutions based on the unique circumstances within an individual area.

The Home Energy Conservation Act

A7.2 The Home Energy Conservation Act (1995) (HECA) places an obligation on local authorities to prepare and publish a strategy to improve the domestic energy efficiency of all residential accommodation in their areas. They are also required to produce annual progress reports and are invited to include information on their policy and action to help tackle fuel poverty in their area.

A7.3 Defra is currently undertaking a review with the aim of providing new guidance to local authorities on their HECA returns later this year. It is hoped that this will further encourage local authorities to prioritise fuel poverty work within their areas.

Government policies and programmes contributing to the eradication of fuel poverty

Fuel poverty strategies

- A7.4 Government advice to local authorities states that: *“Tackling fuel poverty – sometimes discussed in terms of providing ‘affordable warmth’ – is a key Government priority. Local authorities have a very important role in this.”*¹⁹ Some of the ways in which local authorities can help is by *“report[ing] on their activities and achievements in combating fuel poverty”* and having *“a specific policy for tackling fuel poverty; and an effective strategy for implementing and delivering the aims of that policy.”*²⁰
- A7.5 A recent report ‘A Review of English Local Authority Fuel Poverty Reports And Strategies’²¹ reviewed local authorities’ fuel poverty strategies and reports. The main findings from the report include:
- 40% of local authorities demonstrated a proficient understanding of fuel poverty issues in their annual reports and strategies;
 - 17% of authorities have made no attempt to identify fuel poverty in their region;
 - Most authorities have recognised the need to tackle fuel poverty and are either taking or planning to take action;
 - 54% have a strategy and are taking action.
- A7.6 Over 50% of local authorities have a fuel poverty strategy and were taking action to meet targets at the time of the report and we expect that number to have increased since. In conjunction with national policies local strategies will be an effective tool in our goal of eradicating fuel poverty.

Regeneration programmes

- A8.1 A ‘New Commitment to Neighbourhood Renewal: A National Strategy Action Plan’²² was launched by the Prime Minister on 15 January 2001. The Strategy sets out the Government’s vision for narrowing the gap between deprived neighbourhoods and the rest of the country so that within 10 to 20 years, no one should be seriously disadvantaged by where they live.
- A8.2 This specifically includes decent housing and good health. In the last Spending Review, Government increased the Neighbourhood Renewal Fund – which is to be spent on priorities to relieve deprivation, based on local decisions. NRF is a targeted grant that can be spent to tackle deprivation in the most deprived neighbourhoods.
- A8.3 Work is ongoing regionally to raise the profile for fuel poverty amongst Local Strategic Partnerships to encourage further partnership working. This local approach provides support in marketing national schemes and aiding implementation at the local level.

¹⁹ ‘Tackling Fuel Poverty – A local well-being issue’, DETR Guidance for Energy Conservation Authorities, 2000.

²⁰ *ibid*

²¹ ‘A Review of English Local Authority Fuel Poverty Reports and Strategies’, Impetus Consulting for Eaga Partnership Charitable Trust, 2003.

²² <http://www.neighbourhood.gov.uk/aboutus.asp?pageid=1>

Market renewal

A8.4 In a number of areas housing markets are being transformed as part of wider market renewal. This will involve a mixture of demolition, re-modelling and refurbishment and is likely to bring important benefits for fuel poverty. Properties demolished will in general be older properties with poor thermal efficiency whilst new developments will have to meet modern energy efficiency standards. Refurbishment in areas of market renewal similarly provides an opportunity to increase the energy efficiency of the stock.

Economic and market instruments

A9.1 In October 2003 Government completed a consultation²³ on specific economic instruments to promote household energy efficiency. Measures under consideration included reducing VAT on energy saving materials and energy efficient products, capital allowances for businesses to lease energy saving equipment to domestic households and registered social landlords, and a domestic business tax allowance.

A9.2 The 2003 Pre-Budget Report²⁴ announced that Government believes there is a case for the use of economic instruments as part of a package of measures to promote energy efficiency. In Budget 2004²⁵ further measures were announced with new fiscal incentives in the household sector, including a tax allowance for private sector landlords that will encourage them to invest in insulating their properties. Government are committed to continuing to work to help identify and implement fiscal measures to promote energy efficiency where it is cost effective and practicable to do so. For example, we continue to work hard to overcome the barriers on the VAT Directive to allow further announcements on VAT reductions in the future and guide the market to more energy efficient options. Details of how measures will be implemented are still being developed.

A9.3 Energy consumers can still make significant savings on their bills by switching supplier. Between 1999 and the end of June 2004, just over 11 million (43%) of domestic electricity consumers had transferred away from their home supplier. Between 1997 and the end of June 2004, 8 million (40%) gas consumers made a similar switch.

A9.4 Provisional figures for 2004 indicate that the average annual saving for a standard credit electricity customer switching from their traditional home supplier was £20 on a home supplier bill of £261; for gas, the average annual saving for a standard credit customer switching was £30 on a home supplier bill of £338. Further annual savings of £12 are available for electricity customers and £14 for gas customers, if as well as switching supplier, they also switch payment method from standard credit to the cheapest payment method, direct debit.

²³ http://www.hm-treasury.gov.uk/consultations_and_legislation_/energy/consult_energy03_index.cfm

²⁴ http://www.hm-treasury.gov.uk/pre_budget_report/pre_budget_report/prebud_pbr03/prebud_pbr03_index.cfm

²⁵ http://www.hm-treasury.gov.uk/budget/budget_04/bud_bud04_index.cfm

Government policies and programmes contributing to the eradication of fuel poverty

Other programmes

Affordable Warmth

A10.1 The Affordable Warmth Programme (AWP) was developed through a Public Private Partnership (PPP) between Transco, Department of Trade and Industry and the then Department of Environment, Transport and the Regions.

A10.2 It helps to combat fuel poverty by supporting the installation, to 2007, of energy efficient heating systems in up to one million homes in the UK and the development of Combined Heat and Power and Community Heating Schemes.

Community Energy programme

A10.3 Community Energy, launched in January 2002, is a three-year £50m programme which aims to increase the development and installation of community heating schemes across the UK by addressing the key barriers of a lack of investment capital and a lack of knowledge on how to deliver the benefits of community heating.

A10.4 In the programme's first nine bidding rounds, 62 grants totalling over £42.3m will attract around £115m in investment from other sources and help over 50,000 people on low incomes.

Wider policies to tackle poverty

Improving benefit awareness and take up

A11.1 Initiatives include:

- Creation of The Pension Service with a local service providing face to face contact, working closely with local partners;
- Introduction of Pension Credit in October 2003 with action planned to increase take-up and an objective of at least 3 million households in receipt of Pension Credit in 2006;
- Making winter fuel payments in 2003-04 of around £1.9 billion to over 11 million individuals in 8 million homes in Great Britain;
- Working in partnership with the Local Government Association, New Deal for Communities, and others in various initiatives, to improve awareness and take-up of benefits.

A11.2 The introduction of Pension Credit has potential to reduce the numbers of the most vulnerable group of fuel poor by increasing the numbers eligible for benefits. Pension Credit also rewards people aged 65 and over who have made modest savings for their retirement. Previously many people who had managed to save a little were often left in no better a situation than those with no savings at all because of the pound for pound deduction.

A11.3 Department of Work and Pension figures highlight that 479,000 households who would not have gained anything under the Minimum Income Guarantee are now being rewarded through the savings component of Pension Credit, and 270,000 households that did not take up their entitlement to the Minimum Income Guarantee are now receiving Pension Credit.

Policies to improve health

A12.1 The effects of cold homes on health have been widely documented. It is estimated that excess deaths each winter in England and Wales range from around 25,000 to 45,000. Excess winter mortality is calculated as winter deaths (deaths occurring in December to March) minus the average of non-winter deaths (April to July of the current year and August to November of the previous year). Many of these winter deaths are likely to be related to the cold.

A12.2 There is little published evidence on the costs of fuel poverty to the NHS although it can be assumed that a reduction in the number of cold, damp homes would have a direct effect on NHS resources.

A12.3 The Department of Health (DH) has recognised the potential of their contribution to the Fuel Poverty Strategy and has taken a number of steps to promote the issues of fuel poverty and raise awareness amongst health professionals.

A12.4 Examples of steps the DH have taken to raise awareness of fuel poverty are:

- Promotion of Warm Front;
- Encouraging commitment of Health Authority Chief Executives in England to support the Fuel Poverty Strategy;
- The ongoing 'Keep Well Keep Warm' Campaign;
- The development of the Fuel Poverty Toolkit.

A12.5 The last of these, the Fuel Poverty Toolkit, is aimed at Strategic Planners of Primary Care Trusts, National Service Framework co-ordinators involved in coronary heart disease and older people, Primary Care Professionals and Local Authorities. This toolkit helps to raise awareness and give practical information and advice on assistance in tackling fuel poverty.

A12.6 Work is ongoing to explore ways in which the health service could play a role in helping to tackle fuel poverty. For example a Health Housing & Fuel Poverty Forum is being established through the Energy Efficiency Partnership for Homes to consider and take forward such issues.

Warm Front

B1 Background

- B1.1 Warm Front was established in 2000 to provide assistance to vulnerable households through the installation of energy efficiency measures and the provision of energy efficiency advice. The Scheme was a successor to the original Home Energy Efficiency Scheme which began in 1991. The Scheme was set up to target vulnerable households – the elderly, the sick or disabled and families with young children.
- B1.2 Access to the Scheme is for dwellings in the private sector and the householder or spouse being in receipt of a qualifying income or disability related benefit. The Scheme provides two levels of assistance, with a grant of up to £1,500 for families and the disabled and up to £2,500 for the over-60s in receipt of income related benefits through Warm Front Plus.
- B1.3 The detailed eligibility criteria are outlined below.

Warm Front

Householders who have a child under 16 or are at least 26 weeks pregnant, have a maternity certificate MATB1 and are in receipt of one or more of the following benefits:

- Income Support
- Housing Benefit
- Council Tax Benefit
- Income base Jobseekers Allowance

Or householders who receive one or more of the following:

- Working Tax Credit (with a relevant income less than £14,600)
- Child Tax Credit (with a relevant income less than £14,600)
- Attendance Allowance
- Disability Living Allowance
- Income Support with Disability element
- Council Tax Benefit with a Disability element
- Housing Benefit with a Disability element
- War Disablement Pension with Mobility Supplement
- Industrial Injuries Disablement Benefit with Constant Attendance Allowance

Warm front plus

Those 60 or over and in receipt of one or more of the following can qualify for a Warm Front Plus grant:

- Income Support
- Council Tax Benefit
- Income-based Jobseeker's Allowance
- Housing Benefit
- Pension Credit

B1.4 Warm Front provides a range of specified insulation and heating measures depending upon the needs of the householder and measures already installed in the property. Scheme Managers appoint surveyors who then recommend which measures should be installed. Some households will be eligible for a range of measures, for example cavity wall insulation, draught proofing, loft insulation, central heating, energy efficiency advice or energy efficient light bulbs. Others may receive just one of these measures as other measures are already installed or there are technical reasons why further work cannot be carried out.

Activity to date

B1.5 Since the start of Warm Front in June 2000 over 900,000 households have received assistance, with some £600m spent on the Scheme to the end of March 2004. Not all of those assisted will have been fuel poor and not all the fuel poor assisted will have been removed from fuel poverty. Those assisted by the Scheme receive an average grant of over £500 for Warm Front and around £1000 for Warm Front Plus. The measures installed have the potential to save households an average of around £150 a year on their fuel bills, and improve the energy efficiency rating of the property. An indication of some of the key measures installed by Warm Front between 2000-04 are shown below.

Table B1: Measures installed by Warm Front between 2000-04

Measures	Total
Cavity Wall Insulation	275,184
Draught – proofing	355,223
Electric Central Heating	6,897
Storage Heaters	17,570
Dual Immersion Water heater	49,737
Gas Balanced Flue Heater	18,002
Gas central heating	75,834
Hot Water Thermal Jacket	95,891
Loft Insulation	332,433
Repairs to Existing Heating System	54,636
Heating Replacement Boiler	41,932
Energy advice	809,734
Energy Efficient Light Bulbs	792,546

B1.6 The current qualifying criteria for Warm Front were established to provide vulnerable households access to the Scheme. The system is relatively simple to operate and it is easy to verify eligibility as it is based on existing documentation. But, as the recent estimates of the impact of the Scheme on fuel poverty have found, it is not a precise way of identifying the fuel poor.

Impact on fuel poverty

B1.7 During the development of the UK Fuel Poverty Strategy, which was published in November 2001, Warm Front was identified as a key programme to tackle fuel poverty as a significant number of vulnerable households were also expected to be fuel poor.

B1.8 Those who are ineligible for Warm Front may not be claiming the benefits they are entitled to. The Benefit Entitlement Checks already introduced under the Scheme will benefit such householders. Others may be on relatively low incomes and have high fuel bills due to under occupancy or energy inefficient homes. We will continue to explore potential ways to identify the fuel poor who are not in receipt of a qualifying benefit.

B1.9 The National Audit Office, in their review of Warm Front, concluded that the current Warm Front Scheme provides no, or few, effective options for homes that are viewed as being traditionally hard to heat. Such homes are usually off the gas network or have a solid wall that cannot be filled. In other cases the required energy efficiency measures would cost more than the grant maxima, or would need assistance that falls outside the Scheme rules. These issues are considered further in Section B9.

Warm front 2005 on

B1.10 We are now looking at the development of the next phase of Warm Front. We are planning to have contracts for the next Scheme Managers and heating equipment suppliers in place early in 2005 to ensure continuity of delivery once the current scheme comes to an end in May 2005.

B1.11 Our plans to improve Warm Front focus on:

- Improving the targeting of Warm Front
- The most cost effective package of measures to take households out of fuel poverty.

B2 Targeting the fuel poor

Who are the fuel poor?

B2.1 Fuel poverty can be brought about as a result of a number of factors either acting individually or in combination – fuel cost, household income or the energy efficiency of a property. The likelihood of a household being in fuel poverty can therefore be considered from a number of perspectives.

Household income

B2.2 The table below, taken from the English House Condition Survey 2001, demonstrates that those on lower incomes have a far greater chance of being fuel poor. This indicates that 90% of the fuel poor are in households with the lowest 30% of household income.

Table B2 – Fuel poverty by household income

	Percentage of which fuel poor	Percentage of total fuel poor
Highest 70% of household incomes	1.2%	10%
Lowest 30% of household incomes	25.2%	90%

Source: EHCS 2001

Energy efficiency of the property – standard assessment procedure

B2.3 The Standard Assessment Procedure (SAP) rating is a benchmark figure for the energy performance of dwellings of between 1 and 120, the higher the number the better the standard. The rating takes into account a range of factors that contribute to energy efficiency including thermal insulation of the building fabric, efficiency and control of the heating system, the fuel used for space and water heating and ventilation and solar gain characteristics of the building.

B2.4 The average SAP rating of properties in England is around 50. The average SAP for the fuel poor is around 33. So, those in lower SAP and therefore less energy efficient properties have a higher chance of suffering from fuel poverty.

Table B3 – Fuel poverty by SAP rating

SAP Band	Percentage of which fuel poor	Percentage of the total fuel poor
SAP under 30	35.9%	39.1%
SAP 30 to 50	10.1%	43.2%
SAP 50+	2.7%	17.7%

Source: EHCS 2001

B2.5 This information indicates the greater risk of a household being in fuel poverty if their home has a lower SAP rating. Over 80% of the fuel poor are estimated to live in properties with a SAP rating below 50. Once a property reaches a SAP of 65 or above it would be unlikely that any householder would have to spend more than 10% of their income on fuel. This is demonstrated in work carried out on behalf of Defra.

Churn – moving in and out of fuel poverty

B2.6 Whether or not a household is in fuel poverty can change for a number of reasons – a change in the household income, a change in family circumstances, or the death of a family member for example. The changing profile of the population may also impact on the number of fuel poor households and is further considered below.

B2.7 The number of fuel poor may also change as people move home. Research suggests that about 15% of fuel poor households may move home each year.²⁶

Table B4 – Fuel poor trends in house moving

	Owner Occupied	Social Housing Tenants	Private Rented Sector	Total
Number of fuel poor	1,123,000	337,000	263,000	1,723,000
Median length of residence	+10 years	5-10 years	2-3 years	Not applicable
Possible number of fuel poor households moving per year	100,000	50,000	100,000	250,000

Source: DTI 'Estimating the costs of fuel poverty', 2003

B2.8 Some of these households may move into properties which, because of their energy efficiency mean they are no longer fuel poor, whilst other circumstances may also change. Work to ensure measures provided to households have the maximum potential impact to take a household out of fuel poverty is considered further in B9.

²⁶ DTI, 'Estimating the costs of fuel poverty,' 2003, page 23.

B3 Targeting the individual

- B3.1** Access to Warm Front is currently provided through receipt by the householder, tenant or spouse of one of a number of benefits, as outlined at B.1.3.
- B3.2** A number of estimates of the impact of Warm Front on fuel poor households exist. These provide a range of indications of the estimated proportion of Warm Front eligible claimants who are in fuel poverty. The range reflects in part the difficulty in analysing information where, for example, detailed income data is not readily available.
- B3.3** A number of organisations have commented on the targeting of the Scheme and the potential impact of changing arrangements in the future.
- The Fuel Poverty Advisory Group has suggested that
 - *It will be neither practical nor desirable to focus activity too narrowly on the fuel poor.*
 - National Audit Office concluded that:
 - *currently some of the benefits used to determine peoples' eligibility for Warm Front are not focusing help on those most likely to be in fuel poverty;*
 - *the Department should consider concentrating eligibility only in those groups on low incomes as shown by means tested benefits.*
 - Internal review of Warm Front for Defra concluded we should attempt to identify eligibility criteria which are:
 - *Simple to understand;*
 - *Easy and inexpensive to operate on the ground;*
 - *Accurate.*
- The eligibility criteria:
- Must identify the fuel poor so far as that is possible;
 - Should attempt to include those most at risk of fuel poverty, now and in the future;
 - Should, as far as practical, concentrate efforts on the homes most in need of improved energy efficiency.
- B3.4** The estimates which exist on the targeting of Warm Front should be treated with caution. Those linked to the Warm Zones data for example are based on preliminary data for a limited number of areas around the country, using simple doorstep surveys rather than an in depth analysis of a representative sample.
- B3.5** A study carried out by the Energy Audit Company²⁷ using data on over 200,000 households who had received grants from Warm Front estimated that around 45% of those assisted were in fuel poverty. As this work is based on data collected rather than a desk based analysis we feel this is the best available analysis at this time. However

²⁷ Energy Audit Company, 'Additional Analysis of Warm Front and Fuel Poverty', 2004.

we recognise that due to the fact that not all relevant information is available for all applicants all such figures need to be treated with some caution.

- B3.6 Quarterly surveys from one of the current Warm Front Scheme Managers analysed income data provided by applicants to the Scheme and demonstrated that 74% of all customers were estimated to have an annual household income of £10,000 or less and 26% an annual household income of £5,000 or less. This would indicate effective targeting of those most likely to be fuel poor.
- B3.7 We are aware that there are a number of methodologies used to estimate the efficacy of Warm Front in reaching the fuel poor and will continue to review and refine the methods used to consider this as we progress.

B4 Targeting only fuel poor households

- B4.1 To limit access to the Scheme to households who could be shown to be fuel poor would, we believe, require a home survey and detailed income assessment to be carried out. A number of the Warm Zone pilots used basic questionnaires in an attempt to make such assessments. However, results indicate that they do not produce accurate and verifiable results to the level required to be part of the eligibility criteria for Government grant funded schemes.
- B4.2 We believe that to provide an accurate indication of income as part of the eligibility criteria a full income assessment would be required which would be costly to the Scheme and could deter some people from continuing with their application. We have therefore concluded that the primary eligibility criteria for Warm Front should continue to be through receipt of a qualifying benefit.
- B4.3 We will continue to review the range of qualifying benefits on an ongoing basis. Some work, including that of the National Audit Office, has indicated that those who currently qualify for Warm Front through a non means tested benefit are less likely to be fuel poor. We have looked carefully at this finding.
- B4.4 Whilst this group may not be on a means tested benefit, as recipients of disability benefits they are likely to be vulnerable to cold related ill health. Whilst amending the eligibility criteria to exclude those on non means tested benefits may improve targeting to the fuel poor we feel it is important to continue to provide assistance to those whose health may be affected by the cold. As a consequence we will not be amending the criteria in this way.

B5 Targeting groups

- B5.1 Some groups in society are more likely to be fuel poor than others and so targeting them could provide a route to increase the potential for work to reach fuel poor households.

- B5.2 The characteristics of the groups most likely to suffer from fuel poverty are likely to change over time. Analysis of demographic change up to 2010 highlights that there will be nearly a 15% increase in those aged over 60. It is not known how many households this will translate into. Cultural trends and anecdotal evidence indicate, however, that a greater percentage of these individuals may live alone – and so be in the group most likely to suffer from fuel poverty.
- B5.3 Two examples of groups which may have particular needs in accessing Warm Front are single elderly households and ethnic minorities. These are considered below.
- B5.4 The table below highlights that there is a far greater propensity for households with a single elderly occupant to suffer from fuel poverty than any other household type. As an indication such households are almost twice as likely to suffer from fuel poverty than where there is an elderly couple.

Table B5: Fuel poverty by household composition

Household Composition	Percentage estimated to be fuel poor	Percentage of total fuel poor in each group
Younger Couple, No Dependent Child(ren)	2.4%	5.7%
Older Couple, No Dependent Child(ren)	7.6%	12.9%
Couple With Dependent Child(ren)	1.4%	4.1%
Lone Parent With Dependent Child(ren)	8.7%	8.1%
Other Multiperson Household	16.2%	13.5%
One Person, Aged Under 60 Years	11.5%	16.0%
One Person, Aged 60 Years Or More	22.2%	39.6%

Source: EHCS 2001

- B5.5 Work with local agencies to reach the elderly and provide marketing targeted at that group to encourage take up of measures can have a positive impact.
- B5.6 Another group it may be appropriate to target are ethnic minorities, to ensure an equitable share of grants. *“Many ethnic communities live in some of the country’s poorest housing and therefore may face particular problems in keeping their homes warm, comfortable and healthy.”*²⁸

²⁸ Defra (NEA REECH project) paper, “Working with Religious, Faith Based and Ethnic Minority Groups” 2003, page 1.

B5.7 The table below highlights the propensity to be fuel poor by ethnic origin.

Table B6: Fuel poverty by ethnic origin of household reference person

Ethnic origin of the Household reference person	Percentage estimated to be fuel poor	Percentage of total fuel poor in each group
White	8.4%	93.6%
Black	6.3%	1.8%
Asian	10.3%	3.8%
Other/Unknown	9.2%	1.6%

Source: EHCS 2001

B5.8 The current Scheme Managers have already made great efforts to increase the take up in groups with a greater chance of being fuel poor, or of groups less likely to come forward for grants, taking account of their experience and knowledge. However, there is more to be done and we will be looking to set targets for the next phase of the Scheme.

B6 Targeting areas

B6.1 The possibility of focusing activity under Warm Front in specific geographical areas, where there are concentrations of fuel poor households, has also been investigated. Targeting activity on certain localities with high levels of fuel poverty can help to make a direct contribution.

B6.2 A number of tools are already used to target activity in this way. However, such tools do not tend to be produced with the identification of the fuel poor in mind. They provide other indicators, such as the take up of benefits, which can be used to help focus on where the fuel poor are more likely to be. To overcome the inherent risks such tools are used as indicators in combination and, once areas are identified, work is carried out on the ground.

B6.3 Work to engage with local communities is carried out through establishing partnerships with those working on the ground with vulnerable individuals and communities. Their expertise and knowledge, and the trust felt towards them by those we are trying to reach, make them an invaluable resource in reaching the most needy clients. We will continue to encourage Scheme Managers to work with other energy efficiency programmes to bring maximum impact to the fuel poor.

Targeting rural areas

B6.4 Traditionally, activity under Warm Front has been focussed in urban areas due to the higher density of population and greater take up of marketing initiatives. However, we recognise that not all fuel poor live in such areas.

- B6.5** Defra’s Rural Strategy 2004²⁹ states: “*The challenges facing rural England in 2004 are many and diverse. Whilst most areas are economically thriving, there are also many which are lagging behind. In relatively prosperous areas, there are also individuals and households who face social exclusion, especially because of poor access to services and affordable housing.*”
- B6.6** Tackling fuel poverty in rural areas is a key aspect of our plans. Nearly 30% of the fuel poor live in rural areas, though to date less than 10%³⁰ of Warm Front grants have been delivered to this sector. This could be for a number of reasons – there may be a lower awareness of the availability of assistance, a reluctance to accept help or it may be that we cannot currently provide a wide enough range of measures as their home is off the gas mains and so cannot benefit from all of the current measures.

Table B7 – Fuel poverty in urban and rural areas

rural/urban	Percentage estimated to be fuel poor	Percentage of total fuel poor
Urban	7.6%	72.1%
Rural	11.6%	27.5%

Source: EHCS 2001

- B6.7** We will look to set targets for the level of work in different areas in the next phase of the Scheme.

B7 Targeting the property

- B7.1** The NAO suggested that the Department should consider how to concentrate its resources in those eligible homes with the lowest energy efficiency where the most cost effective improvements can be made.
- B7.2** The majority of fuel poor households are reported to live in properties with a SAP of 50 or below. Research has indicated that in a property with a SAP rating of 65 or above there is very little chance of a household being fuel poor. We have considered a number of options for targeting based around this.

Excluding properties with a high SAP rating

- B7.3** 65% of Warm Front grants went to households with SAP over 50 between April and December 2003. As would be expected, however, low SAP households account for a greater share of the average grant expenditure. Those with a SAP under 30 gained an average grant three times as large as those households with a SAP over 50.

²⁹ http://defra.gov.uk/rural/pdfs/strategy/rural_strategy_2004.pdf

³⁰ This is based upon analysis undertaken by the present Scheme Managers using the new Rural definition as announced by Defra in the Rural Strategy 2004.

B7.4 Though excluding properties with a SAP over 65 from measures under the Scheme could improve targeting on the fuel poor by around 10%, the range of measures which could be allocated to such properties is limited. We therefore plan to allow such householders to benefit from low-cost and cost-effective measures which will improve their thermal comfort.

Age, Size and type of property

B7.5 Using SAP ratings as a surrogate for fuel poverty, we looked at the relationship between SAP and age of property, the Council Tax Band and the type of property. There were no clear correlations in any of these groups to enable them to act as a proxy for fuel poverty with a spread of fuel poor across the various categories, with one exception. Those living in purpose built flats do not seem to be at such risk of fuel poverty as others, possibly because on the whole these are smaller properties.

B7.6 One dwelling type which we recognise does have particular needs is park homes. Park home developments comprise permanently located mobile homes and provide a low cost housing option. Many are marketed to elderly people seeking smaller accommodation, whilst retaining the independence of a detached home. Many park homes are owner occupied though subject to service charges to the site owner.

B7.7 Defra is funding a project to explore the potential for improving such homes and whether Warm Front has a role to play. A feasibility study to assess the scale of the problem and identification of potential barriers will be completed followed, if appropriate, by proposals for a pilot project.

B8 Private rented sector

B8.1 As can be seen from the table below, those living in the private rented sector have a greater chance of suffering from fuel poverty than those in any other tenure.

Table B8: Fuel Poverty by Tenure

Tenure	Percentage estimated to be fuel poor	Percentage of total fuel poor
Owner Occupied	7.8%	65.2%
Private Rented	13.1%	15.3%
Local Authority	10.2%	15.9%
Registered Social Landlord	4.8%	3.7%

Source: EHCS 2001

- B8.2** There are specific challenges relating to the private rented sector and how best to deliver assistance, including:
- Motivation for tenants and landlords to improve energy efficiency when households move frequently and leases are often short term;
 - Ensuring landlords are made aware that eligibility rests with their tenant and not with themselves;
 - Restrictions placed on landlords' ability to increase rents after the provision of Warm Front measures.
- B8.3** We are looking at ways to encourage landlords to continue to take up measures offered by the Scheme. The Housing Act 2004 will require local authorities to carry out an HHSRS inspection of a property (see A4.13 above) if they have reason to believe that a hazard exists on the property. The Office of the Deputy Prime Minister have agreed that, where a landlord of a tenanted property refuses a Warm Front grant or declines to reply, when the Scheme Manager notifies the local authority, the authority should treat that information as an indication that an inspection may be necessary to establish whether anything needs to be done to protect the tenant from a cold, damp or mould hazard in the property. This will be included in the statutory enforcement guidance to local authorities which ODPM will publish before HHSRS is implemented.

B9 Measures to remove households from fuel poverty

- B9.1** The NAO made a number of recommendations regarding the range of measures currently offered under the Scheme. They estimated that the heating and insulation measures provided may be insufficient to move households out of fuel poverty in at least 20% of cases.
- B9.2** This has mainly been due to the fact that central heating has not been available to all households. In other cases the required energy efficiency measures and heating would cost more than the grant maxima, or would require assistance that falls outside the Scheme rules, for example the repair of an intermittently working boiler.
- B9.3** We have attempted to develop a package of measures which would take all fuel poor households out of fuel poverty.

The non-central or storage heating energy efficiency measures which are appropriate for a Government funded grant scheme would be:

- To eliminate fuel poverty in the properties of Warm Front clients by increasing the energy efficiency Standard Assessment Procedure (SAP) rating of each property. Where practicable we will aim to achieve a SAP rating of 65 – a level where there is a minimal risk of any household being in fuel poverty;
- Deliver running costs low enough to remove the householder from fuel poverty – compared to initial installation costs;
- Easy to use and have established performance and support mechanisms.

Heating measures

B9.4 The table below indicates that those with no central heating in their home have a far greater propensity to suffer from fuel poverty.

Table B9: Fuel poverty – impact of central heating

Tenure	Percentage estimated to be fuel poor
Central Heating Present	6.9%
No Central Heating present	31.5%

Source: EHCS 2001

- B9.5** The National Audit Office stated that: “Gas central heating provides the most energy-efficient means of heating”³¹. Research shows a higher SAP rating means a household is at less risk of being fuel poor.
- B9.6** So, the indications are that the single most effective energy efficiency measure to remove a household from fuel poverty is the provision of a full central heating system.
- B9.7** Currently under Warm Front we are able to provide new gas central heating – where a gas supply is already in place or is within 23 metres of the property – for eligible households where the householder is 60 or over. Other households can benefit from the replacement of existing systems where they are no longer working. We have already responded to the recommendations made by the NAO regarding a requirement for boilers to be replaced on a like for like basis and to look at measures to treat intermittently working boilers.
- B9.8** We have considered what alternative heating measures should be offered under the Scheme in the future. One of the specific challenges is how to provide assistance to those households off the gas network. Almost 30% of the fuel poor live in properties off the gas network. Currently under Warm Front, eligible households will be offered electric storage heaters. Whilst we acknowledge that such systems can have relatively high running costs and not achieve as great a saving as the installation of a gas or oil fired central heating system, they have helped to provide heat and improved comfort to a number of households.
- B9.9** To improve the range of measures available to households off the gas network we have considered the option of providing oil central heating. The annual running costs of an oil central heating system are estimated to be within 10% of a gas central heating system. We recognise that there may be concerns about the impact of oil on our environmental objectives. However the current systems which are available and which we would use would be efficient to over 80%. Although carbon emissions would be higher than gas, they are lower than electric systems. Oil central heating is already provided in Devolved Administration schemes.

³¹ National Audit Office, “Warm Front: Helping to Combat Fuel Poverty,” 2003, page 30.

- B9.10** We have also considered the possibility of introducing renewable energy options. There are a number of products which are coming to the market but indications are that at this time the maturity of the market, together with the installation costs of such measures, means they do not currently provide a cost effective solution for individual households. However, we will continue to consider these technologies and their potential application to Warm Front.
- B9.11** DTI will be carrying out a number of initiatives to encourage the development of alternative energy solutions. The Design and Demonstration Unit within the DTI is currently seeking to test the effectiveness of the whole-community, whole-house approach using a range of renewable technologies. The overriding objective of this project is to test the viability of utilising renewable technologies as a potential solution to households that could not economically be connected to the mains gas network.
- B9.12** Projects are being designed, by the DDU, on the basis that the cost of energy produced would be below or equal to that of mains gas. Proposals include projects using wind, bio-mass, bio-oil, ground and air-source heat pumps.

Insulation measures

- B9.13** Currently Warm Front provides cavity wall insulation, loft insulation and draughtproofing along with a number of other minor insulation measures.
- B9.14** The benefits of providing insulation are highlighted in data from the English House Condition Survey 2001. This information shows that, in properties where there is a cavity wall which has been filled, less than 4% of households are living in fuel poverty. Where the cavity remains unfilled there is just over an 8% chance of the household suffering from fuel poverty. The provision of insulation measures remains one of the most cost-effective ways of reducing fuel costs as well as aiding in our wider energy goals of reducing carbon emissions.
- B9.15** We will continue to provide cavity wall insulation, loft insulation, draught proofing and tank insulation in properties where those measures are recommended. This will include, subject to the grant maxima, those properties which would be brought to a SAP rating of 65 or more by the installation of heating measures alone.
- B9.16** The NAO highlighted in their report the limited effect in lowering fuel bills of more minor measures such as draught proofing and energy efficient light bulbs. Whilst this may be the case, these measures are visible and easily understood by the householder and can lead to improved thermal comfort, which in turn will lead to health improvements. Such measures can also have a marked effect on the psychological conditions of householders – especially the elderly. As these are relatively low cost measures to provide, we believe that the benefits they provide to the households through increased comfort and well being are such that they should continue to be offered under the Scheme.
- B9.17** There are some properties which cannot currently receive insulation measures under the Scheme. Such properties may include those with solid walls for example – and have often been referred to as hard to treat. We are continuing to look for cost effective solutions for these properties and will continue to consider proposals for measures under the Scheme.

Energy advice and benefit entitlement checks

B9.18 All eligible households will continue to receive energy efficiency advice as part of their assistance under the Scheme. We will continue to provide Benefit Entitlement Checks to all households who, at the time of application, are ineligible for assistance under the Scheme. We will also offer this service to those where the measures we can provide will leave their dwelling's SAP at a level below 65.

Repeat assistance

B9.19 The Scheme currently limits applicants to one grant at the same address. We intend to review this to ensure householders not previously eligible for assistance with heating measures and who would be eligible under the revised scheme can apply for further assistance. We are also proposing we establish Warm Front accounts where households would be able to receive assistance over a period of time for different measures as required, subject to the grant maxima.

B10 Conclusion

B10.1 To eliminate fuel poverty, in the properties of Warm Front clients by increasing energy efficiency by increasing the Standard Assessment Procedure (SAP) rating of each property and where practicable we will aim to achieve a SAP rating of 65 – a level where there is a minimal risk of the household being in fuel poverty. However, we recognise that this will not be possible in all instances and hence we are introducing other measures such as Benefit Entitlement Checks.

B10.2 We are committed to improve the targeting of Warm Front to ensure that a greater proportion of help goes to those who are or are more likely to become fuel poor. We will:

- provide all eligible households with central heating – the measure most likely to take households out of fuel poverty;
- offer oil central heating for those not on the gas mains, once other low carbon solutions have been considered;
- look at alternative technologies as cost effective measures become available;
- continue to offer insulation measures where available to all assisted households;
- encourage Scheme Managers to work in partnership with other energy efficiency schemes (e.g. the Energy Efficiency Commitment) to bring the maximum benefit to fuel poor households;
- encourage activity in areas where there is a greater propensity for households to be fuel poor;
- increase the grant maxima to take account of proposed changes;
- introduce a Warm Front account, to enable measures to be delivered, up to the grant maxima, over a period of time;
- enable households who have previously received assistance to apply for help under the revised Scheme for additional measures.

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