

Ministerial Foreword

In February 2001 we published our consultation draft of the UK Fuel Poverty Strategy, committing the Government to end the blight of fuel poverty for vulnerable households by 2010, and seeking comments on our proposals for the way forward. We are grateful to the many individuals and organisations who responded to that consultation and shared with us their wealth of experience and expertise.

Since the draft Strategy was published, new, updated analysis has become available which suggests that the number of households in the UK defined as fuel poor fell by around 1½ million between 1996 and 2000. But some 4 million households still remain in fuel poverty, and may face difficult decisions between keeping warm and other basic necessities. They suffer an increased chance of ill health, and find it more difficult to recover if they do fall ill. Fuel poverty imposes higher health costs and is a factor in the thousands of excess winter deaths each year, particularly amongst pensioners. It also contributes to social exclusion and affects children's education.

The Strategy sets out the approach of the Government and the Devolved Administrations to tackling fuel poverty. It focuses on practical action and on working together to get results. However, it should not be seen as the last word, but representing the start of the road to the end of fuel poverty in the UK. There is still a long way to go and we will continue to work closely with experts in the field to determine the best way forward. We will report on our progress annually and remain ready to review and revise policies in the light of practical experience.



A handwritten signature in black ink that reads "Brian Wilson".

BRIAN WILSON MP
MINISTER OF STATE FOR INDUSTRY AND ENERGY



A handwritten signature in black ink that reads "Michael Meacher".

RT HON MICHAEL MEACHER MP
MINISTER OF STATE (ENVIRONMENT)

Membership of the Inter-Ministerial Group on Fuel Poverty

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INTRODUCTION

This document sets out the Government's Fuel Poverty Strategy. It focuses primarily on measures to improve energy efficiency and reduce the costs of fuel for fuel poor households, since the income measures which form part of a long term solution are being addressed in wider poverty and social exclusion policies.

The Inter-Ministerial Group on Fuel Poverty was set up in November 1999 to take a strategic overview of the relevant policies and initiatives with a bearing on fuel poverty, and to develop and publish a UK Fuel Poverty Strategy setting out fuel poverty objectives, targets, and policies to deliver those objectives. The consultation draft of that Strategy was published in February 2001. This document represents the final Strategy, taking account of the responses received to the consultation draft. The responses to the consultation process can be viewed at www.dti.gov.uk/energy/fuelpoverty/index.htm. It is not necessarily the final statement on how the Government intends to tackle fuel poverty, since knowledge will develop in the light of experience. It uses the common definition of a fuel poor household, one that needs to spend in excess of 10% of household income on all fuel use in order to maintain a satisfactory heating regime.

CAUSES AND EFFECTS OF FUEL POVERTY

The main cause of fuel poverty in the UK is a combination of poor energy efficiency in homes and low incomes. Other factors include the size of some properties in relation to the number of people living in them, and the cost of fuel.

Fuel poverty damages people's quality of life and imposes wider costs on the community. The most direct effects are in relation to the health of people living in cold homes. Although these risks apply to all people, older people, children, and those who are disabled or have a long-term illness are especially vulnerable.

OBJECTIVES AND TARGETS

Compared to 1996, the number of fuel poor in 2000 is estimated to have fallen from around 5½ million to around 4 million households in the UK.

The goal of the Government and the Devolved Administrations is to seek an end to the problem of fuel poverty. In particular they will seek an end to the blight of fuel poverty for vulnerable households by 2010. Fuel poverty in other households will also be tackled once progress is made on the priority vulnerable groups. For each country the specific interim targets are:

England - By 2004, to have assisted 800,000 vulnerable households through the Home Energy Efficiency Scheme (HEES) now marketed as the Warm Front Team (WFT) and to reduce the number of non-decent social sector homes by one third (though not all of these will be occupied by fuel poor households).

Scotland - By 2006, to ensure that all pensioner households and tenants in the social rented sector live in a centrally heated and well insulated home.

Wales - By March 2004, to have assisted 38,000 households likely to be in fuel poverty through the Home Energy Efficiency Scheme for Wales.

Northern Ireland - By 2006, to have assisted at least 40,000 households in fuel poverty through the new Warm Homes Scheme and partnership programmes.

The different targets for each country reflect the current understanding of the nature and scale of the problem.

ACTIONS TO TACKLE FUEL POVERTY

To achieve these targets, the Government and the Devolved Administrations believe that no single measure would be sufficient. Instead a range of programmes and measures have been put in place, addressing the main causes of fuel poverty:

- programmes to improve the energy efficiency of fuel poor households. These include the separate home energy efficiency schemes within each country as well as efforts through local authorities and registered social landlords.
- continuing action to maintain the downward pressure on fuel bills, ensuring fair treatment for the less well off, and supporting the development of energy industry initiatives to combat fuel poverty.
- continuing action to tackle poverty and social exclusion recognising that these are multi-dimensional problems.

This range of measures will interact with and complement each other and the activities of others such as the energy industry.

There have been a number of new developments since the publication of the consultation draft of the strategy in February 2001. These are covered in more detail in the relevant chapters of this document. In summary they include the following:-

- Warm Zones - an area based approach to eliminating fuel poverty by maximising co-ordination now up and running
- gas engineers shortage - steps taken to tackle this shortage using new training schemes etc
- gas network extension - working group set up to look at this issue has now reported to Ministers with recommendations
- pilot schemes on renewable energy sources and micro CHP - are about to be set up to explore how these technologies can be used to help the fuel poor, particularly in areas without access to mains gas

Tackling fuel poverty by introducing more fuel saving and fuel efficient methods of providing adequate heating will also help to deliver the domestic sector's contribution to the Government's climate change programme. The recently issued UK Climate Change Programme plans for a saving of about 5.5 MtC from energy efficiency measures in the domestic sector.

MONITORING PROGRESS

To monitor progress, the Government intends to publish annual reports setting out the number of households in fuel poverty and on the factors that affect fuel poverty (income, fuel prices and housing). The intention is to produce a comprehensive picture of progress towards meeting the targets to enable the Government to assess whether any changes are required in policies to ensure the targets are met.

The Government would welcome any further comments and suggestions. These should be sent to the following contact point:

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REVIEW OF ENERGY POLICY

The Cabinet Office's Performance and Innovation Unit is currently undertaking a fundamental strategic review of UK energy policy, which will report to the Prime Minister by the end of 2001.

While the review's focus is much wider than fuel poverty, the report will consider whether and how its recommendations on broad energy policy changes might impact on fuel poverty specifically.

NEXT STEPS

The *UK Fuel Poverty Strategy* is still developing and a number of difficult issues remain to be tackled. Chapter 9 sets out some of the key areas that were identified as problematic (definition, targets, co-ordination, extension of the gas network/other technologies, hard to heat homes, underoccupation, shortage of gas engineers) and sets out what steps have been taken so far to address these.

FUEL POVERTY

- 1.1 A fuel poor household is one that cannot afford to keep adequately warm at reasonable cost. The most widely accepted definition of a fuel poor household is one which needs to spend more than 10% of its income on all fuel use and to heat its home to an adequate standard of warmth. This is generally defined as 21°C in the living room and 18°C in the other occupied rooms - the temperatures recommended by the World Health Organisation.
- 1.2 Importantly, the definition focuses on what people *would need to spend*, rather than what they *actually* spend on heating. This is because fuel poor households have to balance the need for fuel and other essentials, and very often cannot heat their homes properly. They may also be in the home for longer periods of the day, increasing the cost of keeping warm. At present, there are differences in the definitions used by countries within the UK. However, the Government is working with the Devolved Administrations to achieve an agreed definition across the *whole* of the UK.
- 1.3 It is estimated there were around 5½ million fuel poor households in the UK in 1996. By 2000 it is estimated that this may have fallen to around 4 million households.
- 1.4 In November 1999 an Inter-Ministerial Group was set up to take a strategic overview of the wide range of Government policies and initiatives with a bearing on fuel poverty, and to develop and publish a UK Strategy setting out fuel poverty objectives, targets and the policies to deliver those objectives.
- 1.5 In February 2001 the Government launched the consultation draft of the *UK Fuel Poverty Strategy*. In accordance with the Warm Homes and Energy Conservation Act 2000 (see Box 1.1) and taking into consideration responses from the consultation process, this document represents the UK Fuel Poverty Strategy. It is recognised that there remain a number of difficult issues to be tackled by the Government and Devolved Administrations. As ideas and initiatives develop, and different delivery programmes are tried and tested, an annual progress report will be published on how the Government's objective, of removing all vulnerable households from fuel poverty, is being met.
- 1.6 Alongside measures aimed directly at fuel poverty, this Strategy deals with other important policies and initiatives which reduce fuel poverty, and will contribute significantly to the delivery of the Strategy. These include the Government and the Devolved Administrations' strategies for housing, energy, health, and poverty and social exclusion. More details about these related strategies are available in other publications, such as the third annual poverty and social exclusion report, *Opportunity for all - making progress*, September 2001. The Strategy also builds on *A better quality of life - A strategy for sustainable development for the UK*; demonstrating how policies can meet multiple social, environmental and economic objectives thereby contributing to sustainable development.

Box 1.1 The Warm Homes and Energy Conservation Act 2000

The *Warm Homes and Energy Conservation Act*, introduced by David Amess with Government and cross-party support, became law in November 2000. The Government welcomes the Act's formal recognition of fuel poverty as a major issue of public well-being. The Act requires the Secretary of State for England and the National Assembly for Wales "to publish and implement a strategy for reducing fuel poverty and set targets for its implementation". The publication and delivery of this Strategy therefore fulfils the terms of the Warm Homes Act for England. A Strategy for Wales will be published within 12 months of the commencement of the Act in Wales in early 2002.

CAUSES OF FUEL POVERTY

- 1.7 Fuel poverty is caused by a combination of factors including:
- energy efficiency of the home;
 - fuel costs;
 - household income.
- 1.8 Although reductions in energy prices have helped fuel poor households, low income and energy prices have an obvious effect on the ability of households to spend enough on keeping warm. However it is the combination of this with poor energy efficiency that results in fuel poverty. The fuel poor have the lowest mean income (as one might expect), but also the highest mean required fuel costs, as illustrated in Table 4.5.
- 1.9 This may be a reflection not only of poor energy efficiency and possibly higher fuel needs, as mentioned above, but also of the type of heating systems in place or the availability of the fuels themselves - many smaller towns and villages, particularly in rural areas, do not have access to the gas network. As an indication of the kind of cost differentials, it is estimated that in 1998 a typical household would have spent about 40% more on their total energy use to maintain the same level of comfort, if they used an electric storage heating system rather than a gas system. It should also be borne in mind that, generally speaking, the price of other fuels such as heating oil and bottled gases fluctuate considerably.
- 1.10 Dwelling size can be another factor behind fuel poverty. Households in the worst degree of fuel poverty tend to occupy accommodation which is, on average, significantly larger in area. The principal reasons for underoccupation are where children have grown and left the family home, or where a spouse has died or left. Underoccupation is a complex issue, and there are often good social reasons for not moving to a smaller property. Older people in particular tend to rely on strong local community networks, and these links can have real health and other benefits. This issue is discussed further in Annex A, paragraphs 31-35.

THE EFFECTS OF FUEL POVERTY ON DIFFERENT SOCIAL GROUPS

- 1.11 Fuel poverty can damage people's quality of life and health, as well as impose wider costs on the community. The likelihood of ill health is increased by cold homes, with illnesses such as influenza, heart disease, and strokes all exacerbated by the cold. Cold homes can

also promote the growth of fungi and numbers of house dust mites. The latter have been linked to conditions such as asthma. Ill health can lead to enforced absences from work, and certain types of illness, such as respiratory disease, may restrict choices of potential employment for those without work. The need to spend a large portion of income on fuel means that fuel poor households may have to make difficult decisions about other household essentials. This can lead to poor diets and/or withdrawal from the community.

- 1.12 Although the risks from fuel poverty and cold-related ill health apply to all people, older householders, families with children and householders who are disabled or suffering from a long-term illness are especially vulnerable. People in these higher risk groups are found in more than half of UK households. They are also likely to be at home for more of the day, possibly all of the time, so that heating is needed for more of the time than in other households. The Government and the Devolved Administrations consider that these vulnerable households should receive priority assistance.



Older people

- 1.13 Those householders aged 60 years or more make up a large proportion of the fuel poor - about half of the fuel poor households in England and Scotland contain older people.
- 1.14 The physiological effects of cold are well documented. Resistance to respiratory disease falls when temperatures fall below 16°C (*Collins K J, 1986*). Temperatures below 12°C result in raised blood pressure (*Collins et al, 1985*) caused by the narrowing of blood vessels, which also lead to an increase in thickness of the blood as fluid is lost from the circulation. This, with raised fibrinogen levels due to respiratory infections in winter, is associated with increased deaths from coronary thrombosis in cold weather. About half of excess winter deaths are circulatory in cause, due to the above factors.
- 1.15 In the UK from December to March, year on year, there are between 20,000 and 50,000 excess deaths compared to the rest of the year¹. Older people spend a lot of time in the home. The relationship between indoor temperatures and ill health is a complex one, with other factors such as outside exposure and behavioural patterns involved. To study the impact of cold homes on health, a Government-funded study is planned for 2001-04 to look at the impact of new HEES/WFT on recipient's health. (see paragraph 4.56).

¹ From information supplied by the Office for National Statistics.

- 1.16 In addition, cold causes other discomfort for older people, for example worsening arthritic pains or contributing to a general feeling of illness.
- 1.17 Research indicates that domestic accidents, including fatalities, are more common in cold homes in winter. Periods of prolonged immobility can result, making it even more difficult for older people to keep warm. People may need to go into residential care because of their injuries, or because they can no longer live in their cold home.
- 1.18 Fuel poverty can also exacerbate the social isolation felt by many older households; they cannot afford to go out; or are fearful of going out knowing they will come in, already feeling cold, to a cold home; or are reluctant to invite friends into a cold house. These factors can diminish the social well-being and quality of life of older households.

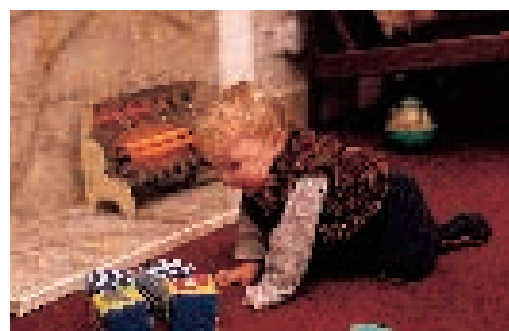
Children

- 1.19 Families with children account for 15-20% of fuel poor households². Children are particularly vulnerable to respiratory conditions such as asthma, which have been linked to cold and damp homes.
- 1.20 Cold homes also increase the time taken to recover from other illnesses so that children may be off school more, affecting their education and development. Homework can also suffer if the family is squeezed into a small part of their home, and there is nowhere for the children to study in quiet. Fuel poverty therefore impairs the opportunities available for children.



People who are disabled or have a long-term illness

- 1.21 Fuel poverty may compound the ill health and suffering of those who are disabled or have a long-term illness. It is likely to exacerbate existing problems and lengthen recovery time. Cold homes may make it more difficult for carers to look after acutely or chronically sick people, more of whom will have to go into hospital needlessly - or go permanently into a nursing home.
- 1.22 Thus the cost of cold-related ill health can be counted in more than the misery caused to the individuals affected. Increased illness adds to the pressures on health and social care services.



² 1998 Energy Follow Up Survey.

INTRODUCTION

- 2.1 The goal of the Government and the Devolved Administrations is to seek an end to the problem of fuel poverty. In particular, they will seek an end to the blight of fuel poverty for vulnerable households by 2010. Fuel poverty in other households will also be tackled once progress is made on the priority vulnerable groups.
- 2.2 The first priority is therefore to ensure that by 2010 no older householder, no family with children, and no householder who is disabled or has a long-term illness need risk ill health due to a cold home. These householders are particularly vulnerable to the health consequences of fuel poverty. In 2000 there were 3 million such households, about 85% of all the fuel poor in the UK.
- 2.3 Once progress has been made on the priority vulnerable groups, the focus will be widened to include those healthy adult householders in fuel poverty. While they are at less risk of ill health, these householders still suffer from the other problems associated with fuel poverty.
- 2.4 By 2004, it is expected that over 1.1 million UK households will have received improved heating and insulation through the specific fuel poverty programmes, with further properties being improved through general social sector programmes. Nearly all of the households receiving assistance will either be in, or at risk from, fuel poverty.
- 2.5 The interim country targets in Box 2.1 reflect the current understanding of the nature and scale of the problem in each country. Chapter 3 sets out the policies which are UK-wide in operation. Chapters 4 (England), 5 (Scotland), 6 (Wales) and 7 (Northern Ireland) set out the individual country strategies.

BOX 2.1 Interim country targets for tackling fuel poverty

England

Within the overall target for 2010, the interim target for England is that by 2004, 800,000 vulnerable households will be assisted through HEES/WFT, and the number of non-decent social sector properties will be reduced by one third (though not all of these will be occupied by fuel-poor households).

Scotland

Within the overall target, by 2006 the Executive's target is to ensure that all pensioner households and tenants in the social rented sector will live in a centrally heated and well insulated home.

Wales

The Assembly's Strategic Plan *BetterWales* and its successor "*Plan for Wales 2001*" has set a target of assisting 38,000 vulnerable households, mostly in the private sector, through the Home Energy Efficiency Scheme by March 2004.

Northern Ireland

The interim target for Northern Ireland is to have assisted at least 40,000 households in fuel poverty by 2006, mainly through the new Warm Homes Scheme.

- 2.6 The common approach is to tackle the problem through:
 - programmes to improve the home energy efficiency of fuel poor households;
 - continuing action to maintain the downward pressure on fuel bills, ensuring fair treatment for the less well off, and supporting the development of energy industry initiatives to combat fuel poverty;
 - continuing action to tackle poverty, low incomes and social exclusion.

2.7 The targets which have been set for the various programmes are *output* based to ensure that progress on these can be measured promptly. However, the overall combined impact of these programmes will be monitored on an *outcome* basis as part of the monitoring of the overall strategy. This is set out in more detail in Chapter 8 and Annex E. The Government and the Devolved Administrations intend to monitor progress carefully and remain ready to review and revise policies in the light of practical experience.

VULNERABLE HOUSEHOLDS

2.8 Older householders, families with children and householders who are disabled or suffering from a long-term illness will be helped by the combination of measures shown above. These measures are designed to ensure that the great majority of these vulnerable households are moved out of fuel poverty. However, it is likely that some households will be found whose individual circumstances require additional or alternative measures. For example, some properties will be too large for the household, or else in too great a state of disrepair. Some households may also move in and out of fuel poverty as their personal circumstances change, or as they move between properties.

2.9 The Government and the Devolved Administrations intend to examine a number of possible alternative measures for such homes as described in Chapter 9. The intention is to use the pilots, described in Boxes 4.5 and 4.7 to inform the further development of programmes. The Government and the Devolved Administrations remain prepared to revise the measures provided as these problems are better understood and cost-effective solutions identified. It is also recognised that some

continuing programmes will be needed beyond 2010 to help householders who may need assistance at a later stage.

HEALTHY ADULT HOUSEHOLDERS

2.10 While healthy adult householders are at substantially less risk of ill health, they nevertheless suffer from the other problems of fuel poverty.

2.11 Those living in social sector properties will be helped by the specific programmes in this area. For example, the Government is committed to ensuring that all social housing in England is decent by 2010, which includes ensuring homes provide a reasonable degree of thermal comfort.

2.12 The more difficult problem is those healthy adult fuel poor who live in the owner-occupied or private rented sectors. Compared to vulnerable householders, they could move in and out of fuel poverty as personal circumstances change, for example moving in and out of employment, and between properties.

2.13 The changes in the composition of the fuel poor between 1996 and 1998 suggest that the wider measures and initiatives to tackle poverty and promote social inclusion may have helped many adult households move out of fuel poverty. They will also be helped by the efforts to improve the standard of private rented accommodation; continuing action to maintain the downward pressure on fuel bills; ensuring fair treatment for the less well off; and supporting the development of energy industry initiatives to combat fuel poverty. These mean that many healthy adult householders will generally only fall into fuel poverty for short periods, for example as they move between jobs or while they are at university or college.

2.14 However the Government and the Devolved Administrations recognise that there may be a significant number of adult householders who experience long-term fuel poverty due to the condition of their property. As Table 4.4 shows, many of the healthy adult fuel poor have incomes that are much higher than the threshold for income-related benefits. For these households the main causes of fuel poverty are the poor energy efficiency and the large property size of the home.

2.15 Where the main cause of fuel poverty is poor energy efficiency, programmes such as the Energy Efficiency Commitment (EEC) schemes can subsidise energy efficiency improvements for all householders. It is more difficult, however, to develop grant funded programme that can effectively target these households, whose personal circumstances may change and who may move between properties.

2.16 It is difficult to tackle fuel poverty when this is due primarily to the size of the property. The choice of property, particularly among owner-occupiers is a very personal matter and involves consideration of a variety of factors. The size of some properties may mean that the householder will remain in fuel poverty even if all reasonable energy efficiency improvements are provided.

2.17 The size and nature of these difficulties was recognised by respondents to the consultation exercise. However, few suggestions were offered on means to overcome these problems.

2.18 The Government and the Devolved Administrations' first priority is to seek an end to the blight of fuel poverty for vulnerable households by 2010. In order to end all fuel poverty, they intend to work in

partnership with interested groups to explore the potential for cost-effective mechanisms to assist adult fuel poor households at risk from longer-term fuel poverty. If successful, this work will be used to inform the design of programmes once progress is made with the problem among the priority vulnerable groups.

INTRODUCTION

- 3.1 The overall approach adopted by the Government and the Devolved Administrations has been, and continues to be, to tackle the root causes of fuel poverty by improving energy inefficient housing, reducing fuel bills and by tackling low incomes. This chapter sets out the common policies that operate throughout the UK or Great Britain, under the following headings:
- energy efficiency measures (further details can also be found in Annex A);
 - energy market measures (further details can also be found in Annex B);
 - social inclusion measures (further details can also be found in Annex C).
- 3.2 The tackling of fuel poverty needs to be within the wider context of Government policy on sustainable development and climate change. Box 3.1 identifies how tackling fuel poverty will also contribute to the fight against climate change.

ENERGY EFFICIENCY MEASURES

- 3.3 Improving the energy efficiency of homes through better insulation and heating can help many households move away from fuel poverty. The Government and the Devolved Administrations have introduced a series of programmes to tackle poor energy efficiency among social and private sector housing. Because the majority of these programmes are individual to each country (for example the separate Home Energy Efficiency Schemes), they are described more fully in the respective country chapters.

Box 3.1 Climate Change

Action to tackle fuel poverty will also contribute to the fight against climate change; one of the most significant serious environmental threats facing the world today. On 17 November 2000, the Government and the Devolved Administrations published the UK's climate change programme. The programme sets out how the UK will deliver its Kyoto target to cut greenhouse gas emissions by 12.5% below 1990 levels, by 2008-2012 and move towards its domestic goal to cut carbon dioxide emissions by 20%, by 2010. The programme also begins to put in place policies that should deliver further cuts in emissions in the longer-term and it outlines a wide range of policies and measures that cover all sectors of the UK's economy, including the domestic sector.

The Government has confirmed that it will not impose new taxes on the domestic use of fuel and power. This would have an unacceptable social impact and runs counter to fuel poverty policies. The central thrust of the UK's policy to reduce emissions from households is through measures to improve energy efficiency, including the new Energy Efficiency Commitment (EEC), better appliance standards and labelling, higher standards in the building regulations, and action to encourage the modernisation of community heating schemes. The Government is also encouraging more use of renewable forms of energy and Combined Heat and Power (CHP).

As well as reducing greenhouse gas emissions, these measures should also help householders to save money on energy bills and to make their homes more comfortable.

Energy Efficiency Commitment (EEC)

- 3.4 The EEC (formerly known as Energy Efficiency Standards of Performance EESoPs) is an obligation on licensed gas and electricity suppliers to encourage or assist domestic customers to take up energy efficiency measures. It will come into operation in Great Britain in April 2002. There is a separate scheme for Northern Ireland.
- 3.5 The current standards of performance programme, set by the Energy Regulator under his duty to promote the efficient use of gas and electricity, will run until 2002. As a result of the programme being extended to gas suppliers, and the target spend increasing from £1.00 to £1.20 per customer/fuel, expenditure has doubled to about £50 million a year over 2000-2002 compared to 1995-2000. The energy suppliers recover these costs as part of their charges to customers.
- 3.6 The *Utilities Act 2000* (see paragraphs 3.36-3.37) transfers responsibility for this programme from the Regulator to the Government. The Government will implement a new 3-year programme from April 2002 and proposes to increase the scale of the scheme, but continuing its focus on disadvantaged consumers.
- 3.7 The proposed overall target for the Commitment is 62 TWhs, with 50% of the energy savings being targeted at customers receiving benefits or tax credit. The regulator's role will be to administer the Commitment, apportion the overall target to each supplier, determine which energy efficiency measures qualify and the savings attributable, and monitor suppliers' performance against their targets.

VAT and energy efficiency measures

- 3.8 The Spring 2000 budget extended the reduced rate of VAT of 5% from the *grant-funded* installation of energy saving materials to the installation of energy saving materials in *all* homes. The reduced rate was also extended to the grant funded installation, maintenance and repair of central heating systems in eligible over-60s households, and the grant-funded installation of heating systems in low income households. This means that grant monies will go further, enabling more households to receive help. The Government is continuing to consider whether further financial incentives to the installation measures are appropriate.

Energy efficiency advice

- 3.9 A basic understanding of domestic energy efficiency can help low-income households to achieve warmer homes. Energy Efficiency Advice Centres (EEACs) give free, impartial and locally relevant energy efficiency advice to householders. The 52 centres around the country work in partnership with local and national bodies to help householders improve the energy efficiency and comfort of their homes. To date they have advised 900,000 customers save energy and money. Advice on energy efficiency is also undertaken under HEES/WFT and other national equivalents to ensure that households can make the most of any energy efficiency improvements installed.
- 3.10 Further work has been undertaken since publication of the consultation draft of the *Fuel Poverty Strategy* to improve the provision of energy efficiency advice. Ofgem hosted a 'Summit' in July 2001, bringing together energy suppliers and other advice providers to

consider how advice can be delivered more effectively to the fuel poor. This builds upon research into energy efficiency advice and the disadvantaged undertaken by the Environmental Change Institute for the Electricity Association. Among follow up work, Ofgem is improving its monitoring of suppliers' advice provision, and is considering the provision of guidance to the industry. On a wider front, as part of its support to the Energy Efficiency Partnership for Homes, the Government is providing funding for the Energy Advice Providers Group of the Partnership to undertake work in two areas. These concern the benefits of providing energy advice, and setting minimum standards for the provision of energy advice. This work is being undertaken after consultation by the partnership with the energy advice sector. Taken together, these activities are expected to increase the quality and reach of energy advice.

Transco's Affordable Warmth Programme

3.11 The *Affordable Warmth Programme* uses an innovative application of lease finance to encourage the installation of high-efficiency gas central heating and energy efficiency measures. This new approach, which was developed by Transco, the national gas pipeline operator, required a change in the tax rules relating to the leasing of heating equipment, which was announced in the March 2000 Budget. The new rules mean that Affordable Warmth leases, which are targeted at local authorities and Registered Social Landlords (RSLs), are a fuel poverty/energy efficiency programme that is financially attractive for both the landlord and tenant, because the installation is cheaper (owing to the lease basis and capital allowances) and can

be financed more flexibly. Transco is currently redesigning the financial framework for the programme, which will allow a further reduction in the cost. It is hoped that this will encourage landlords to spend more on improvement, or at the very least, to get greater benefit from the money they do spend.

3.12 As part of the programme Transco is also supporting training courses to meet the skills demand generated. To date, over 1,200 people have received training, and the company has pioneered three innovative gas sector schemes targeting people on benefits, on the New Deal programme, and those facing large-scale redundancy. These schemes can, and will, be replicated nationwide through the Employment Service.

Local authorities' wider involvement in fuel poverty and energy efficiency

3.13 In addition to their role in tackling fuel poverty, local authorities have an important responsibility to improve energy efficiency. There are clearly close links between these two activities and in practice local authorities tend to take them forward together.

3.14 Local authorities' energy efficiency responsibilities extend beyond their responsibilities as landlords. Under the *Home Energy Efficiency Act 1995* (HECA), UK housing authorities - designated energy conservation authorities - have to prepare a report identifying measures to significantly improve the energy efficiency of *all* residential accommodation in their area; and to report on progress in implementing the measures. Authorities can make energy savings through improvements in their own housing stock, working with registered social and other landlords, and promoting energy

efficiency to owner occupiers. While these energy efficiency measures will not always be targeted only at the fuel poor, they will benefit directly from this activity.

- 3.15 The Government is keen to ensure that local authorities maximise their opportunities for energy conservation since this will have not only environmental but also social, health and economic benefits. It is currently reviewing the policy framework within which local authorities in England carry out their energy efficiency activities (see box 4.2).

Other energy efficiency programmes

- 3.16 In addition to the programmes described above, the Energy Saving Trust (EST) manage a number of schemes to encourage the take up of energy efficiency measures by households. While some of these are national schemes, a large number are local programmes, often in collaboration with local authorities. The Trust's programmes not only deliver useful improvements to many households, but also act as pilots for testing approaches that may be adopted by other, larger programmes. NEA, a national charity campaigning for warmer homes, has also instigated and developed a wide range of practical energy efficiency initiatives, working in partnership with central and local government, and the private and voluntary sectors.



The Energy Efficiency Partnership

- 3.17 The Government is supporting the Energy Efficiency Partnership for homes, which was launched in April 2000 and is facilitated by EST. The Partnership provides a mechanism to bring together all those with an interest in domestic energy efficiency and in combating fuel poverty to do business more profitably and achieve their objectives more effectively. In addition it also contributes to the development of wider energy efficiency policy, for example in relation to climate change.

ENERGY MARKET MEASURES

- 3.18 The UK Government's overarching energy policy can be stated as "to ensure secure, diverse, sustainable supplies of energy at competitive prices". This chapter deals with policies and measures that apply to Great Britain, with more details in Annex B. Details for Northern Ireland are covered separately in Chapter 7 and Annex B.

The Government's approach

- 3.19 The Government believes that the best way to ensure that fuel is affordable to consumers is through liberalising energy markets and promoting competition. Where markets have monopolistic features, for instance the distribution systems which provide the physical link between electricity generators or gas producers and customers, their costs should be subject to downward pressure through price controls.
- 3.20 Although competition has brought real benefits to all consumers, including the less well off, through lower prices, the Government does not believe that the interests of the fuel poor can be left to the markets alone. It is

determined that consumers on low incomes should not be regarded as less attractive customers, and should benefit equitably from these developments. To this end the Government has:

- introduced powers and duties in the new *Utilities Act 2000* relevant to tackling fuel poverty;
- asked the Regulator to develop a Social Action Plan, now in place;
- and has encouraged the industry to bring forward initiatives to help tackle fuel poverty as part of their long-term commercial strategy.

These measures are the Government's core strategies for bringing a social dimension into the energy market in Great Britain.

Market developments

- 3.21 The electricity and gas supply markets have been fully opened up to competition in Great Britain. New wholesale trading arrangements for gas were introduced in October 1999 with the agreement of the Regulator³, and the New Electricity Trading Arrangements (NETA) were introduced in March 2001.

Reduced VAT on domestic fuel

- 3.22 The Government also believes that this approach needs to be backed up by appropriate fiscal measures and in 1997 it reduced the level of VAT on fuel from 8% to 5%, the lowest level permitted by EU legislation, at an annual estimated cost of £450 million. This has reduced the energy bill of a typical customer by around £16 per annum.

³ The Utilities Act 2000 provides that the existing Regulator, the Director General of Gas and Electricity Markets, be replaced by the Gas and Electricity Markets Authority. This took effect on 20 December 2000.

Reduction in prices

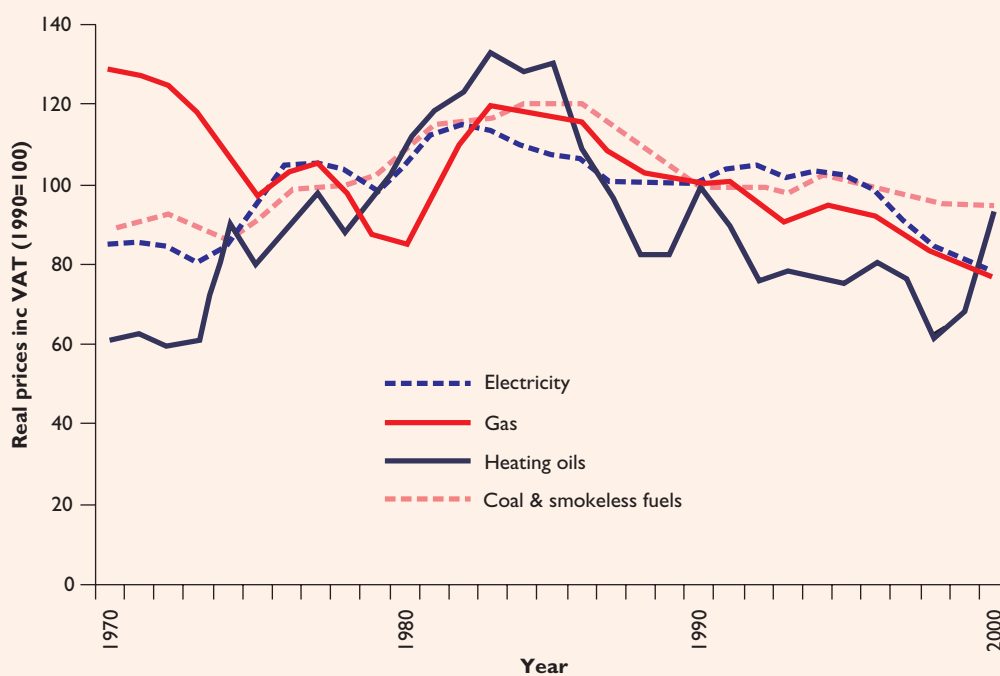
- 3.23 There have been substantial reductions in domestic energy prices, which are now at their lowest, in real terms, since 1974 (see Chart 3.1). Domestic gas and electricity prices have fallen in real terms by 23% and 22% respectively since 1990. This has contributed to the reduction in fuel poverty.

- 3.24 The sharp fall in gas and electricity prices in recent years has been due to low and falling world energy prices, the introduction of full competition in GB gas and electricity markets, and downward pressure from regulation of monopoly activities. However, fossil fuel prices are currently rising in international markets from their 1999 low points, and this can be expected to have an impact in the short term.

- 3.25 In the case of gas, the wholesale price has doubled from the spring to the winter of 2000. A major cause of this is arbitrage across the gas interconnector, at a time when continental gas prices are contractually linked to oil prices which are themselves at high levels. Gas prices in other EU Member States have also been increasing sharply.

- 3.26 The Government is addressing this by working, with other EU Member States and the Commission, towards full gas market liberalisation and competition in Europe. The objective is to break the link with oil prices and to establish full gas-to-gas competition. Following a request by the DTI a European Commission inquiry is looking at trading patterns across the interconnector as there are concerns that the pattern of trading does not always appear to have reflected market fundamentals. DTI, Ofgem and the UK competition authorities will continue to

Chart 3.1 Domestic fuel price indices in real terms⁽¹⁾, 1970 to 2000



(1) Calculated using the GDP deflator at market prices. Includes VAT from 1994.

Source: ONS

closely monitor activities in the UK, and will not hesitate to take any action which proves necessary to ensure that the gas market operates properly. The Government is also pursuing market improvements, especially in relation to information flows, so that the market will work more efficiently.

3.27 Meanwhile, a wholesale price increase of this magnitude is bound to put strong pressure on consumer prices and in the spring of 2001 many gas suppliers increased the prices they charge domestic customers by around 5% on average. Given these factors it is unlikely that there will be a repeat of the level of price reductions seen in recent years during the period up to 2010.

3.28 For gas, the primary influence on future domestic prices will be developments in international oil and gas markets, which are

extremely hard to predict. UK gas prices will also be affected by downward pressure from competition and regulation. The new EEC on energy suppliers will put some upward pressure on fuel prices - about 1-2% based on the proposals for the period 2002 to 2005 - though in terms of energy bills this will be more than offset by the reductions achieved through the energy efficiency improvements provided through the Commitment.

3.29 For electricity, there is expected to be continued downward pressure on domestic prices in the next year or so as the benefits of the NETA, greater competition in the generation market and continued regulatory tightening continue to feed through to consumers. These factors could lead to price reductions and appear to have done so during 2001. On the other hand there could be upward pressure from the increases in world

fossil fuel prices, and to a lesser extent from the proposed Renewables Obligation (which could raise domestic electricity bills by around 4½% by 2010) and the new EEC.

- 3.30 Future gas and electricity prices are uncertain and will be affected by a number of factors as discussed above. For the purposes of estimating the effects of price changes on future numbers in fuel poverty, a reasonable range of price movements between 1999 and 2010 to consider would appear to be:-
- For domestic gas prices - plus 15% to minus 10% in real terms.
 - For domestic electricity prices - plus 5% to minus 2%.
- 3.31 It should, however, be noted that it is possible that price movements may fall outside of these ranges which can only be taken as broadly indicative of the possibilities. This is primarily because of uncertainty about the future path of fossil fuel prices and the impact of regulation on distribution and transmission costs.
- 3.32 Clearly changes in energy prices can have an impact on fuel poverty. If electricity prices were to rise by 5%, and gas prices by 15% then the numbers in fuel poverty could increase by around 0.8 million. Conversely if electricity prices fell by 2% and gas prices by 10% then the numbers in fuel poverty could fall by around 0.3 million as a result. Although a change of this magnitude would not threaten the delivery of the Strategy it might necessitate a review of policies and programmes to take account of the new circumstances.

Households without access to the gas network

- 3.33 There are around 4½ million households in Great Britain without a gas supply - some 20% of the total and around 1.3 million of these are thought to be in fuel poverty. This represents a very significant proportion of the fuel poor. Not having access to a gas supply reduces the choice of fuels for customers, and may lead to their having to use less convenient, less energy efficient, or more costly methods of keeping their homes warm. This suggests that a lack of access to gas may be an impediment to the eradication of fuel poverty.
- 3.34 The Government set up a working group comprising DTI, DEFRA and Ofgem officials, energywatch, NEA, EST, and representatives of the industry to consider the issues surrounding extension of the gas network. The Group examined issues such as the relationship between gaps in the existing network and the incidence of fuel poverty; the operation of current arrangements for extension; the costs and benefits of a larger extension programme; and the range of other options (renewables, LPG, fuel oil, solid fuel etc) for assisting the fuel poor in areas outside the network, including those it will never be feasible to connect to the network. The Group has recently presented an initial report to Ministers concluding that whilst the extension of the gas network across the whole country could not be justified on cost-benefit grounds the extension in some communities could be justified. Their report recommends that further work is needed to test the

effectiveness of extending the gas network in addressing fuel poverty. They also recommend that consideration should be given to assisting communities where gas and electricity are not the most appropriate fuels.

- 3.35 Against a background both of fuel poverty and of sustainable energy for the future, many respondents to the consultation process proposed that renewable energy would be a viable means of helping the fuel poor, particularly in rural areas, where gas might never be economically available but where primary inputs such as biomass might be. With this in mind, DTI and DEFRA will be jointly funding a number of pilot schemes to assess the contribution that renewable energy and other technologies can make in tackling fuel poverty.

The Utilities Act 2000

- 3.36 The *Utilities Act 2000* introduces a new primary duty on the Regulator and the Secretary of State to “*protect the interests of consumers, wherever appropriate by the promotion of effective competition*”.

(Formerly the Regulator’s primary duty was to secure that demand was met, that the industry could finance itself and to secure effective competition.) In meeting the new duty the Regulator and the Secretary of State are required to have regard to the interests of certain vulnerable individuals - older people, people who are disabled or have a long-term illness, individuals with low incomes, and people living in rural areas. Many of these are particularly susceptible to fuel poverty. The Act gives Government the power to:

- offer guidance on social and environmental objectives to the Regulator;

- set energy efficiency targets;
- invoke a reserve power to cross-subsidise specified groups of disadvantaged customers.

- 3.37 The Act also created the Gas and Electricity Consumer Council, ‘energywatch’, to be a powerful consumer champion operating independently of the regulator. energywatch is committed to developing safe, confident and assertive consumers, and to improving the services provided to all gas and electricity consumers. It will have a particular focus on protecting the disadvantaged. In its forward work programme, energywatch sets out what it plans to do in relation to tackling fuel poverty. It will;

- work to deliver substantive solutions with Ofgem, Government and industry;
- campaign alongside other consumer bodies on behalf of fuel poor consumers;
- act as a focal point for stakeholders involved in delivering affordable warmth to fuel poor consumers;
- identify fuel poor consumers through its network of consumer advisors and outreach programmes.

Ofgem’s Social Action Plan

- 3.38 The Government asked the Regulator to develop a Social Action Plan for Great Britain. After extensive consultation the Regulator published a plan in March 2000. It is a framework for action across a wide range of activities to ensure that the economic benefits of liberalisation are spread fairly among vulnerable and disadvantaged customers. In order to tackle fuel poverty, and play its part, Ofgem is fully committed to taking forward this action plan.

3.39 The *Social Action Plan* has four main strands of activity:

■ **Revision of gas and electricity licence conditions to provide enhanced protection for disadvantaged customers.**

As a result of these companies have to: offer their customers facilities to pay bills in cash fortnightly or more frequently; operate codes of practice which set out the services prepayment meter customers should expect; and improve the promotion of the help available e.g. energy efficiency advice, special services for vulnerable customers, and help to prevent disconnection for debt.

■ **Initiatives to drive down the cost of keeping warm for disadvantaged customers through price reductions and to ensure that wherever possible barriers to competitive market supply are removed and encouragement given to new initiatives.**

The new price controls introduced by Ofgem in April 2000 have meant price reductions for those customers paying by standard credit or prepayment methods. Ofgem's continuing support for the EEC (formerly Energy Efficiency Standards of Performance programme) will contribute towards provision of warmer homes for disadvantaged customers.

Work is also ongoing on improving the provision of information on prices with particular regard to disadvantaged customers, and improving access to competitive markets for those customers in debt.



■ **Promoting research to explore issues and suggestions raised during consultation on the draft plan.**

This will encourage companies to understand the needs of disadvantaged customers. Research issues recently completed, or being investigated at present include payment patterns and preferences of customers; ways of helping vulnerable customers; and participation in credit unions.

■ **Enhanced monitoring of progress of action taken under the plan with the establishment of a Review Group to help monitor activity.**

3.40 As part of the price controls on the former public electricity suppliers introduced from April 2000, the maximum annual surcharge which electricity prepayment customers pay (representing the higher costs of providing and maintaining the meter) was fixed at £15.

Energy industry initiatives

3.41 The Government has encouraged energy companies themselves to bring forward initiatives to help tackle fuel poverty as part of their overall strategy for corporate social responsibility. It believes that the industry can play an important role in addressing the needs

of the most vulnerable in society. As part of this work the Government is keen to emphasise how businesses' corporate social responsibility can be linked to improved understanding of the needs of customers. The industry has responded with work on industry-wide issues and a range of commercial initiatives at a company level, which should have a real impact on people in fuel poverty. In addition, the Electricity Association established a *Fuel Poverty Task Force*, which also includes major players in the gas market. Examples of company initiatives include:

- schemes to improve the energy efficiency of homes, including installation of central heating systems (Transco's *Affordable Warmth*, EEC (EESoPs) expenditure by all energy suppliers).
- tariffs aimed at those on low incomes (TXU's *StayWarm*, Powergen's support of Age Concern Energy Services, Yorkshire Electricity's *Heatplan*).
- partnerships with charities (Centrica, Powergen).
- promoting local referrals (TXU, Centrica, ScottishPower, Innogy).

More details of these and other initiatives can be found in Annex B.

- 3.42 A range of initiatives is also beginning to emerge through action by other bodies, such as local authorities, to take advantage of the freedom offered by the energy market structure to develop new ways of securing energy for their tenants. An example is the development of an Energy Service Company proposal (with support from EST), known as AMP - Authorities Managing Power, by the Northern Consortium of Housing Authorities, aimed at providing cheap energy and energy efficiency services to tenants.

Fuel Direct

- 3.43 Fuel Direct was introduced in 1976, against a background of increasing fuel prices and a rising number of disconnections. It is part of the wider direct payments scheme available to vulnerable recipients of income related benefits who are in debt and at risk of eviction, or disconnection of an essential utility supply, or imprisonment through the non-payment of certain debts. Under the scheme, a standard amount is deducted from weekly benefit to cover the debt and, if appropriate ongoing consumption of electricity or gas, and paid direct to the relevant third party.
- 3.44 The number of customers on Fuel Direct has been declining over recent years as, increasingly, suppliers provide consumers in debt with prepayment meters. While it may be limited in scope, the Fuel Direct scheme nonetheless has a worthwhile contribution to make to the Government's strategy on reducing fuel poverty. It provides a valuable last resort form of protection against disconnection for a relatively small group of consumers who are unable to manage their own affairs and for whom a prepayment meter may be unsuitable.
- 3.45 As part of their *Social Action Plan*, Ofgem has established a small working group comprising representatives of the fuel industry, relevant Government departments, and energywatch to examine the operation of Fuel Direct and identify areas for improvements for customers and suppliers.
- 3.46 For the short term, the Group has recommended action to make the current scheme as effective as possible in identifying and supporting those vulnerable consumers eligible for this special help. This will be

achieved through improving liaison between energy suppliers and the Department for Work and Pensions (DWP) and providing better guidance and information, including energy efficiency advice. Ofgem and DWP will be monitoring progress. For the longer term, the group has recommended that provision for the continued protection of vulnerable consumers with fuel debt should be included in the development of changes to be made to the payment of benefits in general, involving automated credit transfer.

SOCIAL INCLUSION MEASURES

Tackling poverty and social exclusion

- 3.47 The Government and the Devolved Administrations have put in place strategies for tackling poverty and social exclusion⁴. The strategies are founded on the principle that poverty and social exclusion are multi-dimensional. These are complex problems caused by a range of interlinked issues many of which may contribute towards fuel poverty (low incomes, poor housing or restricted access to low-cost direct debit bank payment services) or be exacerbated by it (poor health). The strategies aim to address these factors by tackling their root causes, as well as alleviating the symptoms.

⁴ “Opportunity for All” sets out the UK strategy, but also includes references to actions by Devolved Administrations where policy has been devolved. Further information is provided regarding Scotland in “Social Justice: A Scotland where everyone matters”; Wales in “Better Wales”, “Building an Inclusive Wales” and “Mapping social exclusion in Wales”; and Northern Ireland in “Vision into Practice, the first New Targeting Social Need Annual Report”.

Employment and income measures

- 3.48 As identified earlier, household income, along with energy efficiency and fuel costs, is one of the key elements of fuel poverty. The Government strategy includes measures to tackle the causes of poverty and enable people to improve their incomes in the longer term, as well as action to alleviate the immediate symptoms of poverty.
- 3.49 Worklessness is a key driver of poverty and the Government aims to ensure that people are better equipped to work. This means investing in education to ensure that children leave school with the qualifications and skills required for the labour market. But also through lifelong learning it is encouraging adults to further their education and training.
- 3.50 The Government has introduced a more active welfare system, with measures such as the New Deals and the ONE service pilots, to help people become better prepared for, and find, work. From autumn 2001, the Government will be taking further steps to improve the work prospects of all benefit recipients through the creation of 50 Jobcentre Plus Pathfinder sites, which will bring together the services of the Employment Service and Benefits Agency. Building on the experience of ONE pilots, Jobcentre Plus will deliver an integrated and efficient labour market and benefit service to people of working age.
- 3.51 A reduction in worklessness is a key factor to reduce poverty, and employment is a key factor in helping reduce the number of healthy adult households in fuel poverty. The number of unemployed single adult householders in the UK fell from 592,000 in 1996 to 354,000 in 2000⁵. The introduction

⁵ Labour Force Survey Household data 1996-2000 Spring quarters.



of the National Minimum Wage (NMW) at £3.60 (£3.00 for under 21s) in 1999 has also helped tackle the problem of low incomes. According to National Statistics, 1.5 million jobs were paying below the minimum wage before its introduction. The vast majority of people in these jobs were brought up to the level of the minimum wage or higher as a direct result of its introduction. A household with one full-time worker on the new NMW level of £4.10 an hour and working a 35-hour week would have a weekly take home pay of £129.81, whilst for a household containing children, the weekly income would be £225 per week, including WFTC. This should ensure that they are not in fuel poverty for the great majority of properties.

3.52 These programmes, combined with a period of consistent growth have contributed to growth in employment. The employment rate (74.8%) is now at records levels, up over 2 percentage points since 1997. This amounts to around 1.2 million more people in work. There are around 300,000 fewer children and 400,000 fewer working-age people living in workless households than in 1997.

Measures for families

3.53 These programmes, combined with measures such as the NMW, Working Families' Tax Credit (WFTC) and Disabled Persons' Tax Credit, help people improve their position through work.

3.54 The Government has introduced a series of reforms to support all families with children, reflecting its belief that that while parents are responsible for the upbringing of their children, Government should contribute towards the costs. Budget 2001 builds on the achievements so far:

- record increases in universal Child Benefit, which have seen the rate for the first child rise by 26% in real terms since 1997. This has benefited over 7 million families with children who currently receive Child Benefit.
- introducing the Children's Tax Credit from April 2001, replacing the married couple's allowance abolished in April 2000, thereby providing a family tax cut of up to £520 a year from which around 5 million families can benefit;
- the introduction of the WFTC, which is benefiting more than 1.25 million families, over 400,000 more than received Family Credit at its peak. As a result of WFTC and the NMW a family with children with someone working 35 hours a week is guaranteed a minimum income of £225 a week. For a person in the same situation, working part-time, the guarantee is £166 a week.

- increasing in-work incomes helps people to heat and maintain their homes, but the Government recognises that the problem of fuel poverty requires wider measures - particularly for those on low incomes for whom work is not a realistic option. For these people it is improving family incomes through the benefit system.
- the Government has significantly increased the support for families on Income Support. Since 1997, the personal allowance for children aged under 11 has risen by around 80% in real terms. As a result of this and other improvements, from October 2001, a couple on Income Support with two children aged under 11 will be nearly £1,700 better off a year compared to 1997.
- in addition the Government has taken further steps to improve family incomes. For example, in April 2001, the Disability Income Guarantee was introduced. This provides an income of at least £142 a week for the poorest severely disabled people under 60 receiving income-related benefit. The higher rate mobility component of Disability Living Allowance has been extended to severely disabled children aged 3 and 4 from April 2001, providing extra help to their families worth £38.65 a week. At the same time the disabled child premium was increased by more than inflation from £22.50 a week to £30 a week.

3.55 All the above measures taken together should have a significant impact on the incomes of families with children. The income indicators in Annex E show increases in incomes for families with children from the measures announced in the last three Budgets.

3.56 As a result of the Government's tax and benefit reforms over the Parliament as a whole:

- families with children will be, on average, £1,000 a year better off;
- a family with two children on half average earnings of £12,700 will be £3,000 a year better off in real terms; and
- a family on average earnings of £25,400 and with two children will be £520 a year better off, as well as having the lowest direct tax burden since 1972.

Measures for pensioners

3.57 For the poorest pensioners the Government has introduced the Minimum Income Guarantee (MIG), which is already helping nearly 2 million pensioners (in 1.7 million families). From April 2001, the different age-related rates were aligned at the highest rate and then increased to £92.15 for single pensioners and £140.55 for couples. In addition, the Winter Fuel Payment scheme has been extended so that payments are now made to households with someone - whether male or female - aged 60 or over. For Winter 2001/02, the payment remains at £200. Overall, from April 2001 1.7 million of the poorest pensioner families on the MIG are at least £15 a week better off in real terms as a result of Government measures since 1997.



- 3.58 The Government is keen to ensure that people are in an informed position to make choices on whether to claim benefit. DWP is involved in a wide range of national and local initiatives to ensure accurate and accessible information is available, including leaflets, information officers, liaison with local groups, and talks.
- 3.59 All the evidence shows there is no straightforward way of increasing take-up, however, pensioners as a group have particular problems with the take-up of benefits. The DWP research report *Overcoming barriers, older people and Income Support*, revealed that for pensioners barriers such as stigma, dislike of entering Benefit Agency offices, and the complex nature of claim forms, all contribute to non-take-up. It is estimated that around 500,000 are missing out on extra help available through the MIG.
- 3.60 The Government is determined to ensure that these pensioners receive the benefits they need by carrying out a national take-up campaign comprising a leaflet drop, television advertising and better use of information technology. In April 2001 the capital limits in the MIG were increased, for the first time in ten years, giving access to pensioners with savings of up to £12,000. In addition, the MIG will be increased in line with earnings throughout this Parliament, enabling more pensioners to share in the nation's rising prosperity.
- 3.61 While these measures are already in place, the Government is planning further action to improve family incomes.
- 3.62 With the implementation of Child Support Reforms (from April 2002 for new cases) a new child maintenance premium will be introduced, enabling lone parents on income support to keep up to £10 a week of their child maintenance.
- 3.63 In the March 2000 Budget the Government announced a programme of future reforms to the tax credit system. The reforms include:
- an integrated system of support for children that incorporates the different strands of support for children in the tax and benefit systems and creates a single seamless system. The credit will be more transparent, illustrating more clearly what state support is available for children, and it will provide a secure income bridge between welfare and work.
 - an employment tax credit, based on the adult allowance in the WFTC but available to low-paid households without children as well as to parents.
- 3.64 A consultation document on the key design features of the new tax credits was published by the Inland Revenue in July 2001. The consultation formally closed on 12 October 2001 and the Government is carefully considering the responses in advance of legislation.
- 3.65 In 2003 the Government will introduce the Pension Credit which will ensure that it is worthwhile for people to have saved even modest amounts above the level of the Basic State Pension. But the Government's strategy is also aimed at preventing pensioner poverty in the future by introducing the State Second Pension to replace SERPS as well as by improving access to, and encouraging participation in, private pension schemes.

Future income policies

- 3.61 While these measures are already in place, the Government is planning further action to improve family incomes.

Building an inclusive society


- 3.66 All these measures are integral parts of the aim to build a more inclusive society in which people can enjoy greater well-being and healthier lives through more comfortable living conditions.
- 3.67 Poverty and social exclusion affect communities as well as individuals. Frequently a range of factors, such as high unemployment, poor housing, high crime rates and lack of access to high quality public services converge to exacerbate the problems in particular localities. Therefore, the Government is also focusing on action to regenerate deprived communities. The *National Strategy for Neighbourhood Renewal*, launched in January 2001, offers a new approach to tackle multiple deprivation in the poorest neighbourhoods.

Access to financial services

- 3.68 The Government announced on 24 May 1999 that payment by automated credit transfer (ACT) will be the norm for paying benefits from 2003. This will also give people access to a wider range of banking and financial services, such as direct debit facilities which make it cheaper to pay some bills (including gas and electricity bills), and will bring them into the financial mainstream.
- 3.69 The Policy Action Team set up by the Social Exclusion Unit to look at access to financial services (PAT14) reported in 1999. The report set out the challenges facing large numbers of people in deprived neighbourhoods in accessing financial services and the complex interaction between financial and other forms of social exclusion. For example, without access to banking facilities, payment of utility bills or the encashment of cheques can be

more difficult and more costly. Without access to insurance services or affordable credit, financial difficulties can be exacerbated and indebtedness can increase.

- 3.70 PAT14 made over 40 recommendations to tackle the issues identified. These recommendations require action from all sections of the retail financial services sector as well as Central and Local Government. For example, in response to the challenge from Government, all the high street banks now offer basic bank accounts, which are free to open and run and, among other things, enable people to pay utility bills by direct debit. Under the Post Office's proposals for Universal Banking Services, all the main UK banks have agreed to make their basic bank accounts accessible at Post Office counters from April 2003 - widening further potential access for consumers.
- 3.71 PAT14 also reinforced the importance attached to Credit Unions. They offer a source of simple, low cost savings opportunities and affordable credit. Important steps have already been put in place to help grow the movement and to make it stronger. Government, at all levels, has been involved in initiatives to help promote healthy and sustainable credit unions. The Government is also in close touch with the main credit union trade body, ABCUL who are leading on the work to establish a Central Services Organisation to provide central expertise and economies of scale to all credit unions, nationally.
- 3.72 One of the research projects promoted by Ofgem as part of the *Social Action Plan* concerns the feasibility of community investment partnerships based on credit unions. Innogy is funding research, being conducted by NEA and New Economics Foundation,



into a ‘factor four’ approach involving comprehensive money advice, financial assistance for energy efficiency improvements, provision of optimum fuel payment methods with local access, and individual advice on the best available energy prices.

HOW POLICIES WILL HELP DIFFERENT GROUPS IN SOCIETY

3.73 The energy efficiency and energy market policies outlined above have the scope to assist all fuel poor households, regardless of their particular circumstances. Income policies, on the other hand, tend to be more specifically targeted. Table 3.1 sets out how policies and programmes will assist specific groups in society.

Table 3.1 How policies and programmes will assist specific groups in society

	Older People	Families with Children	People who are disabled or have a long-term illness	Adult unemployed without children
Energy efficiency schemes	✓	✓	✓	✓
Social housing investment	✓	✓	✓	✓
Private sector renewal grants	✓	✓	✓	✓
Regeneration schemes	✓	✓	✓	✓
Downward pressure on fuel prices	✓	✓	✓	✓
Social Action Plan	✓	✓	✓	✓
Energy company initiatives	✓	✓	✓	✓
Winter Fuel Payments	✓			
Cold Weather Payments	✓	✓ (where child <5yrs)	✓	
Minimum Income Guarantee	✓			
Welfare to Work		✓	✓	✓
Working Families Tax Credit (WFTC)		✓		
Disabled Persons Tax Credit (DPTC)			✓	
Increased child allowances in income-related benefits and WFTC/DPTC		✓	✓	
Increases to Child Benefit		✓		
Children's Tax Credit from 2001		✓		
Child Support Reforms from 2002		✓		
An integrated child credit from 2003		✓		
Development of Disability Income Guarantee for implementation in 2001			✓	
An employment tax credit from 2003		✓ ⁽¹⁾		
Pension credit	✓			

(1) The exact scope of an employment tax credit has not been fully decided.

INTRODUCTION

- 4.1 This Chapter begins with a section setting out the definition of a fuel poor household in England. It then goes on to describe the estimates and trends in the numbers of fuel poor, followed by how policies will help the Government deliver its targets for England.

Box 4.1 The target for England

As part of the overall goal of seeking an end to fuel poverty in the UK the Government's first priority is to seek an end to the blight of fuel poverty for vulnerable households by 2010. Its interim target for England is that by 2004, 800,000 vulnerable households will be assisted through the Home Energy Efficiency Scheme/Warm Front Team, and the number of non-decent social sector properties will be reduced by one third (though not all of these will be occupied by fuel-poor households).

THE DEFINITION OF A FUEL POOR HOUSEHOLD

- 4.2 The common definition of a fuel poor household is one needing to spend in excess of 10% of household income to achieve a satisfactory heating regime (21° C in the living room and 18° C in the other occupied rooms).
- 4.3 There are two important factors to consider when developing a more precise definition of a fuel poor household: whether an allowance should be made for other fuel used in the home (e.g. for lighting, cooking, cleaning etc); and how the income of a household should be calculated.
- 4.4 The Ministerial Group on Fuel Poverty in England has carefully considered the detailed arguments surrounding these issues. For the purposes of the Strategy for England it has

decided that no worthwhile distinction can be made between fuel used for heating and hot water, and that for other, equally essential purposes. The definition of fuel poverty for England should therefore be based upon all fuel that a household needs to use. A fuller discussion of the issues surrounding the definition of fuel poverty is provided at Annex D.

- 4.5 The number of households in fuel poverty in England will be displayed on the basis of two definitions as follows:

4.5.1 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 ISMI) on all household fuel use.

4.5.2 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 and ISMI) on all household fuel use. This is the definition which was used in the 1991 English House Condition Survey.

- 4.6 The definition at 4.5.1 will be used for the purpose of setting targets, although the nature of the programmes mean that it is likely that the targets will be met on both definitions.

ESTIMATES AND TRENDS IN THE NUMBERS OF FUEL POOR

Overview

- 4.7 Using data from the 1998 Energy Follow Up Survey (EFUS), it was estimated that in 1998 there were either 3.3 million or 4.5 million households in fuel poverty using the definitions at 4.5.1 and 4.5.2 respectively.

There has been a fall of 1.0 million and 0.8 million respectively from the comparative figures for 1996.

4.8 The following detailed analysis is based on the 1998 EFUS with the exception of Table 4.4. This table is still based on 1996 figures as it was not possible to produce this analysis for 1998 as the 1998 EFUS included a smaller sample than the 1996 English House Condition Survey (EHCS) (just over 2,600 households compared with 13,700 in 1996). The 2001 EHCS will be used to provide a fuller analysis.

4.9 Table 4.1 summarises the number of households in fuel poverty in 1998 with regard to vulnerable and non-vulnerable households.

4.10 Some 83% of the fuel poor in 1998 were vulnerable householders: older people, families with children and those who are disabled or have a long-term illness. The remaining householders in fuel poverty were healthy adults. When compared with the figures for 1996, this shows a reduction in the proportion of healthy adult households in fuel poverty from 30% to 17%.

4.11 The change in the make-up of those in fuel poverty cannot be attributed to one single cause. It is likely that increased wages and falls in unemployment levels will have helped many healthy adult households move away from fuel poverty. For the vulnerable groups, the main programmes currently aimed at the energy efficiency of homes (HEES/WFT for example), the income of those not in work (the MIG for example) and assistance for families (WFTC for example) would not have begun to show through in the reduction of fuel poverty until after 1998.

4.12 Since the 1998 EFUS there have been a number of significant Government policy developments that have moved households away from fuel poverty. These include:

- increases in household income due to the introduction of working families tax credit, the minimum wage and other changes to the benefit and tax systems; and
- reduced fuel prices resulting from effective regulation and the liberalisation of the fuel supply market.

4.13 The resulting impacts on the numbers in fuel poverty due to these two key changes alone have been modelled to produce broad

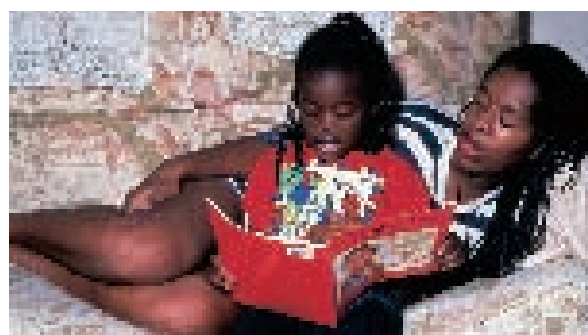
Table 4.1 Number of fuel poor households in England in 1998 (millions)

	Vulnerable households	Healthy adult households	Total
Number of households in fuel poverty	2.7	0.5	3.3
Of which			
in social housing	0.7	0.3	1.0
in private sector housing	2.0	0.3	2.3
By age of property			
pre-1919	0.9	0.2	1.1
1919-1944	0.6	0.1	0.8
1945 onwards	1.2	0.2	1.5

Source: 1998 EFUS, DEFRA. The definition of fuel poverty at 4.5.1 has been used.

estimates of the numbers in fuel poverty in 1999 and 2000, using information for 1998 as the starting point. More information on this is given in Box 8.2 in Chapter 8.

- 4.14 Provisional estimates suggest that the number of fuel poor households has dropped to 3.1 million in 1999 and 2.8 million in 2000 from the 3.3 million 1998 figure. Using the definition at 4.5.2, comparative figures are 4.2 million for 1999 and 3.9 million in 2000. Table 4.2 shows how the numbers of vulnerable and healthy adult fuel poor households have changed from 1996 to 1998 and also includes some possible ranges for these groups for 1999 and 2000. These ranges assume that between 80 to 85% of those in fuel poverty in both years are in vulnerable households, as this was broadly the proportion in the 1998 survey.
- 4.15 Using the definition at 4.5.1, this suggests that, by 2000, the number of vulnerable fuel poor fell to some 2.2 - 2.4 million households whilst the number of healthy adult householders in fuel poverty fell to around ½ million.
- 4.16 These changes do not allow for improvements made to the energy efficiency of homes during the period, nor for changes in the composition



or economic activity of households. It is likely that the significant drop in the number of unemployed will also have further reduced the number of fuel poor, particularly among healthy adult householders.

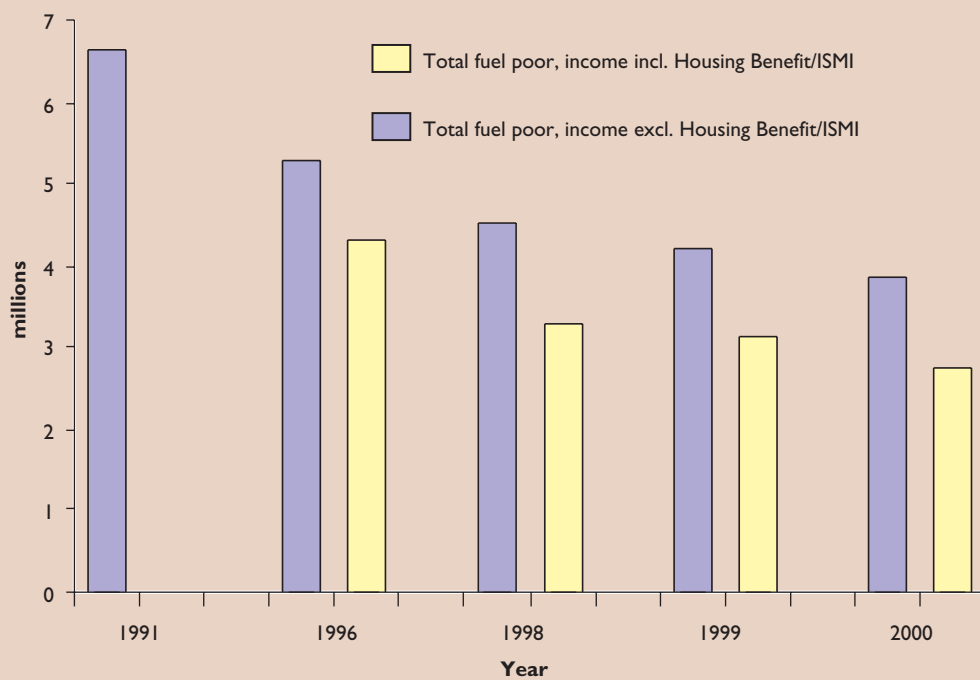
- 4.17 The next full EHCS is being carried out in 2001, with the results expected to be available in the following year. Chapter 8 presents proposals for deriving the number in fuel poverty in England on a more frequent and timely basis.
- 4.18 Chart 4.1 shows the number of households in fuel poverty in 1991, 1996 and 1998, using data from the EHCS and the 1998 EFUS. It also shows broad estimates for the numbers in fuel poverty in 1999 and 2000 based on changes in incomes and fuel prices. Two estimates are shown for all years except 1991. For 1991 it is only possible to show the estimate on the definition at 4.5.2.

Table 4.2 Number of vulnerable fuel poor households in England (millions)

	1996	1998	1999	2000
Number of households in fuel poverty	4.3	3.3	3.1	2.8
Of which:				
Vulnerable	3.0	2.7	2.5 - 2.6	2.2 - 2.4
Healthy adult households	1.3	0.5	0.5 - 0.6	0.4 - 0.6

Source: 1996 EHCS, 1998 EFUS and BRE modelled data for 1999 and 2000. The definition of fuel poverty at 4.5.1 has been used.

Chart 4.1 Number of fuel poor households in England (millions)



Source: EHCS and 1998 EFUS and BRE modelled data for 1999 and 2000

Table 4.3 Regional fuel poverty, England 1998⁽¹⁾

Government office region	Total % in fuel poverty in region	% of total fuel poor in England
North East	26.3	8.6
Yorkshire and the Humber	23.9	14.9
West Midlands	19.9	12.3
North West	20.2	17.5
East Midlands	20.1	10.2
South West	14.3	8.8
London	11.2	10.0
Eastern	14.6	9.7
South East	8.3	8.2
England	16.4	100.0

Source: 1998 EFUS, DEFRA

(1) The figures in this table are based on the fuel poverty definition at paragraph 4.5.1. Using the definition at paragraph 4.5.2 changes the numbers (and hence the percentages) in fuel poverty for each area but does not change the ranking of the regions significantly. Figures are presented on both definitions in “Fuel Poverty in England in 1998” published in August 2001.

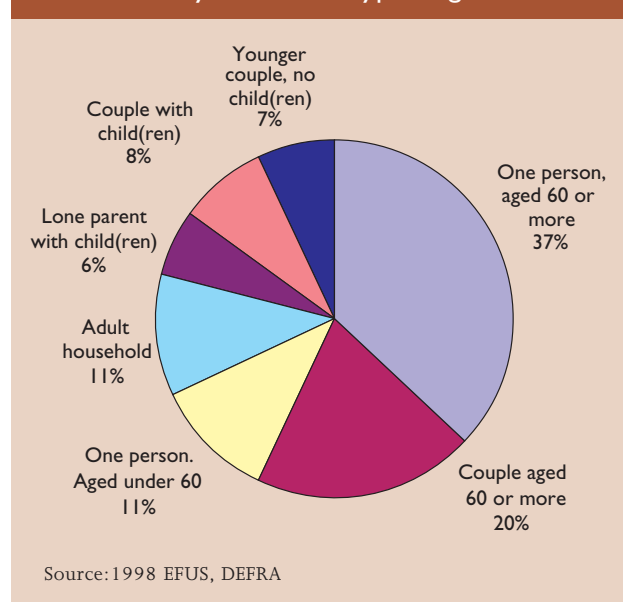
Regional

- 4.19 Table 4.3 shows the breakdown of fuel poor households in 1998 between each of the Government Office Regions. Two sets of data are provided: the proportion of homes in the region that were in fuel poverty; and as a proportion of all the fuel poor in England. This shows that, for example, while the number of fuel poor households in the North East represent only 8.6% of the national total, they actually represent just over $\frac{1}{4}$ of all households in the region.
- 4.20 Regional variations may occur due to a number of factors, such as variations in climatic conditions, types of housing and economic status. They also suggest that different approaches may be needed for the individual regions, to reflect the particular circumstances of the area.

Household type

- 4.21 Analysis of the data from the 1998 EFUS suggests that over half (57%) of all the fuel poor are aged 60 years or over, with one in seven fuel poor households containing children. Chart 4.2 provides a breakdown of the individual household types.
- 4.22 In 1998 there were some 0.5 million healthy adult householders in fuel poverty. Of these about half were in social sector properties and half in private sector properties. It is not known how many of these were above the threshold for income-related benefits such as Housing Benefit or income-based Job Seekers Allowance. The best available information relates to 1996 and this is presented in Table 4.4. Based on this over a quarter of those not in receipt of an income-related benefit were in full time education and another half were in full time employment. Among these households the main causes of fuel poverty were poor energy efficiency and the large size of the property.

Chart 4.2 Percentage in fuel poverty by household type, England 1998



Tenure type

- 4.23 About 60% of the fuel poor are owner-occupiers; about one in nine are in the private rented sector; and the remaining third are in local authority/ registered social landlord properties. The highest concentration of fuel poverty is found in the RSL sector, where just over one in four households are fuel poor. In terms of overall numbers, most fuel poor households are found in the owner-occupied sector. The *Fuel Poverty in England 1998* report published by DTI and DEFRA provides more detailed breakdowns of the numbers of fuel poor in each sector using both definitions.

Income

- 4.24 The income of a household is clearly linked to fuel poverty; the lower the household income the more likely that household is to be suffering from fuel poverty. Table 4.5 illustrates this. This table also indicates that those on the lowest incomes are often those who need to spend the highest amounts on fuel.

Chart 4.3 Number and percentages in fuel poverty by tenure, England 1998⁽¹⁾



Source: 1998 EFUS, DEFRA

(1) The figures in this chart are based on the definition of fuel poverty at paragraph 4.5.1

Occupancy levels

4.25 As discussed in paragraph 1.10, the size of the home can also be a causal factor in fuel poverty, for example where a single elderly person is living in what was once the family home it may be difficult for them to afford to heat it adequately. Table 4.5 illustrates that on average those in the most extreme fuel poverty live in larger than average homes.

4.26 In 1998, 24% of households in England were defined as being underoccupied using the 1968 Parker Morris Bedroom Standard (an explanation of which can be found under Indicator 16 in Annex E). Of these underoccupying households 27% were in fuel poverty, meaning about 1¼ million fuel poor

households are defined as underoccupying (based on the definition at 4.5.1).

4.27 The 1998 EFUS showed that 27% of those households that were defined as underoccupied were in fuel poverty. 67% of those underoccupying and in fuel poverty were in single person households and 70% of those underoccupying and in fuel poverty were older households.

Table 4.4 Healthy adult-only householders in fuel poverty in the private rented and owner-occupied sectors 1996.

Criteria (1996 unless shown otherwise)	Healthy adult-only householders in receipt of an income-based benefit.	Healthy adult-only householders NOT in receipt of an income-based benefit
Number of such households in fuel poverty in 1996	270,000	498,000
Mean income 1996	£4,995	£7,040
Mean income 1999 (estimated data from the Family Expenditure Survey)	£5,699	£8,032
Percentage with a working head of household	16%	45%
Percentage with head of household in fulltime education	2%	27%
Percentage with head of household unemployed	59%	2%
Percentage with head of household retired under 60 or otherwise economically inactive	23%	26%
Percentage of households in a rural location	12%	45%
Mean floor area	80 sq metres	95 sq metres
Average number of people in household	1.6	1.8
Mean SAP	35	26

Source: 1996 EHCS, ONS FES

Table 4.5 Mean income, required fuel expenditure and floor space by level of fuel poverty, England 1998

Percentage of income (including Housing Benefit and ISMI) required to maintain a satisfactory heating regime	Median floor area of dwelling, m²	Mean income £ per annum	Mean required fuel costs⁽¹⁾ £ per annum
5% or less	82	23,085	693
5-10%	82	11,679	778
10-15%	80	7,115	849
15-20%	82	5,649	961
Over 20%	104	5,574	1,529
All households	82	16,328	772

(1) Expenditure on fuel required to maintain satisfactory heating regime

Source: 1998 EFUS, DEFRA

Table 4.6 Numbers in fuel poverty in England in 1998, by energy efficiency rating

SAP rating	Number of households in fuel poverty (millions)	Percentage of households in fuel poverty in this SAP rating group
Under 20	0.6	41.5
20-30	0.4	33.4
30-40	0.9	21.5
40-50	0.8	13.9
50 plus	0.7	8.7
All	3.3	16.4

Source: 1998 EFUS, DEFRA

The figures in this table are based on the definition of fuel poverty at paragraph 4.5.1

Energy efficiency

4.28 Table 4.6 shows how the energy efficiency rating of a property is clearly linked to the incidence of fuel poverty. In 1998 nearly half of those households with a SAP rating below 20 (i.e. poor energy efficiency) were in fuel poverty. The majority of those who were considered to be in fuel poverty were in homes with a SAP rating of less than 50. However, 20% of fuel poor households had a SAP rating of 50 or more, demonstrating that poor energy efficiency is not the only cause of fuel poverty. (More information on the SAP rating can be found in Annex A).

HOW POLICIES WILL DELIVER THE TARGET FOR ENGLAND

4.29 The main reason for the fall in the numbers of fuel poor since 1996 has been reduced energy prices and improved incomes. However, as described in Chapter 3, future energy prices are difficult to predict and it is possible that energy prices may rise, which could offset any further improvements in incomes. The rising proportion of vulnerable

compared to healthy adult households in fuel poverty - 83% in 2000 compared to 70% in 1996 - also suggests that they have benefited to a slightly lesser extent than the population generally.

4.30 The Government believes that a substantial majority of the 2.2-2.4 million vulnerable fuel poor households will require assistance through energy efficiency improvements. Table 4.7 sets out how the policies described below will assist fuel poor households in the private and social housing sectors.

4.31 Clearly changes in energy prices can have an impact on fuel poverty. If electricity prices were to rise by 5%, and gas prices by 15% then the numbers in fuel poverty could increase by around 0.8 million. Conversely if electricity prices fell by 2% and gas prices by 10% then the numbers in fuel poverty could fall by around 0.3 million as a result. Although a change of this magnitude would not threaten the delivery of the Strategy it might necessitate a review of policies and programmes to take account of the new circumstances.

Table 4.7 Policies to assist fuel poor households in both the private and social sector housing

	Social sector housing	Private sector housing
Vulnerable householders	The estimated 0.6 million households will be assisted through the programmes to bring all housing in this sector up to decent standard. This will be supported by the EEC programmes.	The estimated 1.7 million households will be assisted through the HEES/WFT and EEC programmes. In total, it is expected that some 2 million households will benefit from HEES/WFT by 2010.
Healthy adult householders	The estimated 0.3 million households will be assisted through the programmes to bring all housing in this sector up to decent standard. This will be supported by the EEC programmes.	The estimated 0.3 million will be assisted through the EEC. Further work is planned to investigate the potential for a grant programme to be introduced once progress has been made with the task among vulnerable households.
All households will also benefit from the continuing downward pressure on energy prices and the wider efforts to tackle poverty and promote social inclusion.		

Note: The figures in this table are broad estimates for 2000. They take account of energy price and income changes between 1998 and 2000, and assume that the proportion of vulnerable households remains as in 1998 and the proportionate breakdown between social and private housing is the same.

- 4.32 As Chapter 3 explains, low-income families with children and older people have seen significant rises in their incomes due to government measures. The Winter Fuel Payment for 2000/01, for example, was significantly increased and has been retained at this level for 2001/02. Increases in the MIG from April 2001 and future measures, for example the introduction of the Integrated Child Credit and the pension credit will increase the amount of support for those on lower and moderate incomes. While these changes will reduce the number of fuel poor, it is not possible to predict by how much, though they are likely to off-set any increases in energy prices.
- 4.33 The Government recognises that the nature of HEES/WFT means that it is likely to assist some households which are either not fuel poor, or have been helped through other policies. In addition a number of households will also enter the vulnerable category during the period. To allow for this, current estimates suggest that the programme, with support from the energy companies' EEC, is expected to reach 2 million households by 2010. After that time some continuing programmes will be needed to assist householders who may need assistance at a later stage.
- 4.34 Healthy adult fuel poor households have benefited from the reductions in energy prices and the efforts to tackle poverty and improve social inclusion. Those living in social sector housing will also benefit from the programmes to bring all such housing up to decent status by 2010. As discussed in Chapter 2, it is more difficult to develop specific programmes to assist those living in private sector housing whose circumstances can change as they move in and out of employment, and between properties.

4.35 The Government's first priority is to seek an end to the blight of fuel poverty for vulnerable households by 2010. It intends to work in partnership with interested groups to explore the potential for cost-effective mechanisms to assist adult fuel poor households at risk from longer-term fuel poverty. If successful, this work will be used to inform the design of programmes once progress is made with the problem among the priority vulnerable groups.

4.36 In the consultation draft of the Fuel Poverty Strategy it was announced that the Government intends to set up an Advisory Group to look at issues relating to the delivery of measures to tackle fuel poverty. The Government will invite senior representatives from organisations such as the energy industry, charities and consumer bodies to form this. It is intended that they will report annually to Ministers regarding the effectiveness of delivery, identify barriers to the development of effective partnerships and propose solutions, and enthuse and encourage key players to tackle fuel poverty.

POLICIES TO TACKLE FUEL POVERTY IN ENGLAND

4.37 The Government's approach to tackling fuel poverty in England is based on addressing the root causes: improving energy inefficient homes, reducing fuel bills and tackling low incomes and unemployment. The Government's approach to the latter two issues is set out fully in Chapter 3. This section considers the policies specific to England. Further details of all the policies can be found in the relevant annex.

Improving the energy efficiency of social sector properties

4.38 In 1998 there were an estimated 1 million fuel poor households in local authority or registered social landlord properties.

4.39 The Government's Housing Green Paper and its follow-up publication, *Quality and Choice: A decent home for all - The way forward for housing*, set out a wide range of proposals to improve the quality of housing in England. A key element of this is the need to bring about a step change in the condition of council housing stock. The Government has set a target to ensure that all social housing is brought up to a decent standard by 2010. This standard covers a range of requirements including a requirement that a home should provide a reasonable degree of thermal comfort. The Government's definition of a "decent" home is set out in paragraph 16 in Annex A.

4.40 In recent years local authorities have spent around £1.5 billion a year on capital works to maintain and improve council housing. This figure is expected to increase to well over £2 billion as a result of the substantially increased resources for housing investment by local authorities provided by central government. It is estimated that around a third of capital expenditure on the council housing stock leads directly or indirectly to improvements in energy efficiency.

4.41 Ensuring that all local authority properties have effective insulation and heating will benefit all tenants and decrease their likelihood of being in fuel poverty. The process by which local authority housing strategies are developed is set out in more detail in Annex A paragraphs 16 and 17. The Government is carrying out a review of the



role of local authorities in improving energy efficiency (see Box 4.2), and this will reach across to housing and fuel poverty.

4.42 Although most local authority housing capital expenditure is on renovating and improving existing council housing, authorities also provide grants to:

- low-income households living in poor private sector housing (around 100,000 grants totalling about £400 million a year) some of which, as with the work on council housing, will lead directly or indirectly to improvements in energy efficiency; and
- RSLs (e.g. housing associations), mainly for development or acquisition of additional social housing. This currently amounts to around £500 million a year.

4.43 Many RSLs already have a good record on energy efficiency. The Housing Corporation's Performance Standards require that RSLs should know the condition of their stock, including its energy efficiency and have costed plans for future maintenance and improvement of their housing including energy aspects. The Corporation's Scheme Development Standards, require that any new build or rehabilitation of existing dwellings

Box 4.2 Local Authorities

DEFRA's Review of Policy Framework for Local Authority Energy Efficiency Activity will seek to identify changes to the existing policy framework that will allow authorities to pursue energy efficiency in a more effective, coherent and strategic way. The review will examine, evaluate and make recommendations on:

- local authorities' role in delivering energy efficiency, and their powers, duties and responsibilities;
- whether the existing tools for delivering energy savings are adequate and how authorities could make better use of them;
- whether authorities could develop further partnerships to achieve greater savings;
- how to improve HECA, to deliver greater domestic energy savings; and
- how improvements in energy efficiency should be monitored and reported.

The review will conclude at the end of this year, and DEFRA will bring forward proposals early next year. It is too early to say what the review will conclude, but it is clear that there would be benefits to building on the synergies between authorities' Affordable Warmth and HECA strategies and potential for further integrating fuel poverty and HECA policy.

should include cost-effective energy efficiency measures. The Corporation specify minimum 'Standard Assessment Procedure' (SAP) levels which must be achieved (currently ranging from 71 to 85 for new build and 56 to 70 for rehabilitation). In its guidance, the Corporation strongly encourages the achievement of stipulated higher SAP ratings above the minimum level (ie 77 to 91 for new build and 62 to 76 for rehabilitation). The Corporation's mandatory SAP requirements generally exceed

the measures necessary to satisfy relevant aspects of the current Building Regulations. The recommended higher levels exceed the current Building Regulations significantly.

- 4.44 Housing Quality Indicators (HQIs) provide a system for assessing the quality of housing schemes in ten key aspects of design, including energy efficiency and sustainability based upon the new “EcoHomes” criteria. From 1 April 2001 the use of HQIs has been an integral and essential part of the preparation and construction of new RSL schemes. The Housing Corporation are now collating HQI data from RSLs with a view to benchmarking social housing schemes in due course.
- 4.45 RSLs generally fund repairs and maintenance themselves. Contributions from the Housing Corporation’s Approved Development Programme are available in limited circumstances.
- 4.46 It is expected that the programmes adopted by RSLs together with the interaction with the EEC (see Chapter 3), will help contribute to the 2010 target to bring all social housing in England up to a decent standard.
- 4.47 The Affordable Warmth Programme (see Chapter 3) will also help many local authorities and RSLs in improving their properties.
- 4.48 The Housing Corporation is also promoting the adoption of sustainable development action plans in the RSL sector. These will require RSLs to adopt environmental good practice across a range of activities including refurbishment, management and maintenance of existing stock. In addition, the Housing Corporation’s Innovation and Good Practice programme will continue to fund projects that raise awareness of environmental considerations. A number of good practice

guides and tools to help RSLs address energy management for affordable warmth and energy services have already been developed.

Box 4.3 An example of a local authority strategy for tackling fuel poverty

Luton Borough Council has developed an Affordable Warmth Strategy to help address the social and health problems caused by fuel poverty in Luton. It is the product of a partnership between Luton Borough Council, NEA, and colleagues in Bedfordshire Health and voluntary and community sectors, who are developing new ways of working together for the benefit of local residents.

Luton’s Affordable Warmth Strategy contributes to the fulfilment of responsibilities under the HECA. It also forms a key part of the Council’s Energy Strategy, the Anti-Poverty Strategy, and its commitment to combating other forms of social exclusion. Joint working with Bedfordshire Health and other partners is a key part of Luton’s activities as one of the country’s first Health Action Zones.

The key aim of Luton’s Strategy is to ensure that all households gain the maximum benefit from the energy they pay for, and are able to achieve affordable warmth whilst also reducing CO₂ emissions. The multi-agency approach used in the development of this Strategy is central to its effective delivery. The Strategy will be monitored against its 5 key aims by the steering group set up to plan and implement the Strategy, and which continues to meet at regular intervals.

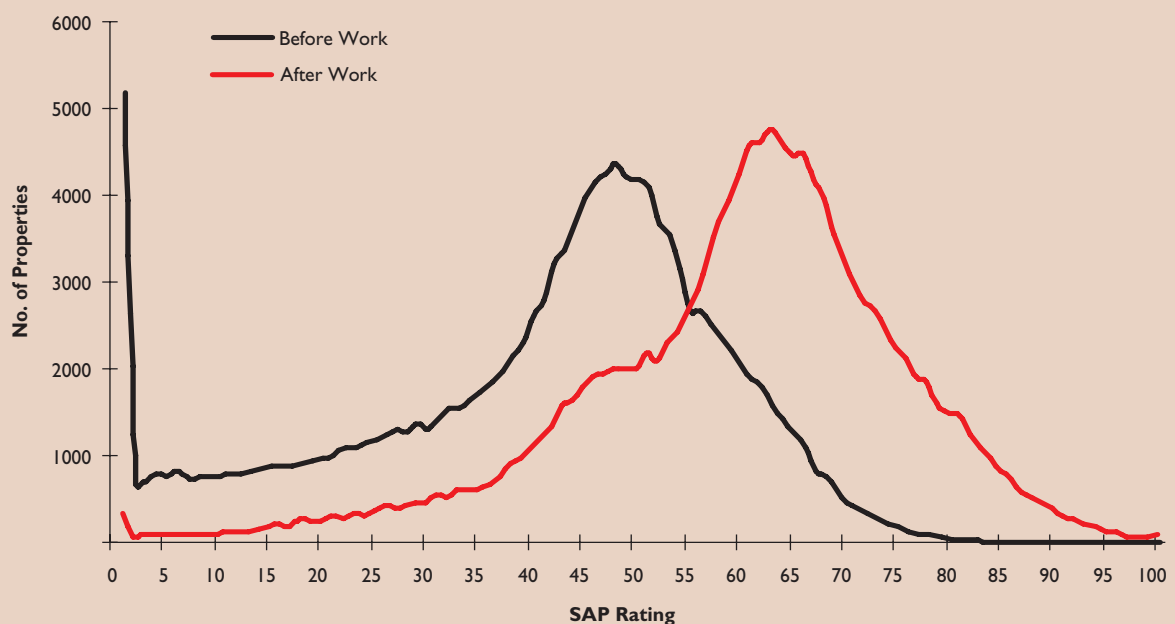
Improving the energy efficiency of private sector properties

- 4.49 The Government’s main programme for private sector households is HEES/WFT launched in June 2000. Private sector households can also benefit from grants provided by local authorities as described in paragraph 4.42. In addition, grants are also available through the EEC (see Chapter 3) for energy efficiency improvements.
- 4.50 New HEES/WFT is designed to tackle fuel poverty among those most vulnerable to cold-related ill health - older householders, families with children and the disabled or those with long-term illness
- 4.51 The scheme provides grants for packages of insulation and heating improvements, including central heating systems. Access to the scheme is through receipt of a qualifying income or disability related benefit. While some non-fuel poor are likely to apply, the

scheme is designed to carry out works according to the standard of the property - if the home is already energy efficient then little if any improvements would be offered .

- 4.52 The packages of measures were designed in conjunction with the Building Research Establishment to substantially reduce the calculated cost of keeping warm. Chart 4.4 shows the energy efficiency of homes before and after HEES/WFT measures based on a sample of just over 130,000 homes. Following improvements made under the scheme, on average, homes are improved by some 19 SAP points to an energy rating of SAP 60 and many homes are improved to over SAP 80. This suggests that a large number of householders should no longer be at risk from fuel poverty. The homes that remain with a low SAP will include hard to heat homes.

Chart 4.4 The effects of HEES/WFT on energy efficiency rating



Source: Eaga Partnership

- 4.53 The Government has allocated over £600 million to the scheme up to 2004. By then it is expected to have reached some 800,000 vulnerable households.
- 4.54 The consultation showed some concern that HEES/WFT offered different sizes of grant for different groups of households. The programme is designed to reflect the likely circumstances of households and provides more assistance to low-income householders aged 60 or more whose personal circumstances are thought unlikely to improve otherwise. The Government continues to monitor this aspect carefully.
- 4.55 For householders living in hard-to-heat homes, the current packages of measures offered by HEES/WFT may be insufficient to lift them out of fuel poverty. The construction of these homes may preclude the installation of cost-effective insulation measures and often they are off the mains gas network. To improve the options available for such households, the Government intends to conduct two major pilots to test the potential use of renewable energy and micro-CHP. These pilots are described in more detail in boxes 4.5 and 4.7 and will inform the future development of HEES/WFT.
- 4.56 To assess the health benefits achieved by new HEES/WFT, EST is managing a major study by Sheffield-Hallam University and the London School of Tropical Hygiene that will evaluate the impact on vulnerable householders. The study will run over two winters starting in 2001/02. It will examine the general health of householders over the period and also consider the impact of energy efficiency measures on their use of the health service. The results from an earlier pilot study are being used to help design the full study.

Box 4.4 A Householder who has benefited from the Warm Front Team

Mr and Mrs John Brown of County Durham have received assistance from the Warm Front Team. They were referred to the scheme by their GP from their local Primary Care Group.

Mr and Mrs Brown have received loft insulation, cavity wall insulation, draughtproofing and energy advice.

Mrs Brown has found the package of measures invaluable in helping to make their home warmer and healthier, and should save them money at the same time.

Mrs Brown said "I am very grateful for the assistance I have received from the scheme. It's made a tremendous difference - the house is a lot warmer now than it was before. It has helped me enormously."

Action on under-occupancy

- 4.57 DTLR continues to press local authorities to keep under-occupation amongst their priorities. Local authorities are asked to demonstrate, in their Housing Investment Programme (HIP) strategy, that they have assessed the extent of under-occupation in their stock, and where necessary, that they have a strategy to deal with it. Good practice guidance on tackling underoccupancy in social housing was issued by DTLR in April 2001. In preparation for this, research was undertaken to establish strategies for tackling underoccupancy and to consolidate existing good practice. Part of that research comprised interviews with tenants, including those who had made the move to smaller properties, and explored the reasons for moving (including wanting somewhere cheaper to heat).

4.58 Over 70% of local authorities have under-occupation strategies, and they have been imaginative in devising measures to encourage the release of larger dwellings. These measures include:

- encouraging transfers, by giving priority to those tenants releasing underoccupied properties;
- financial incentives, either in cash or in kind (for example, payment of moving expenses, or of the costs of disconnection and reconnection of telephones);
- cash grants to under-occupancy tenants to enable them to purchase a home in the private sector;
- promotion of schemes to encourage under-occupying tenants to take in lodgers, thus making use of available space, and providing a home for someone who might otherwise have had to remain on a waiting list.

Tackling health inequalities

4.59 In the Government's health strategy for England which is set out in the White Paper *Saving Lives: Our Healthier Nation* the Government makes clear its commitment to tackling the causes of health inequality. In February 2001 the Government announced national health inequalities targets and its commitment to



tackling health inequalities is confirmed in the Department of Health's consultation document *Tackling Health Inequalities - a Consultation on a plan for delivery*.

The purpose of this document is to consult on the action needed to achieve the targets and is a key part of the strategy to address national health needs. It proposes a framework of indicators set in terms of the major health priority areas and the wider determinants, including fuel poverty, that are known to have an important impact on health inequalities.

4.60 Government plans for investment and reform in the NHS were set out in the NHS Plan published in July 2000. By building on initiatives like the Primary Care Personal Medical Services pilot schemes, NHS Direct and NHS Walk-in centres, the Department of Health is ensuring that services are available when and where people require them and that they are tailored to individual local needs including, where appropriate, action to tackle fuel poverty. The Department has also been working at breaking down barriers between health, social care and local authority organisations to ensure they work better together and put the needs of users firmly at the centre of services.

4.61 A Keep Warm, Keep Well campaign operates each winter which provides free booklets for the public and special literature for health professionals; a telephone helpline; and advice on how those most in need may apply for grants (such as HEES/WFT) and benefit payments; as well as the health benefits of keeping warm.

4.62 NHS Direct has been used to promote winter health messages, such as keeping warm, and the web site of NHS Direct Online, which can be accessed by the public, includes details of HEES/WFT.

4.63 A Cross Cutting Spending review on health inequalities is currently under way. Cross cutting spending reviews are reviews of expenditure across Government on particular topics which help to decide budgets for work to be carried out in the coming years. These have to be carried out well in advance of any proposed expenditure e.g. the review currently being carried out will affect budgets for expenditure in 2003/4-2005/6. A group formed of senior officials from various Government departments is steering this review. The aim of this review is to develop proposals for a cross-governmental strategy for tackling the causes of health inequalities, and the programmes to tackle fuel poverty are being considered within this context.

Community Heating and Combined Heat and Power

4.64 Community Heating is the linking of several buildings to a central heat source, making individual boilers unnecessary. The combination of CHP and Community Heating provides affordable warmth and power to around 500,000 properties in England, many of them low-income households. The new *Community Energy* initiative will promote community heating through grants to install new schemes and refurbish obsolete infrastructure and equipment. It aims to help 100,000 people on low incomes heat their homes.

4.65 Micro CHP provides consumers with their own domestic heat and power source, replacing the need for a conventional boiler and contributing to household electricity needs. It has considerable potential to reduce fuel poverty. The Government has a target to achieve at least 10,000 MWe of CHP capacity by 2010. It is planning to issue a CHP Strategy for consultation in the coming

months and this will set out the way in which the Government's target will be achieved. Micro CHP is likely to play an important part in the future development and use of CHP. Before they can be taken up widely there are a number of network and connection issues that need to be addressed to enable new forms of home generation to work alongside the Grid.

Box 4.5 Hard to heat homes and micro-CHP

Micro-CHP is designed to provide both the heating and electrical power needs of a household. The combined heat and power units are about the same size as an existing gas-boiler and offer potential savings in fuel costs of over £100 compared to a standard high efficiency gas central heating system. The Government intends to invite micro-CHP manufacturers to take part in a large scale pilot to test the suitability of the technology for fuel poor households. In total up to 6,000 installations will be carried out over a 3-year period beginning in 2002. If successful, the intention is to offer this through HEES/WFT from 2005. HEES/WFT will support domestic CHP installation for owner-occupiers and for private landlords, when the product is cost effectively available. At the same time, the National Assembly for Wales is developing a pilot to assess the possibilities for including oil-fired and alternative heating sources within the scope of its HEES programme (see paragraph 6.12). Together with the renewable energy pilots described in box 4.7 these will inform the nature of measures to be offered for homes off the gas network.

Box 4.6 Barkantine Community Heat and Power

The first of its type in London is managed by London Electricity Group subsidiary - London Power Company. The scheme, in conjunction with the London Borough of Tower Hamlets, has redeveloped a local derelict site to provide heat and power to the Barkantine community on the Isle of Dogs in East London. Up to 700 homes will be involved together with a school and leisure centre. Customer bills are significantly reduced with customers now paying around £1.50 a week to heat their homes.

Other initiatives

4.66 There is scope for better liaison between the HEES/WFT managing agents, local authorities and home improvement agencies. Local authorities providing assistance to tackle disrepair can ensure that the HEES/WFT managing agent is brought in so that the householder's eligibility for HEES/WFT improvements is checked. Similarly, a managing agent finding that the condition of a property is preventing the installation of effective energy efficiency measures can ask the authority to advise on eligibility for grants or other forms of financial assistance. In both these situations, the local home improvement agency, if one is available, can support the householder in working towards a comprehensive solution to the problems encountered in the property.

4.67 There are a wide range of other programmes and initiatives, including the National Strategy for Neighbourhood Renewal, the New Deal for Communities, the Single Regeneration Budget, the Market Transformation Programme and the proposed Seller's Pack, which are also

Box 4.7 Renewable energy pilots

The Government also intends to carry out a £5 million pilot to test a range of renewable energy and related technologies for use in homes that are off the mains gas network.

Technologies which will be considered include ground, air and water source heat pumps, solar water heating, biofuel heating, wind or hydro electric generation. The individual pilots will examine the most appropriate renewable energy solutions for various property types, locations and occupant groups. The aim of the pilot is to investigate all the products that are emerging on the marketplace, to identify the savings achieved as well as the overall reliability and suitability of the technology for the typical fuel poor household. The pilot will be designed in consultation with those representing the fuel poverty groups and will include effective safeguards for those households who choose to take part.

aimed at improving housing and energy efficiency in the home and regenerating deprived areas. These will help to improve the energy efficiency of low-income households, but it is difficult to determine accurately how much will be spent on investment in housing.

4.68 The proposed replacement of the housing fitness standard with a Housing Health and Safety Rating System will enable local authorities to take account of the health impact of cold, damp and energy-inefficient homes when considering using their powers to enforce better conditions. Amendments of Part L of the Building Regulations, which will come into effect on 1 April 2002, will raise the energy efficiency standards to be applied to all newly built dwellings and dwellings formed as a result of building work on an existing building to effect a material change of use.

4.69 Home improvement agencies (HIAs) help disabled, older and vulnerable people to remain independent in their own homes for as long as they wish and are able to do so. They help to assess their clients' needs for improvements and adaptations, and to ensure that the work is completed properly with minimum disruption. HIAs' client groups overlap those which HEES/WFT is designed to help, and agencies can play an important role in ensuring that disabled and older people are aware of the assistance available.

CO-ORDINATION OF FUEL POVERTY INITIATIVES

4.70 The profusion of the various schemes and the lack of familiarity of the fuel poor with these potential grants and services means that a strategic approach is needed to inform, educate and identify those in the most vulnerable households. There is also a need to ensure effective co-ordination and delivery of the various fuel poverty initiatives to achieve the most from the available funds. The benefits of such co-ordination include:

- provision of more complete packages of improvements to householders with reduced disruption;
- reduced costs for developing and managing programmes, thereby maximising the number of homes helped;
- improving the identification of households to reduce the risk of households being missed;
- greater awareness of the fuel tariffs, and income support measures, available to vulnerable households.

4.71 Some co-ordination of effort is already beginning to take place - at a national level, British Gas Trading is already directing about £8 million of their EEC expenditure up to

March 2002 to support HEES/WFT. However further work is needed to develop effective local partnerships, recognising that the most appropriate approach is likely to vary from area to area, depending on local and regional circumstances. Partnerships could involve, for example, the following:

- the HEES/WFT managing agents who are in contact with most local authorities but operate over more than an individual Government Office Region;
- Government Offices for the Regions, who are already involved in development of local authority housing strategies and are keen to take forward national policies at regional level - but would need to gain new expertise in working with HEES/WFT and with energy companies;
- energy companies - individually or jointly - could set up their own co-ordinating activity, to link into HEES/WFT and local authority/RSL activity;
- local authorities working in partnership with other local bodies such as health authorities, Primary Care Groups, voluntary organisations, and tenant and community groups. Local authorities are uniquely placed to make contact with a wide range of organisations that have staff on the ground - GPs, Health Visitors, District Nurses, Social Workers, Home Improvement Agencies, Volunteers - who are in regular contact with vulnerable households and can identify those in need and inform them of the assistance available

4.72 The Government is supporting the "Warm Zone" initiative originally developed by the Eaga Partnership. This is a pilot programme that draws together local partnerships involving energy utilities, local authorities and voluntary groups in a co-ordinated effort to tackle fuel poverty in the area. The aim is to substantially

deal with fuel poverty in a locality within 3 years, using in the main an area, rather than referral-based mechanism for reaching the fuel poor. Rather than trying to identify selected households, the Warm Zones will operate on reaching all households in an area, providing improvement measures through the grant schemes available in that location.

- 4.73 Five pilot Warm Zones have been set up to test the approach and develop good practice. They are in Northumberland, Stockton, Hull,

Sandwell, and Newham. Each Zone is supported by an energy utility, and in some cases the local authority. An independent company has been set up, led by the Eaga Partnership, NEA and the individual energy utility companies, to co-ordinate activities in each zone and provide central support services. The Zones will also focus on raising awareness of related health and energy conservation issues, encouraging community support and care for the elderly and disabled, creating practical links with community

Box 4.8 Examples of local partnership working



Transco and Stockton Borough Council have joined forces to create the Stockton Warm Zone partnership, which brings together all those working on fuel poverty in Stockton and aims over the next 3 years to remove from fuel poverty over 10,000 homes - or 80% of those estimated as being fuel poor in the borough.

The partnership brings together all the available funding sources in the area - Stockton Borough Council's capital funds, Transco's Affordable Warmth heat leasing scheme, Warm Front grants, local neighbourhood renewal funds,

and, not least, a flexible "gap" fund created by British Gas' EEC funding which allows the team to bind together all the other funds. This enables the small team to tackle fuel poverty in a co-ordinated manner, working ward by ward to identify all the fuel poor in the area and then piecing together the funds to carry out capital works in a defined area. The concentration of work in areas reduces the costs of identification, surveying, and installation, and allows for a constant work flow for the local installing companies.

The Warm Zone team use door-step assessors to identify the fuel poor households, whose homes are then surveyed and a list of measures developed, which are implemented by local installing companies. The team also work closely with the Energy Advice centre to provide energy advice to complement the physical measures.

HEES/WFT in Nottingham

HEES/WFT in the Nottingham area is managed by TXU Warm Front Team, a not-for-profit company wholly-owned by the energy supplier TXU. In Nottingham it has formed a local partnership with the local authority and health authority to identify and assist vulnerable households. The City Council and the Health Authority have trained their front line staff to recognise the problems of fuel poverty and the assistance available through HEES/WFT. The Council and Authority are also members of the Nottingham Health Action Group, which is leading an Affordable Warmth Workstream designed to identify further opportunities for tackling fuel poverty in the area.

finance and banking, and provide money advice services. The impact of the Warm Zones on fuel poverty is being assessed both internally by Warm Zones limited and also independently under the management of EST by a team from the Centre for Sustainable Energy and the NEA.

- 4.74 Whilst the full evaluation of the zones will not be available for some time early indications from the pilot schemes are generally positive.
- 4.75 The Government is encouraged by the success of Warm Zones and, if this is confirmed as the pilots are evaluated, hopes that the Zones will be rolled out where appropriate, and funding options for doing so are being investigated.

CONCLUSION

- 4.76 The Government's first priority is to seek an end to the blight of fuel poverty among vulnerable households by 2010. The Strategy and programmes now in place are designed to help the very large majority of such households out of risk from fuel poverty. The micro-CHP and renewable energy pilots are designed to inform the development of these programmes so that they can also provide effective solutions for householders living in hard-to-heat homes.
- 4.77 One of the roles of the new Advisory Group on Fuel Poverty will be to advise on the effectiveness of delivery of the strategy on the ground. The Group is also tasked with looking at the development of effective partnerships and to enthuse and encourage key players to tackle fuel poverty.

- 4.78 Many of the healthy adult fuel poor will benefit from the programmes in the social housing sector as well as the wider efforts on energy prices and social inclusion. The Government intends to work in partnership with interested groups to tackle the problem of those adult fuel poor in private housing who are at risk from long-term fuel poverty. The aim will be to identify cost-effective mechanisms that can be used to inform the design of programmes once progress is made with the priority vulnerable groups.

THE DEFINITION OF A FUEL POOR HOUSEHOLD

- 5.1 The analysis of fuel poverty in Scotland is taken from the Scottish House Condition Survey (SHCS) 1996. Two definitions were used:
- Households that spend 10% or more of income on all fuel use; and
 - Households that spend 10% or more of income on heating. These figures are shown in brackets in the tables below.
- 5.2 Income was calculated for the head of household and their partner as being net of tax and National Insurance. No account was taken of the income of any other persons that might be living in the house.

ESTIMATES OF THE NUMBER OF FUEL POOR HOUSEHOLDS

Tenure

- 5.3 Table 5.1 shows the number of households in fuel poverty in Scotland by tenure. It reveals that the largest proportion of the fuel poor can be found in the local authority stock.

Table 5.1 Fuel poverty by tenure

Sector	Number
Local authority	339,000 (220,000)
Housing association	36,000 (21,000)
Owner occupied	288,000 (207,000)
Private rented	76,000 (58,000)
Total	738,000 (506,000)

Source: SHCS 1996

Income

- 5.4 Table 5.2 shows the link between household income and fuel poverty. It reveals that households on a weekly income of £199 or less account for over 95% of the total number in fuel poverty.

Table 5.2 Fuel poverty and household income

Weekly income	Number of fuel poor
<£100	312,000 (275,000)
£100 - £199	382,000 (214,000)
£200 - £299	39,000 (14,000)
£300 - £399	5,000 (3,000)

Source: SHCS 1996

Energy efficiency rating of the home

- 5.5 Table 5.3 describes the energy efficiency of housing occupied by the fuel poor. It uses the National Home Energy Rating (NHER) scale of 0 (poor) to 10 (good). It shows that while some of the fuel poor are found in homes with a good NHER, 65% are found in homes with a “moderate” NHER rating and about 30% in homes with poor energy efficiency. (More information on the NHER can be found in Annex A).

Table 5.3 Fuel poverty and energy efficiency of properties

NHER	Number of fuel poor
Poor (0-2)	230,000 (191,000)
Moderate (3-6)	481,000 (303,000)
Good (7-10)	27,000 (12,000)

Property type

- 5.6 Table 5.4 shows the number of fuel poor by property type. It reveals that the fuel poor are found throughout the range of property types. In numerical terms, the largest numbers are found in terraced and tenement properties.

Table 5.4 Fuel poverty and property type

Dwelling type	Number of fuel poor	
Detached house	100,000	(78,000)
Semi-detached house	139,000	(97,000)
Terraced house	171,000	(109,000)
Tenement	199,000	(140,000)
Four in a block	81,000	(51,000)
Flat in converted building	16,000	(12,000)
Tower/Slab	31,000	(20,000)

Household type

- 5.7 Table 5.5 shows the number of fuel poor by household type. It shows that the largest number of fuel poor households are made up of non-elderly on a benefit that qualifies them for the Warm Deal.

Table 5.5 Fuel poverty by household type

Household type	Number of fuel poor	
Non elderly (not claiming benefit)	167,000	(101,000)
Non elderly (claiming benefit)	239,000	(143,000)
Elderly (not claiming benefit)	183,000	(148,000)
Elderly (claiming benefit)	149,000	(114,000)

Note: The 1996 SHCS did not collect information on the receipt of Council Tax Benefit. As this is the most widely claimed benefit it is likely that the actual number of fuel poverty households not claiming benefit is lower than shown.

POLICIES TO ACHIEVE THE TARGET FOR SCOTLAND

- 5.8 The Scottish Executive introduced legislative provisions through the Housing (Scotland) Act 2001 on fuel poverty which are similar to those provided for England by the Warm Homes and Energy Conservation Act 2000. The Act requires that the Executive prepares and publishes a statement setting out the measures which it and local authorities are taking to ensure that, as far as reasonably practical, people do not live in fuel poverty. The statement will specify a target date for taking people out of fuel poverty which must be within 15 years. The Executive will consult with other agencies when preparing the statement and will report on progress every 4 years.

Central heating for pensioners and other vulnerable households

- 5.9 This is the Scottish Executive's key policy for tackling fuel poverty in the most vulnerable groups. Over 5 years from April 2001, a central heating and insulation package will be installed in (a) all local authority and housing association properties and (b) 40,000 pensioner homes in the private sector which, in both cases, currently lack any form of central heating. The programme will also pay for systems in the private sector where the present system does not function and is deemed to be beyond repair.
- 5.10 The Central Heating Programme has been accelerated by 2 years in the social rented sector and the Scottish Executive will now ensure that by April 2004 all council houses will have central heating and all housing association tenants have central heating during 2004. All private sector households

will have central heating by March 2006. Around 70,000 households across all sectors of the stock will benefit. The programme will also be extended in the local authority sector from 2004 to upgrade partial central heating to whole-house heating, giving priority to the elderly and disabled people.

- 5.11 The package is worth up to £2,500 per household for loft, tank and pipe insulation and cavity fill and a central heating system. The Scottish Executive will work with local authority and housing association landlords, the power companies and Transco to deliver the programme. Eaga Partnership were appointed on 29 August 2001 to deliver the programme for the private sector. The programme will begin on 1 April 2001 and will be completed by March 2006.

Other groups in fuel poverty

- 5.12 Fuel poverty amongst other groups will be tackled by the Warm Deal; investment in social housing; New Housing Partnerships; the Affordable Warmth programme, and the improvement and repairs grant system and the EEC. These programmes are described in more detail in the paragraphs below. Other policy instruments include: HECA, the Index of Housing Quality, the Housing Improvement Task Force and Building Standards. Details of these are given in Annex A.

The Warm Deal

- 5.13 The Warm Deal was introduced on 1 July 1999. It provides households dependent on Benefit with a package of insulation measures up to the value of £500. They are: loft, cold tank and pipe insulation, cavity wall insulation, hot tank insulation, draughtproofing, energy advice and 4 low-energy lightbulbs.
- 5.14 In the two years from April 1999 96,300 homes have been insulated in Scotland and emissions of CO₂ cut by 77,000 tonnes. In each of the last two years 400 long-term unemployed young people, taking part in the New Deal, have received quality work experience and training through installing home insulation measures.
- 5.15 In 1999 the Executive's Programme for Government pledged that over the four years of this Administration 100,000 houses suffering from dampness and condensation would be improved. In the current financial year, 2001/2002, a further 27,740 houses have been insulated and so when added to the figure of 96,300 described at paragraph 5.14 the target has been comfortably exceeded. A report setting out the benefits from the Warm Deal and other home energy efficiency schemes in Scotland in 1999-2000 was published in March 2001. The Executive's next report, covering the period 2000/2001, will be published shortly.

Table 5.6 Scottish local authorities investment in improving energy efficiency- 1999/2000

Programme	1999-2000	
	Number of Dwellings	Expenditure (£m)
Window Replacement	22,601	55
Central Heating	16,539	37
Insulation	12,125	10
Total	51,265	102
2000/01 (planned expenditure)		
Window Replacement	24,631	47,714
Central Heating	13,878	35,597
Insulation	7,444	9,229
Total	45,953	92,540

Investment in local authority housing

5.16 In 1999/00, Scottish councils spent £345 million on their own stock. Within that sum, expenditure on works to improve energy efficiency, and the number of dwellings benefiting, was as shown in Table 5.6. In 2000/01 they expect to spend £343 million on their stock.

Housing Associations

5.17 Housing associations are responsible for almost all new build in the social rented sector. In 1999/00, 97% of all associations included energy efficiency measures in designs for new build. From September 2000 all new housing association stock are expected to achieve a SAP rating of between 85-90 and all rehabilitated housing to achieve a SAP of between 65-70.

New Housing Partnerships

5.18 The New Housing Partnerships and Community Ownership initiative is central to the Executive's policies of improving housing conditions and regenerating communities. It is estimated that over 8,000 new and improved units will be delivered by the regeneration and development partnerships funded under the initiative, through a combination of public and private investment. In addition, resources have been earmarked to support transfers to community ownership. Four local authorities, Glasgow, Scottish Borders, Dumfries and Galloway and Shetland are currently progressing transfer proposals and, subject to tenants' approval, this could mean 20% of the local authority housing stock in Scotland transferring into community ownership by the end of 2002. It is possible that these transfers could generate private investment of over £2 billion to improve house conditions.

The Affordable Warmth programme

- 5.19 The Scottish Executive are working with Transco on its Affordable Warmth Programme for Scotland. Transco have already entered into agreement with one local authority, covering 3,500 dwellings. They have also developed a Community Energy Partnership with Dundee City Council (see Box 5.1).

Improvement and repairs grant system

- 5.20 The improvement and repair grant system in Scotland is to be amended to help low-income households in the private sector. The scope of the system was reformed in Part 6 of the Housing (Scotland) Act 2001. The reforms included an introduction of a test of the applicant's resources to determine the level of grant; grants to be available for householders on the lowest incomes at rates up to 100% of the cost of eligible works; the introduction of minimum percentage grants in certain circumstances, including buildings in common ownership and the extension of the scope of eligible works. The grant limit for improvement and repairs grants will be increased to £20,000. The reformed system will be introduced in autumn 2002.

Box 5.1 Dundee community energy partnership

In a project similar to their Stockton Warm Zone (see Box 4.5), Transco is developing, with Dundee City Council, a pilot which will enable the Council to meet its requirement under the Housing Bill to prepare an action plan for tackling fuel poverty. Surveys will be undertaken of all homes in defined geographical areas in Dundee, and a database produced of all information obtained. Plans will be prepared to establish a new energy advice centre within Dundee, which will include the needs of small businesses. Inclusion of the business community will provide a focus on overall energy needs in the community - a significant new dimension to the Scottish approach.

Training of local staff will be an important element of the project. The intention is to take trainees for all groups identified under New Deal, whose key training objectives will be to undertake energy surveys and be able to give consumers energy advice. To develop the higher level skills needed for gas boiler installation, Lauder College are developing a training course. Target recruits for this are recently redundant engineers from the ship industry in Fife and factories in Dundee, although some trainees from the survey work could also be placed with the installers. If the project is successful, it is intended to expand it into a full Warm Zone via wider geographical coverage.



Care and repair

- 5.2.1 Care and Repair helps elderly and disabled owner occupiers carry out repairs, improvements and adaptations allowing them to remain in their own homes. There are 33 schemes operating in 24 local authority areas. Capital funding for works comes mainly from local authority improvement and repair grants, though clients often make a contribution from their own resources. Care and Repair staff will help clients determine what needs to be done, apply for grants, recommend reliable tradesmen and oversee major works. Some Care and Repair services also operate a small repair service for those jobs tradesmen might consider too small. For these type of jobs, the client only pays for the materials used.

OTHER GOVERNMENT INITIATIVES

Fuel prices

- 5.2.2 The information in Chapter 3 on the range of energy policy measures that are helping to tackle fuel poverty also applies in Scotland. Since 1990 domestic energy prices in Scotland have fallen in real terms by 18-20% for electricity and by 16% for gas. The industry regulator has made a series of

proposals to increase and extend competition in the electricity industry in Scotland. These reforms are expected to bring downward pressures on prices to the benefit of Scottish customers and so will continue to drive down the number in fuel poverty.

Low incomes

- 5.2.3 The Scottish Executive set out its strategy to tackle poverty and social exclusion in *Social Justice: A Scotland where everyone matters*, published in November 1999. The Strategy includes 10 long-term targets, which are underpinned by 29 milestones. Departments across the Executive are working to achieve these targets. Integrated action and partnerships are key themes of the Strategy, which underlines that tackling poverty involves the full force of the Scottish Executive and the UK Government working side by side.
- 5.2.4 The Scottish Executive will report annually on progress and the first Annual Social Justice Report was published in Autumn 2000.

Tackling health inequalities

- 5.2.5 The Scottish White Paper includes a target of halving premature mortality from coronary heart disease - which is exacerbated by cold conditions - by 2010. Key initiatives include:
- The requirement for NHS Boards, as public health organisations, to develop joint local health improvement plans for each local authority area, to form key chapters in community plans. These will include joint action to tackle the wider determinants of ill health.

- Enhancing the ability of NHS Boards to implement these Plans by allocating to them the bulk of the resources from the newly created Health Improvement Fund which, over an initial 4-year period from 2000/01, is investing an average of £26 million per annum in public health work.
- Creating 47 Social Inclusion Partnerships, funded to the tune of £146 million over 3 years, where the “joined-up approach” is being directed towards some of the severest instances of poverty and deprivation. Most SIPs have a representative from the area NHS board on their Partnership Board.

CONCLUSION

- 5.26 The Scottish strategy is based on programmes to provide central heating for pensioners and other vulnerable households, and on the Warm Deal. The Scottish Executive will monitor and report on the progress of its programmes, and is prepared to review policies in the light of practical experience.

THE DEFINITION OF A FUEL POOR HOUSEHOLD

- 6.1 The National Assembly subscribes to the dual definitions of fuel poverty in Annex D however there is no direct estimate of the number of fuel poor Welsh households. Whilst the National Assembly has set in motion plans to determine the extent and distribution of fuel poverty, an indication of the problem and the working definition currently used is the number of eligible households for the new HEES from the 1997/98 Welsh House Condition Survey.

ESTIMATES OF THE NUMBER OF FUEL POOR HOUSEHOLDS

- 6.2 On the basis of the 1997/98 Survey it is estimated that 222,000 households are eligible for assistance under New HEES and lack one or more of the measures available through the scheme. Almost all of these 'potential beneficiary' households are likely to be fuel poor. More than half of these households (117,000) contain at least one person over the age of 60. There are 40,000 lone parent potential beneficiary households and 32,000 households containing at least one person that is estimated to be sick or disabled. The remainder (33,000) are other forms of household with children.
- 6.3 Just over half (115,000) of these households live in social housing, 84,000 live in owner-occupied housing and 23,000 are in the private rented sector.
- 6.4 A high number of potential beneficiary households lack draught stripping (132,000) and cavity wall insulation (121,000), with fewer lacking central heating (41,000), loft insulation (29,000) or hot water tank insulation (29,000).

Fuel poverty by region

- 6.5 The highest concentration of owner-occupier potential beneficiaries of basic New HEES are in the South Wales Valley authorities. In Neath Port Talbot, Rhondda Cynon Taff, Merthyr Tydfil and Caerphilly 10% or more owner-occupier households could benefit.
- 6.6 Within social housing also the highest concentrations of potential beneficiaries are in the South. In Neath Port Talbot, Rhondda Cynon Taff, Merthyr Tydfil, Caerphilly and Torfaen more than 42% of households in social housing could benefit.
- 6.7 There is an almost identical pattern in relation to the private rented sector. In Neath Port Talbot, Rhondda Cynon Taff, Merthyr Tydfil, Caerphilly and Blaenau Gwent more than 30% of private rented households could benefit.
- 6.8 The highest concentration of owner-occupier potential beneficiaries of enhanced New HEES (which includes central heating) are in the rural North Wales authority areas of Gwynedd and Isle of Anglesey (4.5% and 3.1% respectively) and in Rhondda Cynon Taff (3.9%).
- 6.9 More than 15% of social housing households could benefit from enhanced New HEES in the rural North Wales authority areas of Gwynedd, Isle of Anglesey and Conwy and in the predominantly urban North Wales authority of Wrexham. Among private renting households the highest concentration (more than 12%) are in the North and West, in Gwynedd, Denbighshire, Flintshire and Pembrokeshire.



POLICIES TO ACHIEVE THE TARGET FOR WALES

- 6.10 The main vehicle for reducing fuel poverty is New HEES, but the problem is also addressed directly and indirectly through a number of other Welsh housing and health policies as set out below.

The New Home Energy Efficiency Scheme

- 6.11 The new Home Energy Efficiency Schemes for Wales and England, are broadly similar. However, the scheme in Wales does differ from the English scheme in several key ways. Primarily, New HEES in Wales extends the improved HEES Plus package of measures (under which central heating will be provided) not only to over 60 year old households, but also to lone parent and sick and disabled households. Grant rates are also different at £2,700 for HEES Plus and £1,500 for the basic scheme. Under HEES Plus the conversion of coal to gas heating systems is also permitted in Wales. The other major change is the decision to retain the partial (25%) grant in Wales and dispense with the £250 maximum materials only grant.
- 6.12 In response to concerns over the difficulties in improving rural housing (lack of mains gas, solid walls) the Assembly has commissioned an examination of alternative fuels and insulation methods with potential for use in hard to heat properties. The initial project which is due to complete in early 2002 calls for advice on practical pilot programmes to evaluate the use of identified alternative heating fuels/insulation methods. In conjunction with Powys County Council, NEA and EAGA Partnership the Assembly is piloting the use of Disabled Facilities Grant and HEES

funding to provide oil fired central heating together with insulation measures as part of adaptation works.

Local Authority housing stock condition

- 6.13 The Assembly has grant funded five Welsh local authorities to participate in a pilot scheme to carry out detailed condition surveys of their stock, which included an energy efficiency assessment. Through gathering this data, it is one of the Assembly's aims that local authorities will be able to identify what cost-effective measures can be taken to improve the energy efficiency across the whole of their stock and, as a result, reduce tenants' heating bills and harmful emissions.
- 6.14 The pilot schemes are intended to inform good practice guidance for local authorities on stock condition surveys, issued by the Assembly last year. Following the pilots the Assembly is now offering grant assistance to all local authorities over the next three years, to commence their programme of surveys which are required to include an energy efficiency assessment of their stock.

Investment by local authorities on housing

- 6.15 As an indicator of fuel poverty (based on the 1997/8 survey) there are an estimated 99,000 local authority households eligible for HEES. This year authorities in Wales will spend an estimated £82 million on capital works to maintain and improve council housing.
- 6.16 Most local authority housing capital expenditure, some £193 million, is however spent on renovating and improving the

private sector including grants to low-income households living in poor private sector housing (around 3500 grants totalling about £45 million a year) which, as with the work on council housing, will lead directly or indirectly to improvements in energy efficiency.

Registered Social Landlord (RSL) sector

- 6.17 As an indicator of fuel poverty based on the 1997/8 survey, some 15,000 RSL households were eligible for HEES.
- 6.18 The National Assembly funds housing associations and other RSLs via the Social Housing Grant system, mainly for development or acquisition of additional social housing. This currently amounts to around £56.4 million a year which represents £100m of investment when the private finance raised by RSLs is added. All development is subject to the National Assembly's Development Quality Requirements which set standards of energy efficiency in excess of the Building Regulations for both new build or rehabilitated property.
- 6.19 RSLs generally fund maintenance, repairs and improvements themselves from revenue and reserves. Many already have a good record on energy efficiency in respect of their own stock. The National Assembly requires all RSLs, who currently manage a total housing stock of approximately 57,000, to "do whatever they reasonably can to minimise the cost of heating homes to a comfortable level" through Regulatory Requirements and, in particular, Development Quality Requirements for Existing and Rehabilitated Dwellings. The DQR standards state SAP rating targets which are related to a range of dwelling floor areas.



- 6.20 The size of the problem is relatively small in this sector and it is expected that the programmes adopted by RSLs, together with interaction with the EEC, will substantially eradicate the problem by 2010.

Welsh Housing Quality Standard

- 6.21 The Assembly's National Housing Strategy provides a vision for the Welsh housing stock that gives "all households in Wales the opportunity to live in good quality homes, which are in a good state of repair; safe and secure; adequately heated, fuel efficient and well insulated; contain up-to-date kitchens and bathrooms; well managed (for rented housing); located in attractive and safe environments; and, as far as possible, suit the specific requirements of the households".
- 6.22 Since 1998 the Assembly has set a target standard for the improvement in the physical condition of RSL homes. RSLs are being required to improve and maintain their homes in accordance with the Development Quality Requirements for Existing and Rehabilitated Dwellings by 2010. Before the launch of the National Housing Strategy, there was no equivalent target standard for local authority homes.
- 6.23 The introduction of a Welsh Housing Quality Standard will provide a common target standard for the physical condition of all

existing social housing within Wales and will replace the existing RSL maintenance target standard when Regulatory Requirements are reviewed to incorporate the principles of Best Value. The Assembly will expect social housing landlords to achieve the Welsh Housing Quality Standard for all their dwellings by 2012.

Industry initiatives

- 6.24 Details of GB-wide industry initiatives applicable to Wales are described in Annex B.

Tackling health inequalities

- 6.25 With Assembly funding the *Keep Well This Winter* campaign ran from October 2000 to February 2001. The campaign was aimed at people over 65 and sought to increase awareness of key health issues for older people and improve access to help and support, as well as having more specific aims including increasing the uptake of the flu vaccine and reducing the winter pressures on the NHS. The campaign drew attention to the full range of initiatives supported by the Assembly, including New HEES and *Keep Warm, Keep Well*. It thereby played a significant part in reducing the adverse health consequences for older people of inadequate warmth. A new *Keep Well This Winter* Campaign was launched by the Assembly on 5 October 2001, focusing on similar themes to the earlier campaign it will run throughout the winter of 2001-02.
- 6.26 The Assembly has a proactive approach to promoting health and well-being. A national strategy has been developed and provides direction and a framework for organisations in the public, private and voluntary sectors to

contribute to efforts to improve health. The strategy emphasises the importance of partnership between organisations and the need to work with communities to help them address the specific issues that affect people's health locally. It also encourages the use of health impact assessment to ensure that health is taken into account in the development of policies and programmes and as a means of identifying new opportunities to make a positive difference to people's health. A health impact assessment of the New Home Energy Efficiency Scheme has been completed.

CONCLUSION

- 6.27 The Welsh strategy is based on the New HEES, together with investment through local authorities, RSLs and the energy industry. The Assembly believes that this, together with the wider poverty and social inclusion programmes will lay the foundation for ensuring that by 2010 no vulnerable household in Wales need risk ill health due to a cold home.

THE DEFINITION OF A FUEL POOR HOUSEHOLD

- 7.1 In Northern Ireland, the commonly applied definition of a fuel poor household is one needing to spend in excess of 10% of their household income on fuel to achieve a satisfactory heating regime (20°C in the living room and 18°C in other occupied rooms).

ESTIMATED NUMBER OF FUEL POOR HOUSEHOLDS

- 7.2 Using three years data (1995-1998) from the Northern Ireland Family Expenditure Survey (NIFES) it is estimated that there are 170,000 households (28%) in Northern Ireland at risk of fuel poverty. In compiling this data it has been necessary to use the NIFES, as the 1996 Northern Ireland House Condition Survey did not collect data on disposable income and expenditure on fuel. Due to the limited data available it has only been possible to consider the above number by tenure type. The information will however, be available in the 2001 Northern Ireland House Condition Survey.
- 7.3 The main reasons why so many households are in fuel poverty, can be attributed to factors such as Northern Ireland's high fuel costs, low incomes, high benefit dependency and the high proportion of occupied dwellings with SAP ratings of less than 20.
- 7.4 There is a clear relationship between low income and the ability of households to keep warm. A combination of low income and poor home energy efficiency will inevitably result in fuel poverty.

POLICIES TO ACHIEVE THE TARGET FOR NORTHERN IRELAND

- 7.5 Annex A provides additional information and a contact point on programmes to assist vulnerable groups and tackle fuel poverty.
- 7.6 The new build and maintenance policies of Northern Ireland's social landlords have resulted in the energy efficiency of the public housing stock being generally good with average SAP ratings of 40. The same cannot be said for the private sector where the highest concentration of fuel poverty lies. The new DEES Scheme (known as Warm Homes) has therefore been designed to focus specifically on fuel poor households in the private rented and owner occupied sectors.

The new Domestic Energy Efficiency Scheme (Warm Homes)

- 7.7 The objective of the Warm Homes scheme is to strengthen the previous DEES scheme by broadening the range of assistance which it offers and targeting those households most vulnerable to cold related ill health - older householders, families with children and householders who are disabled or have a long-term illness.
- 7.8 The new Warm Homes scheme was introduced on 1 April 2001. Physical insulation and heating measures to the homes of eligible householders and private sector tenants (those in receipt of certain income or disability based benefits) commenced on 1 July 2001. The package of energy measures available will be adapted to the specific characteristics of the dwelling. To meet the cost of the wider package of insulation measures, which will include cavity wall insulation, the grant is being increased to

£750. It is recognised that the over 60s have the worst health risks, are least likely to move out of fuel poverty and live in dwellings with the lowest energy efficiency. In response to their needs therefore, additional assistance is being provided with the overall grant being increased to £2,700 to cover improvements to both insulation and heating standards. In general, this level of assistance should enable a programme to be taken forward to help move private sector households out of fuel poverty.

Investment in public sector housing

- 7.9 The Housing Executive is the single, comprehensive regional housing authority in Northern Ireland. It carries out housing functions normally exercised by a local authority in Great Britain. It assesses housing need and draws up plans to enable social housing providers to meet demand. Registered Housing Associations (RHAs) are

the main provider of the new build programme in Northern Ireland because of their ability to attract private finance. The Department for Social Development fulfils a Housing Corporation type role in relation to RHAs rather than the Housing Executive. Local Authorities in Northern Ireland have no housing responsibilities.

- 7.10 The Housing Executive is responsible for maintaining and improving its own housing stock of 122,000 dwellings (20% of the total NI stock). This is undertaken through revenue (for routine repair and maintenance) and capital expenditure (for modernisation and improvement). Decisions about the composition of its revenue and capital programmes are a matter for the Housing Executive to determine in accordance with the needs and priorities identified in its Corporate/Business Plans. The energy efficiency standards of Housing Executive stock are high and in the past year,

Box 7.1 Pilot study by the Department for Social Development to test the measures proposed under new DEES

Beechmount Fuel Poverty Project

Following an energy audit of approximately 2500 homes in Beechmount, an area of social and economic deprivation in west Belfast, the Department for Social Development made £1.44 million available for energy efficiency and central heating improvements in the locality. The pilot project takes a holistic approach and aims to tackle fuel poverty through improving the thermal efficiency of the dwellings. The scheme also addresses important environmental issues identified by the local community, for example, recycling and graffiti problems. The Health Action Zone is involved in examining the link between fuel poverty, health and housing. The Health Action Zone is monitoring the impact that the scheme will have on the health of local residents. NIE, the Belfast Regeneration Office, and Phoenix Natural Gas, through bulk discounts have provided additional funding. The Northern Ireland Housing Executive, Bryson House and Eaga Partnership have major roles in the pilot scheme.

For further information on this project and details of other similar schemes in Belfast, at Willowfield and Bloomfield, and in Londonderry, contact Orla Ward at the Belfast Energy Efficiency Centre, tel 02890 240664 or visit www.belfast-energy.demon.co.uk.

the Minister for Social Development has approved a new heating policy which will introduce a phased replacement of solid fuel and Economy 7 heating systems with natural gas, where available, and oil elsewhere, over a 15 year period. This will help alleviate fuel poverty in the public sector. The Housing Executive is also Northern Ireland's Home Energy Conservation Authority, a function undertaken by local authorities in Great Britain.

- 7.11 Northern Ireland has 39 RHAs registered with the Department for Social Development, and responsible for 23,000 units of accommodation. They are required by the Department's Design Standards Guide to use cost-effective energy efficiency measures in all new build or rehabilitated property developments and maintenance schemes. The Department's grant investment in the housing association development programme is around £71m annually with RHAs raising a further £35m in private finance.
- 7.12 In recognition of those RHAs that are not financially well off, around £130,000 will be provided in 2001/02 by the Housing Executive and NIE (Northern Ireland Electricity) to improve the energy efficiency of residential homes. This measure will not only improve comfort levels for the residents but also help reduce running costs for the RHAs. RHA management teams also receive energy efficiency training from the Northern Ireland Housing Executive. The courses focus on providing energy advice to ensure that RHA tenants ultimately benefit from living in warm, comfortable, energy efficient homes.

Home Energy Conservation Act (HECA)

- 7.13 As HECA Authority, the Housing Executive was tasked in 1996 with achieving a 30% improvement in the energy efficiency of all of the housing stock over a 10 to 15 year period. However, this was later amended to 34% to reflect the benefits resulting from the arrival of natural gas in Northern Ireland. As part of its remit, the Housing Executive has developed a very effective energy improvement strategy, maximising the uptake of energy efficiency and focusing on practical schemes to tackle fuel poverty.
- 7.14 Five years into the strategy the Housing Executive has achieved an improvement of almost 13% in the energy efficiency of the housing stock. During this period the Housing Executive has received grants totalling over £1m (from NIE, EST, Belfast City Council and the Department for Social Development), which have been invested in energy related schemes for low income families, older people and the disabled. The successful management and implementation of the schemes falls to organisations in Northern Ireland such as Eaga Partnership, Bryson House and the Energy Efficiency Advice Centres.
- 7.15 The Housing Executive has identified a number of key measures, which will influence its ability to make significant further progress under HECA. One in particular, has been its decision (as a major public sector landlord) to replace all solid fuel heating systems with efficient natural gas or oil fired systems. The change will contribute significantly to policy on fuel poverty and the drive to provide warmer, healthier homes in Northern Ireland. To date, 8,000 conversions to gas have taken place. Under the replacement

programme the Housing Executive will be carrying out around 5000 gas/oil conversions annually. Plans are in progress to brief RHAs on the consequential benefits of this initiative for tenants, the landlord and the environment. The objective is to encourage RHAs to adopt the Housing Executive's heating policy.

Private sector grants

- 7.16 The Housing Executive also promotes grants for improvements or the replacement of unfit owner occupied or private rented housing. The grant provides households (eg in particular low-income families) with the opportunity to undertake renovation work to their homes. Although not a requirement of the Fitness Standard, the Housing Executive has taken the decision to provide cavity wall insulation in renovation grant cases. Where replacement grants are provided, dwellings are constructed to full Building Regulation standards, which includes energy efficiency measures. The grant budget is around £42m annually, enabling over 8,000 renovations/improvements to take place each year.

Ofreg - fuel supply companies

- 7.17 The Office for the Regulation of Electricity and Gas (Ofreg) is working closely with NIE and Phoenix Natural Gas on measures to tackle fuel poverty and promote energy efficiency. The issue of helping vulnerable low-income households is a priority of the Director General.
- 7.18 In Northern Ireland, electricity customers pay an energy efficiency levy of £2 per customer. This measure raises £1.3m per annum for energy efficiency schemes most of which are targeted at the fuel poor. Under its new

Supply Price Control, which is in place until 2005, NIE is committed to funding energy efficiency measures over and above those already described, which will result in savings to customers of another £10m over the lifetime of the measures. NIE is also incentivised to reduce average electricity consumption per standard household customer through the promotion of energy efficiency measures.

- 7.19 Natural Gas was introduced to Northern Ireland at the end of 1996 and is at present only available in the Greater Belfast area and Larne. A new Price Control in 1999 allowed Phoenix Natural Gas £100,000 per annum to spend on energy efficiency measures.

Other investment initiatives

- 7.20 The Making Belfast Work and Londonderry Initiatives are aimed at improving conditions in areas of deprivation. Since 1987 funding of £300m has been directed into the most deprived areas of Belfast and in Londonderry £33.5m has been spent. Of this investment over £4m has been used in Belfast, to specifically assist housing programmes, where a proportion has improved the energy efficiency of dwellings occupied by low-income households. The Housing Fitness Standard, which is under review in England and Wales, will make a significant impact if, as proposed, it includes the assessment of hazards to health and safety from excessive cold as well as from damp and mould growth.

Measures aimed at securing lower fuel prices

- 7.21 In Northern Ireland, the largely monopolistic electricity market is subject to regulation including robust price controls. In addition, a start has been made on progressively opening up the market to competition with a view to all consumers, including the fuel poor, ultimately benefiting from the resultant reductions in electricity prices.
- 7.22 As mentioned, the natural gas market in Northern Ireland is new and developing. It is also subject to regulation. This includes the imposition on the monopoly supplier of a number of obligations aimed at protecting the interests of disadvantaged groups such as those suffering from a long-term illness, the disabled and pensioners, which are particularly vulnerable to fuel poverty. Competition in the supply of gas to domestic consumers will be introduced in 2005 and will provide a further downward pressure on prices.
- 7.23 The changes put in place in Great Britain under the Utilities Act, including those relating to the protection of consumers and the fuel poor, are being considered for Northern Ireland. This is being taken forward as part of the review of the regulatory arrangements for the electricity and gas industries. An initial consultation on proposals for a Northern Ireland Energy Bill will take place later in 2001.
- 7.24 The Director General recently published his revised Social Action Plans for electricity and gas which make proposals specifically in favour of the socially disadvantaged.

Tackling health inequalities

- 7.25 The Minister for Health, Social Services and Public Safety has recently completed a public consultation exercise on Investing for Health, a publication setting out proposals for a new strategy to improve the health of all Northern Ireland people. It is intended that the new strategy will address the wider determinants of health and well-being through a cross-departmental, multi-sectoral approach. The document recognises that Investing for Health is a continuing long-term process and lists tackling fuel poverty amongst the many priority areas for attention. Copies of the publication may be obtained from the Investing for Health Team on telephone 02890 528721 or e-mail publichealth@dhsspsni.gov.uk

Housing and health

- 7.26 The Northern Ireland Housing Executive has recently been involved in a review examining the implications of a number of Government initiatives that concern the wider Health and Well-being Agenda. The Housing Executive's report indicates that social exclusion is associated with complex problems, which include inter alia, health inequalities. It explains that the problem is not exclusively an urban phenomenon and is also found in rural communities. The report refers to research, which indicates that there is a relationship between poverty, deprivation, social exclusion and ill health. The Housing Executive's review has drawn this research together, examines existing approaches to addressing some of the worst symptoms of multiple deprivation and makes a series of recommendations for action that will allow housing based, multi-agency remedial

approaches to more effectively address the problems. However, to deal with the issues effectively, the Housing Executive is proposing a co-ordinated approach. This will entail engaging and working with health, community and voluntary groups with the overall objective of improving the health and social well-being of the whole community. Additional information may be obtained by telephoning 02890 240588 or visiting the Housing Executive's website at www.nihe.gov.uk.

Next steps

- 7.27 Consideration is being given to the production of a Northern Ireland Fuel Poverty Strategy

CONCLUSION

- 7.28 The introduction of the new Warm Homes Scheme, together with a partnership approach and marketing initiatives, as well as related activity in each of the above key policy areas, should enable the removal of at least 8,000 vulnerable households out of fuel poverty on an annual basis.

INTRODUCTION

- 8.1 In order to identify whether actions being taken to tackle fuel poverty are having the desired effect, and to prioritise these actions appropriately, it is essential that the impact of these actions is monitored on a regular basis. This chapter sets out proposals for the way in which progress may be monitored. The proposals are based on the outcomes of the work of the Fuel Poverty Monitoring and Technical Group which was set up in June 2000. The group membership cuts across Government as well as including members from external organisations such as charities involved in the fuel poverty debate. It is intended that this group will continue to meet to further develop the monitoring of progress.⁶
- 8.2 The monitoring of progress in tackling fuel poverty can be thought of in two ways. Firstly there is the monitoring of the actual number of households in fuel poverty, in particular for those groups being targeted (the 'vulnerable'), and how this varies dependant upon different factors such as incomes, household composition, energy efficiency etc. Secondly there is the monitoring of progress on the factors that affect fuel poverty (income, fuel prices and housing). These are referred to here as 'indicators' and they include background information on issues relevant to those in fuel poverty. Together these two approaches should enable progress on tackling fuel poverty to be monitored on a relatively comprehensive basis.

ESTIMATING THE NUMBER OF HOUSEHOLDS IN FUEL POVERTY

- 8.3 Before the number of households in fuel poverty can be derived it is essential that a definition of fuel poverty is set out in detailed terms. In the past different definitions have been used for the different countries as this issue is dealt with on a devolved basis. The use of these differing definitions in the past means that it is not easy to compile a UK figure for the number in fuel poverty. However, as the work to develop a UK Fuel Poverty Strategy has progressed most of the countries have reviewed or are in the process of reviewing the definitions used. Box 8.1 sets out the latest position on the definitions to be used.
- 8.4 Figures on the number of households in fuel poverty based on the definitions as set out in Box 8.1 are presented in Table 8.1.
- 8.5 The data sources currently used to produce estimates of the number of households in fuel poverty are generally house condition surveys which cover each of the countries separately. These surveys have generally been carried out at 5 yearly intervals, and hence methods need to be developed to enable more frequent estimates of fuel poverty to be produced in order to allow progress to be monitored.
- 8.6 The responsibility for housing conditions (a key causal factor in fuel poverty) is devolved and the countries therefore have their own individual requirements for information from their house condition surveys. Box 8.2 sets out the current position and plans for the production of estimates of the numbers in fuel poverty for the different countries.

⁶ Further details on the Fuel Poverty Monitoring and Technical Group are given in Annex E.

Box 8.1 The definition of fuel poverty - current position

England

The number of households in fuel poverty are to be displayed on two definitions. For the purposes of target setting the definition will be that 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 (net of income tax and national insurance and including Housing Benefit and ISMI) on all household fuel use. The second definition under which figures will be produced does not include Housing Benefit and ISMI as part of income. This second definition is the one which was used in the 1991 English House Condition Survey. (see paragraphs 4.1 to 4.6 and Annex D for further details)

Scotland

Two definitions were used for Scotland: a) households that spend 10% or more of income on all fuel use; and b) households that spend 10% or more of income on heating (see paragraph 5.1). The definition of income used includes benefits payments such as housing benefit.

Wales

The Welsh Assembly will be consulting on the definition of fuel poverty in Wales as part of the development of its fuel poverty strategy under the Warm Homes and Energy Conservation Act 2000. It is expected that the favoured definition will be based on income excluding housing benefit and ISMI. In the meantime progress will be measured in terms of data on HEES eligibility and potential beneficiaries from HEES (see paragraph 6.1).

Northern Ireland

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 and ISMI) on fuel. (see paragraph 7.1)

Table 8.1 Estimated number of households in fuel poverty (millions)

	Total number of households in fuel poverty including Housing Benefit as part of income (excluding Housing Benefit)				
	1991	1996	1998	1999	millions 2000
England	.. (6.6)	4.3 (5.3)	3.3 (4.5)	3.1 (4.2)	2.8 (3.9)
Scotland	..	0.7 (..)	..	..	..
Wales (0.2)	..	..
Northern Ireland (0.2)	.. (0.2)	..	..
UK estimate	..	About 5½ (6½)	About 4½ (5½)	About 4 (5½)	About 4 (5)
	Estimated number of vulnerable households in fuel poverty including Housing Benefit as part of income (excluding Housing Benefit)				
	1991	1996	1998	1999	millions 2000
England	.. (4.6)	3.0 (3.7)	2.7 (3.7)	2.6 (3.6)	2.3 (3.2)
Scotland	..	0.5 (..)	..	..	..
Wales	(0.2)	..	..
Northern Ireland
UK estimate	..	About 4 (4½)	About 3½ (4½)	About 3½ (4½)	About 3 (4)

.. indicates figures are not available

Box 8.2 Production of estimates of the numbers in fuel poverty; current position and plans**England**

The estimates of the number of households in fuel poverty for England are produced from the English House Condition Survey (EHCS). This is a detailed survey, which has been run every 5 years, collecting a great deal of detailed information on house conditions. Because of the level of analyses required, the figures for fuel poverty in 1996 have only recently been published. An Energy Follow-Up Survey (EFUS) was run in 1998 using addresses from 1991 and 1996 EHCS to follow up the energy specific aspects. The fuel poverty analyses from this survey has been published at www.dti.gov.uk/energy/fuelpoverty/index.htm. The next full EHCS is currently underway with results expected in 2002.

The EHCS is becoming an annual survey from 2002, though on a smaller scale. At present broad estimates of fuel poverty in 1999 and 2000 have been modelled using the survey data for 1998 as a starting point, and taking account of changes in incomes and fuel prices. These figures and details of the methodology used are available at www.dti.gov.uk/energy/fuelpoverty/index.htm. It is proposed that a more sophisticated model will be developed in order to provide annual figures. This model will provide annual estimates of fuel poverty on a timely basis using information such as changes in fuel prices, changes in the benefits system and where possible changes to the energy efficiency of the housing stock. These modelled estimates will be constrained within the measured estimates produced from the EHCS and any follow up surveys similar to that carried out in 1998 as these become available.

Scotland

Estimates of the number of households in fuel poverty in Scotland are produced from the 5 yearly Scottish House Condition Survey, the latest estimates relate to 1996. There are currently no plans to alter the method of collection nor to produce more frequent estimates of the number of households in fuel poverty.

Wales

The figures on the potential number of beneficiaries from HEES are produced from the latest Welsh House Condition Survey carried out in 1997/98. The National Assembly for Wales is currently reviewing the information required on fuel poverty, and a possible way forward includes the creation of a 3 yearly household interview survey allied to a smaller stock condition survey. It is proposed that annual estimates would then be modelled between surveys, similar to the proposed approach for England.

Northern Ireland

The latest estimates of the number in fuel poverty in Northern Ireland are based on the aggregation of three years data from the Northern Ireland Family Expenditure Survey (NIFES). This source has been used in this instance because the 1996 Northern Ireland House Condition Survey (NIHCS) (again a 5 yearly survey) did not collect data on disposable income and fuel expenditure. However, the 2001 NIHCS will contain the data necessary to produce estimates of the number of households in fuel poverty and discussions are underway regarding the production of estimates for the mid point between the 5 yearly surveys. The results of the 2001 NIHCS are expected to be published in Autumn 2002.

8.7 In summary, it is intended to produce annual estimates of the number of households in fuel poverty for England and Wales (separately). Figures for Scotland and Northern Ireland will continue to be available every five years, however, Northern Ireland are considering how more frequent estimates can be produced.

ANALYSES OF NUMBER OF HOUSEHOLDS IN FUEL POVERTY

- 8.8 Whilst the overall number of households in fuel poverty gives an indication of the scale of the problem it is essential that further analyses are carried out to illustrate where the problem is concentrated. This will enable policies to be developed and actions to be taken to help those in society who can benefit the most from assistance.
- 8.9 Analyses should therefore, where possible be produced in such a way that the level of fuel poverty can be separately identified e.g. figures for the number of households having to spend more than 20% of their income on fuel, in addition to those having to spend 10-20% should be identified. The analyses also need to be produced separately for those groups being targeted, namely the vulnerable (the old, children, people who are disabled or have a long-term illness) and for those in the social housing sector.
- 8.10 The following paragraphs highlight the key types of breakdowns of the number of households in fuel poverty that the Government and the Devolved Administrations hope to produce, both for the number in fuel poverty as a whole and for the vulnerable and those in the social housing sector. The actual analyses themselves

are not covered in this section; instead they appear, as far as is currently possible, in the chapters describing the position in each of the countries (Chapters 4 to 7).

Household composition

- 8.11 Figures for the number of households in fuel poverty, split by the composition of the household are very helpful in understanding what sectors of society are most at risk. The type of breakdowns which are currently produced for England cover the following categories:-
- couple aged 60 or more
 - one person aged 60 or more
 - one person under 60 years old
 - multi-adult
 - lone parent with child(ren)
 - couple with child(ren)
 - younger couple with no child(ren).
- 8.12 It is intended that this type of breakdown will continue to be available for England, potentially on an annual basis. The Scottish Executive can provide a breakdown on household types as at 1996. These are recorded as: single adult, small adult, single parent, small family, large family and single pensioners. This type of breakdown is currently available for Wales for the number of households who are potential beneficiaries from HEES on a 5 yearly basis. As mentioned earlier the data to be produced for Wales in the future are currently under review. At present there is no such household composition breakdown for Northern Ireland and the future data to be produced are being reviewed.

Tenure

- 8.13 Figures for the number of households in fuel poverty split by type of tenure are helpful in terms of developing housing focussed policies to tackle fuel poverty. These can sometimes produce results which do not conform to people's perceptions e.g. the majority of the fuel poor in England are owner occupiers, rather than tenants.
- 8.14 For England, figures are currently available on a 5 yearly basis for the following breakdowns:-
- owner occupied
 - private rented
 - local authority
 - RSL.
- 8.15 It is intended that this type of breakdown will continue to be available for England, potentially on an annual basis. Similar breakdowns are available for Scotland, and figures will be collected for the next SHCS in 2002. Again for Wales the figures for those who are potential beneficiaries from HEES are available on this basis, and the future analyses are under review. The figures for Northern Ireland are available broken down by tenure type.

Occupancy level

- 8.16 Information to illustrate how fuel poverty links to dwelling size is helpful in identifying whether this is one of the causal factors in fuel poverty. For England figures relating the degree of fuel poverty to average floor space of the dwelling have been produced which indicate that those in the most severe fuel poverty have larger dwellings. It is proposed that in the future for England, information on floor space per person should be presented,

including a split by income groups. It is proposed that Scotland will follow suit.

Income level

- 8.17 Analyses of the number of households in fuel poverty by income levels help us in identifying the extent to which low incomes are a contributory factor to fuel poverty. Analyses of this can be produced from the house condition surveys. It is proposed that these analyses continue to be produced and updated regularly.

Energy efficiency rating of property

- 8.18 The analyses of the number of households in fuel poverty by the energy efficiency rating of the properties allows us to assess the extent to which poor energy efficiency of the housing stock is a cause of fuel poverty. For England these analyses can currently be produced from the EHCS on a 5 yearly basis and in the future it may be possible to produce estimates of this on an annual basis. Similarly for Scotland these analyses are available on a 5 yearly basis, but there are no plans at present to produce more frequent estimates. These breakdowns are currently not available for Wales or Northern Ireland and their production in the future is currently under consideration.

Regional

- 8.19 Due to the larger population in England there is value in breaking down the estimates of fuel poverty onto a regional basis to encourage and facilitate action taken at a local level. Currently the number of households in fuel poverty in England can be produced from the 5 yearly EHCS on a Government Office Region basis, and it is proposed that these

will continue to be available, possibly more frequently. Further work will be necessary in the future to develop regional analyses more fully, including making use of information sources such as the local authority annual HECA reports. The Fuel Poverty Monitoring and Technical Group will take this work forward.

FUEL POVERTY INDICATORS

- 8.20 It is proposed that a suite of indicators will be developed that will illustrate the responses and actions being taken to tackle fuel poverty; the resulting effects of these actions and also present background information. This section sets out the basic approach being taken. An initial set of these indicators was presented in the consultation draft of the Fuel Poverty Strategy. A number of the respondents to the consultation made detailed comments on these indicators and where possible these have been taken account of. However, in some cases the comments could not be dealt with, often due to data constraints.
- 8.21 A key theme from the consultation process was the need for the focus to be placed on *outcomes* rather than *outputs*. This has been done where data is available to do so readily and further possibilities for this will be investigated.
- 8.22 In addition, the Fuel Poverty Monitoring and Technical Group will be tasked with identifying areas of on-going research and suggesting new areas of research that will assist in the monitoring and understanding of fuel poverty, many of which were highlighted in the consultation responses. The Group will consider further analytical research which can be taken forward, for example in the

development of local indicators which at present are not possible because of lack of consistent datasets across all the conditions which cause fuel poverty.

- 8.23 The indicators presently fall into the three main areas which are key to the problem: incomes, energy prices and housing. These are preliminary proposals. It is recognised that over time it is likely that new indicators will need to be developed as the situation evolves and as strategies and policies are further developed. The Fuel Poverty Monitoring and Technical Group will continue to meet for the foreseeable future to maintain and review the indicators, and to develop the methodology to produce estimates of fuel poverty on an annual basis.
- 8.24 The geographical basis upon which data are available varies from indicator to indicator. The general approach which has been taken is to present information on a UK basis where this is readily available. Where these figures are not readily available and the particular policy issue is devolved, the data has been presented in line with the geographical split for policy responsibility.

REPORTING ON PROGRESS

- 8.25 The analyses of the number of households in fuel poverty and the indicators will be published as part of the annual progress report.

INTRODUCTION

- 9.1 Chapter 11 of the consultation draft of the Fuel Poverty Strategy set out briefly, and invited views on, a number of difficult issues which remained to be resolved, including the potential for extension of the gas network, underoccupied properties, hard-to-heat homes, skills shortages in the gas heating sector, fuel poverty targets, co-ordination of initiatives, and analyses of fuel poverty and associated indicators. Many who responded to the consultation took the opportunity to comment on these particular issues as well as raising others.
- 9.2 This chapter sums up the broad state of play as the Strategy document is published. In some areas, progress has already been made; in others, the way forward is still under consideration; and in others still, the situation is still developing so that a settled policy direction is not yet clear. It must be borne in mind, however, that this document does not mark an end point in the development of the Government's strategy on fuel poverty. The detail of the Strategy will change over time as experience is gained of what works well and what works less well, how to best identify individual clients or groups who need help, and how to best bring together the various policy strands and different delivery programmes to optimise the outputs.
- 9.3 This Strategy is aimed to achieve a result over the next decade, and it would clearly be premature to suggest that the Government already has all the answers. The Government is pledged to produce annual reports which will report on developments and progress towards reaching its objectives.

DEFINITIONS OF FUEL POVERTY/TARGETS

- 9.4 The arguments for using particular definitions are discussed in Annex D. For now, there remain differences between the various countries of the UK; and an agreed single definition is not possible while Wales has still to consult on what the definition should be. However, in the medium term it is the intention to move to a UK-wide definition of relevant energy use and of income.
- 9.5 One of the prominent themes in the consultation was that the targets for the Strategy focused too much on outputs rather than outcomes, that is, it was assumed that treatment by one of the appropriate programmes (such as WFT) would of itself result in a household being removed from fuel poverty. Some respondents doubted whether this would invariably be the case, and suggested that programmes should aim explicitly at removing households from fuel poverty by upgrading their homes to some specific standard such as a minimum SAP rating. The suite of fuel poverty indicators will be examined as to how they can be developed to deal with this concern and the Government will return to this issue in the annual reports. The headline figures in the annual reports will be focused on *outcomes* (that is the number of householders in fuel poverty) and the Fuel Poverty Monitoring and Technical Group will explore whether more outcome based indicators can be developed.

CO-ORDINATION OF WORK

- 9.6 With half of fuel poor households living in their own homes, systematic identification of clients or client groups has always presented a problem. The variety of programmes available for assistance has likewise made it harder for those tasked with delivering anti-fuel poverty measures to be sure that their service is delivered in a coherent and comprehensive way. One approach to bringing greater coherence to delivery is Warm Zones (see paragraphs 4.72-4.75), which aim systematically to identify all fuel poor households within a defined area and to treat 80% of them within 3 years. Local authority partnership is a crucial element of Warm Zones.
- 9.7 Another major theme emerging from the consultation was that many local authorities (and other non-LA respondents) thought that they should have a clearly-defined role in the Fuel Poverty Strategy, given that they know their areas better than anyone else and are well placed to deliver fuel poverty programmes in their own stock, either on their own or in partnership with others. They are also uniquely placed to facilitate partnerships locally between a range of other organisations, including health authorities, utilities, voluntary groups, and business, to draw together funding, expertise, and other resources so as to deliver local solutions. This potential role mirrors that envisaged for them in delivering energy efficiency.
- 9.8 There are some very good examples of local authorities acting in this way, but it is not a simple thing to do. It requires a high degree of commitment, a range of skills and a proactive approach that is not always easy to replicate. “Tackling Fuel Poverty” is one of the themes for the 2001-02 Beacon Council Scheme. We want to identify councils who are doing an excellent job in tackling fuel poverty, and enable their best practice to be disseminated to others.
- 9.9 Health authorities, likewise, have in the past had an important part to play, particularly in identifying people who need help. Primary Care Trusts (PCTs) in the future will be the focus for partnership working with local authorities as well as the main commissioners for services in the NHS within the framework of the HIMP, which will be a PCT lead. npower’s *Health Through Warmth* programme (see Annex B paragraph 9.8) has trained visiting health and social care workers to look out for signs of fuel poverty and to refer clients to sources of help: and the early evidence suggests that this is bringing forward clients who would not have been picked up by any other route. The Health Service is currently being restructured to support delivery of the NHS Plan. The Regions for Public Health and some other functions will be co-located within Government Offices for the Regions from next April. The final structure is not yet settled: but clearly there is an important role for public health in developing localised and focused delivery of services in the fight against fuel poverty.
- 9.10 It is clear that the knowledge, experience, and resources of both local authorities and PCTs will need to be integrated more systematically into the wider effort to combat fuel poverty. The Government Offices for the Regions, too, need to be engaged because of their wide-ranging ability to bring together different players and to encourage and facilitate developments on a regional basis: and the DEFRA and DTI Fuel Poverty Teams have begun a programme of visits to the GOs to help develop thinking about fuel poverty as an issue. Those visits will be backed up by workshops aimed at securing involvement of

key regional players. However, because of the changes taking place in Government Offices, the NHS, and (potentially) in the LA role in energy efficiency, it is not possible at this juncture to map out a clear way forward. Answers will have to be developed in the light of events: and we will report on progress.

- 9.11 The new Advisory Group on Fuel Poverty will have as its focus the improvement of delivery of fuel poverty measures, including the co-ordination of effort and the removal of barriers. The Group's work programme is still being developed but it will need to consider the role of both local and health authorities: and its activities will be reported as part of the regular progress reports on the Strategy itself.

EXTENSION OF THE GAS NETWORK/OTHER TECHNOLOGIES

- 9.12 There are around 4½ million households in Great Britain - some 20% of the total - without a gas supply, and around 1.3 million of these are thought to be in fuel poverty. This represents a very significant proportion of the fuel poor. Not having access to a gas supply reduces the choice of fuels for customers, and may lead to their having to use less convenient, less energy efficient, or more costly methods of keeping their homes warm. This suggests that a lack of access to gas may be an impediment to the eradication of fuel poverty. For this reason the Government set up a working group to consider the issues surrounding extension of the gas network (see paragraph 3.34).
- 9.13 Initial analysis of the potential impact of a programme to assist the fuel poor in non-gas areas suggests that, for England alone, if gas central heating and appropriate insulation measures could be provided to all of those in fuel poverty, then 0.6 to 0.7 million out of the 0.9 million fuel poor households not currently using gas could be removed from fuel poverty. Provision of electric storage heaters and insulation could take 0.3 to 0.4 million households out of fuel poverty. It is thought that similar results to that for gas could be obtained, in some communities, using other fuel sources in connection with central heating and insulation. The appropriate measure will, therefore, vary from community to community.
- 9.14 The working group has considered a range of information on the fuel poor and the gas network, and concluded that, on current information, whilst there was not a cost effective case for extending the gas network nationwide, there is a case for extension in some areas. For other communities an approach using other fuel sources may be more appropriate. The working group has recommended to Ministers that further work is needed to test the effectiveness of extending the gas network in addressing fuel poverty.
- 9.15 As mentioned in paragraph 3.35, the Government is developing pilot projects to assess the potential contribution of renewable sources of energy and other technologies to relieving fuel poverty, particularly in rural areas. The Government also proposes to pilot the use of "micro-CHP" in up to 6,000 homes under the Home Energy Efficiency Scheme. Micro-CHP uses a high-efficiency condensing gas boiler to provide households not only with gas-fired central heating but also with a baseload of electricity, thereby offering the potential for significant reductions in overall fuel bills. It has the potential of being an effective solution for many hard to heat homes: and might even offer some solutions in rural areas, where the added efficiency of the CHP technology might make LPG-fired boilers economic.

9.16 The Government established the Smart Metering Working group to consider how “smart” metering technologies can be applied. This Group has recently reported to Ministers recommending that further work should be undertaken in partnership with private sector companies and charitable organisations, to establish how far smart metering can contribute to the development of the domestic energy market and to the Government’s social, environmental and security of supply objectives. The work would collect more information about the costs and benefits of this technology, and would help identify what benefits there may be from such technology for the fuel poor.

The report suggests looking at three generic types of metering technology.

- **Display meters** - these would be geared primarily at the alleviation of fuel poverty through the deployment of smartcard or tokenless prepayment meters in older metropolitan housing stock in less affluent areas.

- **Remotely-read meters/net meters** - these would be geared towards reducing the ancillary costs of supply and/or enabling net metering in conjunction with home generation facilities including micro CHP. The latter could also be effective in addressing fuel poverty, by utilizing the waste heat produced in generating electricity for space heating purposes.

- **Internet meters** - pilots would be aimed primarily at vulnerable (elderly, sick, disabled) consumers possibly in sheltered housing communities, and would seek to demonstrate the delivery of additional services including telephony, telecare and telesecurity to benefit those consumers.

9.17 The report recognises that the potential for smart meters to help tackle fuel poverty is uncertain; however this technology could allow companies to offer an alternative to pre-payment meters if provided with supporting services, or bring down the cost of pre-payment meters. It would help customers to budget, and increase energy efficiency awareness. The report will be made available on the DTI website at www.dti.gov.uk in due course.

HARD TO HEAT HOMES

9.18 The construction of some homes means that they can be particularly hard to keep warm. Unlike modern homes, they may not have cavity walls or roof spaces and so cannot benefit from cost-effective insulation measures. Consultation respondents pointed out that the present measures offered by HEES/WFT may not be sufficient for such homes, particularly where they do not have access to mains gas.

9.19 The Government recognises these concerns. The renewable energy and micro-CHP pilots described earlier are designed to inform the development of HEES/WFT so that they can offer effective solutions for hard to heat properties. Complementing these pilots, the National Assembly for Wales has commissioned an examination of alternative fuels and insulation methods with potential for use in hard to heat properties. The project will complete in early 2002 and will evaluate the use of identified alternative heating fuels/insulation methods. The Assembly, working with local authorities and other organisations will look to pilot the findings of the evaluation with a view to incorporating the findings into its HEES/WFT scheme.

UNDEROCCUPATION

- 9.20 Underoccupation has been identified as one of the contributors to fuel poverty, particularly among pensioners occupying what was once a family home. But there are no easy answers here - people may understandably be reluctant to move, perhaps because of a desire to remain in familiar surroundings (the home itself or the neighbourhood), or a shortage of suitable alternatives (smaller houses or flats rather than bedsits), or reluctance to go through the hassle of organising a move. DTLR has published guidance for social landlords on managing underoccupation (see paragraphs 4.57-4.58): but it is hard to see an easy way of tackling this problem in the private sector.

GAS ENGINEERING SKILLS SHORTAGE

- 9.21 In recent years, the number of registered gas installers in the UK has been falling, and the inflow of newly qualified entrants to the register has been far below replacement levels, exacerbating a skills shortage in the sector. This skills shortage impacts both on those Government fuel poverty programmes which rely on installation of new heating systems, and on the housing market generally. The completion in 2002 of a five-year transition to a more stringent and mandatory safety certification for installers is expected to exacerbate the position.
- 9.22 In the short term, the Government and the Gas Industry National Training Organisation have jointly developed some 800 additional training places, targeted at unskilled people or those with redundant skills, to increase the immediate supply of qualified installers.

- 9.23 These immediate actions have been backed by two major structural steps. First, the Government has agreed with the Health and Safety Executive a project to align the certification of safety competence (ACS) with the national vocational qualifications (NVQ), such that a new trainee achieving NVQ will have right of direct entry to the statutory CORGI register of safety-competent operatives. Second, the Learning and Skills Council has backed a programme to deliver gas training and qualifications at a much greater number of further education colleges and other training centres.
- 9.24 These actions to improve the supply of installers are matched by similar action in other gas-related occupations, notably distribution. The overall programme of gas training is being overseen by the Gas Industry Skills Taskforce, a joint industry-Government group with capacity to measure and meet skills gaps across the whole industry. GIST is also considering a campaign to make the craft more attractive to young people: the blue-collar image belies the reality of annual earnings of £50,000 or more for a fully-qualified gas engineer. More information on this issue can be found in Annex B, paragraphs 11-14.

CONCLUSION

- 9.25 As the above points in this chapter show, the strategy is still developing and a number of difficult issues remain to be tackled. The Government will therefore continue to welcome your comments and suggestions. Progress will be monitored carefully and the Government and the Devolved Administrations remain ready to review and revise policies in the light of practical experience. Annual updates on progress will be published.

UK-WIDE

The Home Energy Conservation Act 1995 (HECA)

- 1 HECA requires all UK local authorities with housing responsibilities to prepare an energy conservation report identifying practicable and cost-effective measures to significantly improve the energy efficiency of all residential accommodation in their area; and to report on progress in implementing the measures. It is for each authority to find the right way to integrate energy efficiency measures into their overall housing strategy and works programmes. HECA has been successful in raising energy efficiency up the local authority agenda.

For further information on HECA in England contact: Lynne Ebdon, Department for Environment, Food and Rural Affairs, Tel: 0207 944 6644.

For Scotland contact: Marion MacRury, Scottish Executive Development Department, Area 1-G, Victoria Quay, Edinburgh, EH6 6QQ, Tel: 0131 244 5573.

For Wales contact: Richard Williams, Housing Directorate, Colwyn Bay, Tel: 01492 544261 x 4014.

For further information on the Northern Ireland Housing Executive's HECA programme, contact: Noel Rice, Energy Conservation Officer, Tel: 02890 318525.

The Standard Assessment Procedure (SAP) rating

- 2 The Standard Assessment Procedure (SAP) is the Government's standard for home energy rating. SAP ratings provide a simple but reliable indicator of the efficiency of energy use for space and water heating in new and existing dwellings. SAP ratings are expressed

on a scale of 1 (poor) to 100 (excellent).

The SAP is a fuel cost based rating system, but the calculation methodology can be used to calculate CO₂ emissions and units of energy used. The SAP takes into account only those aspects of a dwelling which are fixed, such as the heating system, controls, insulation levels, double glazing, etc. It is therefore not affected by occupancy patterns, the use of domestic appliances, individual heating patterns, or regional weather variations.

The Market Transformation Programme

- 3 The Market Transformation Programme is a policy research, development and support programme funded by DEFRA which aims to encourage products which do less harm to the environment. Its main focus to date has been on improving the delivered energy performance of domestic and non-domestic products, particularly energy consuming appliances, equipment and components. To date the programme has established sector reviews in 10 major sectors, covering 27 product types, representing 75% of UK electricity consumption. These include all major domestic energy consuming appliances (lighting, heating, cold, wet, cooking and consumer electronics) and traded goods in the commercial sector.
- 4 In parallel with the on-going sector review process, the Market Transformation Programme is also seeking to develop and implement practical policy measures, such as mandatory energy labels, minimum energy efficiency standards and voluntary agreements negotiated with manufacturers. Some of these policy measures deal wholly with UK market issues (e.g. subsidy programmes and promotional campaigns) and can be initiated

and delivered by Government or UK bodies such as the utilities or the Energy Saving Trust while others, such as minimum standards, may require agreement at European Union or even international level.

- 5 Not all of these improvements, by any means, have an immediate benefit for fuel-poor households, which are the least likely to buy new products - though a benefit does work through the market in time. But the other purpose of the Market Transformation Programme is to help identify the most cost-effective ways of delivering energy savings through improved products and equipment. This could play an increasingly important role in informing the decisions taken within other programmes to support incentives and investments in energy efficiency in the home, from which fuel-poor households should be able to receive much more immediate benefit. *For further information on the Market Transformation Programme contact, Martyn Webb, DEFRA, Tel: 020 7944 3684 or visit the Market Transformation Programme website at www.mtprog.com*

GB-WIDE

Energy Efficiency Commitment (EEC)

- 6 The Government proposes to implement a new 3-year EEC from April 2002. Following consultation in March 2000 on the proposed scheme, the Government issued its provisional conclusions on the size and format of EEC 2002-05 in November 2000, alongside the Climate Change Programme. Final consultation proposals were published by the DEFRA in August 2001.
- 7 Under the Utilities Act, the Government will set the EEC obligation for electricity and gas

suppliers. This will form the basis for the targets for the promotion of improvements in energy efficiency from domestic consumers that suppliers must deliver through their EEC programmes. Suppliers will decide how they meet their targets cost-effectively: there will not be a specified amount of money that a company must spend in doing so.

- 8 The Government remains committed to helping lower-income consumers through the EEC. It proposes that suppliers should be required to focus at least 50% of their obligated energy benefits on householders in receipt of an income or disability benefit or working families' or disabled persons tax credit.
- 9 The EEC builds on the Energy Efficiency Standards of Performance (EESoPs), which have operated successfully since 1994.
- 10 The statutory Order for the 2002-05 programme was laid in November 2001. It will be subject to affirmative resolution in both Houses of Parliament. *For further information on the EEC contact Janet Miller, DEFRA. Tel: 020 7944 6758.*

Energy Saving Trust (EST)

- 11 EST is a non-profit making company set up by the Government and the major energy companies. Its purpose is to work through partnerships towards the sustainable and efficient use of energy in the domestic and small business sectors.
- 12 The Trust runs a number of programmes which, while not aimed at fuel poor households, may provide some assistance to them. These include: a UK-wide network of Energy Efficiency Advice Centres providing free, impartial advice to consumers, the Home

Energy Conservation Act 'HECAction' scheme which encourages local authorities to develop and implement innovative energy efficiency strategies, the 'Warmth' programme which includes some grants for energy efficiency measures in specified properties, in Wales, Scotland and NI, and the Energy Services programme. *Further information is available from the Energy Saving Trust, www.est.co.uk, 21 Dartmouth Street London SW1H 9BP. Telephone 0845 7277200.*

ENGLAND

The new Home Energy Efficiency Scheme (HEES)/Warm Front Team (WFT)

- 13 HEES/WFT is managed, under contract to DEFRA, by Eaga Partnership and TXU Warm Front Team. The Scheme Managers are responsible for marketing the scheme, approving applications, surveying properties, and appointing contractors to carry out the work. The Scheme Managers are working with local authorities, health bodies and voluntary groups to reach households eligible for help.
- 14 For more information about HEES/WFT phone the national freephone number: **0800 952 0600**. Or,
 - in the Eastern, East Midlands, Yorks and Humber regions contact: *TXU Warm Front Team, Suffolk House, Civic Drive, Ipswich, IP1 2AE. Freephone 0800 952 1555.*
 - for the rest of the country contact: *EAGA Partnership, Eaga House, Archbold Terrace, Jesmond, Newcastle Upon Tyne, NE2 1DB. Freephone 0800 316 2802.*

The Housing Policy Statement

- 15 The Housing Green Paper, *Quality and choice: a decent home for all* (April 2000), was the most comprehensive review of housing for 23 years, setting out a programme of reform across a range of housing issues. The Government considered responses from over 1,000 organisations and individuals before publishing a follow-up document in December 2000, *Quality and Choice: a decent home for all - The way forward for housing*, which confirmed how the Government intended to take the programme forward. The Government's strategy for housing is to deliver greater quality and choice across the housing market by improving the quality of stock in all tenures; improving the quality of housing services; delivering affordable housing where it is needed; and giving people greater choice over where they live. The Government has set a target to ensure that all social housing is of a decent standard by 2010, with a third of improvements taking place by 2004. Increased resources have been provided to help to deliver the strategy, with an extra £1.8 billion for housing over the period 2001/02 to 2003/04, and the Government is now pressing ahead with implementation. *Free leaflets summarising the Green Paper and the follow-up document are available from DTLR Free Literature, Tel: 0870 1226 237, E-mail: dtlr@twoten.press.net. The full documents are available on the DTLR website at www.housing.dtlr.gov.uk or can be purchased from the DTLR Publication Sale Centre, Tel: 01709 891318.*

Housing investment by local authorities

- 16 In addition to investing in the maintenance and improvement of council housing, authorities also provide resources to improve poor condition private sector stock occupied by low-income households and support the provision of additional affordable housing by registered social landlords. The targeting of the investment reflects the needs and priorities identified in the area's housing strategy. This strategy is produced by the authority in consultation with tenants and other interested parties. The housing capital programme is then devised to reflect these priorities. In recent years about 60% of authorities' housing capital programmes have been directed at their own stock with around 25% and 15% respectively going to the private sector and to registered social landlords.
- 17 Guidance on the content of these housing strategies, the conduct of needs and stock condition surveys and the issues which the Government expects to see given particular priority are provided to authorities. The annual process of allocation of housing capital resources involves an assessment of the quality of authorities' strategies, how well they are performing in delivering housing services and central government priorities. Resources are mainly allocated according to objective indices of need but these assessments influence the allocation of resources between authorities - with more going to the better performers.
- 18 The Government has made available substantial additional capital funds for housing investment by local authorities in England in recent years. The 2000 Spending Review provided an average of around £2.5 billion (£2.8 billion including PFI resources for council housing) for allocation to authorities in the 3 years from 2001/02; this is well over twice the amount allocated in 1997/98.
- 19 A key objective for the additional resources is to substantially improve the condition of the council housing stock. The resources will help to reduce non-decent social housing by one third by 2004. A decent home is defined as one which:
- is above the current statutory minimum standard for housing;
 - is in a reasonable state of repair;
 - has reasonably modern facilities and services;
 - provides a reasonable degree of thermal comfort.
- 20 Decent Home Guidance was published in July 2001 to help Local Authorities and Registered Social Landlords quantify the level of non-decent stock in their area and measure progress towards eliminating non-decent social housing. However, the technical detail underpinning the thermal comfort criterion is currently out to consultation, Change to the Decent Home Definition - Consultation. (consultation period ends at the end of November 2001). This consultation follows concerns raised by social landlords about the feasibility of monitoring the original definition of the thermal comfort criterion. These documents are available from the DTLR website at <http://www.housing.dtlr.gov.uk/information/dhg/index.htm> or from the DTLR publication sale centre, Tel: 0870 1226 236
- 21 In 2001/02, local authorities in England are expected to give discretionary grants and other assistance worth more than £250 million to help private home owners to repair

Private sector renewal grants

and improve their homes. Assistance can be given for a range of purposes, including for works to make properties more energy efficient. Local authorities are making increasing use of one particular type of grant, Home Repair Assistance, to make properties more energy efficient, especially those of the elderly. The Housing Grants (Additional Purposes) (England) Order 2000 enables authorities to offer assistance towards the costs of energy efficiency surveys and any consequential works. The Government aims to implement reforms, first announced in December 2000, as part of its Housing Policy Statement, that will give local authorities more freedom over how they give help towards improving privately owned homes. In particular, they will allow greater use of loans, more streamlined procedures in renewal areas, and more flexibility to help homeowners move out of obsolete housing. These additional freedoms should make it easier for authorities to adapt their strategies to local conditions and enable them to make better use of resources. *Further information is available from Carl Laughna, DTLR, Tel: 020 7944 3446.*

Neighbourhood Renewal Fund (NRF)

- 22 Through the recent Spending Review (SR2000), specific targets on health, education, employment, crime and housing have been set, for the first time, to narrow the gap between deprived areas and the rest of the country, in line with the National Strategy for Neighbourhood Renewal (see Annex C paragraph 17). To help ensure that these targets are delivered local authorities in the most deprived areas of England will benefit from a new NRF, worth £200 million in 2001-02, £300 million in 2002-03 and £400 million in 2003-04, to allow them to start improving services in poorer

communities. *For further information on the NRF contact James Holdaway, DTLR, Tel: 020 7944 3678.*

The New Deal for Communities (NDC)

- 23 In line with the National Strategy for Neighbourhood Renewal (see Annex C paragraph 17) the NDC will tackle multiple deprivation in the very poorest areas, focusing on worklessness, crime, educational under-achievement and poor health, and housing problems. Over £1.9b has been committed to support the 39 partnerships over the next 10 years. There will be significant investment in housing issues as part of the overall package. *For further information on the NDC contact Andy Rudd, DTLR, Tel: 020 7944 2417.*

Single Regeneration Budget (SRB)

- 24 Under the six rounds of SRB, over 900 schemes stand to receive more than £5.6 billion of SRB money over their lifetime of up to seven years for regeneration activities in deprived areas of England. Regeneration partnerships have to make clear the linkages between their proposals and national and regional priorities including housing. However, as most schemes have multiple objectives it is not possible to say how much money is to be spent on energy efficiency improvements. The SRB is administered at the regional level by the Regional Development Agencies (RDAs). From April 2002, the SRB will be subsumed into the RDAs' single programme and there will not be further rounds of the SRB. Continuing commitments from the six rounds will be met from the single programme. In annual expenditure terms, the total provision for the SRB is £878 million in 2001-02. Gross provision for the RDAs' single programme is £1.55 billion in

2002-03 and £1.7 billion in 2003-04.

Further information is available from the Regional Development Agencies.

Home Improvement Agencies (HIAs)

- 25 HIAs are small, independent organisations providing personal advice and help to older people, people with disabilities and those on low incomes who need to carry out repairs, improvements and adaptations in order to remain independent in their own homes. They operate in partnership with local authorities and other agencies to provide advice on grants and other sources of funding, find a suitable contractor and ensure the work is completed satisfactorily, with the emphasis on providing a comprehensive service to help people through the whole process of identifying their needs and carrying out the work. There are currently 227 HIAs operating in England covering 284 local authority areas. They receive Government support of around £8.5 million annually, matching local contributions. From April 2004, central funding for HIAs will flow from the Supporting People integrated budget. *For further information on HIAs contact Ian Agnew, Foundations, Bleaklow House, Howard Town Mills, Glossop, SK13 8HT. Telephone: 01457 891909.*

Home buying and selling

- 26 The Government wants to make home buying and selling easier, and has proposed a package of measures to achieve this. A key proposal is a 'seller's pack' which will bring together, at the very start of the process, important legal documents, local searches, and a report on the condition of the property (including an assessment of how energy efficient the property is and information on the costs and

savings involved in making it more energy efficient). The seller's pack is intended to make the home buying and selling process more transparent and ensure that buyers and sellers have the information they need to negotiate successfully and proceed quickly. That will mean less risk of transactions collapsing and earlier certainty for buyers and sellers. Legislation is required to make the seller's pack a requirement for everyone and this will be introduced at the earliest opportunity. *For more information contact: Denis Purshouse, HPRO Division, DTLR, Tel: 020 7944 3407.*

The Housing Fitness Standard

- 27 The current fitness standard does not take overall energy efficiency into account but it does have regard to the adequacy of heating and ventilation and to any dampness prejudicial to health. Many unfit private rented sector dwellings fail the fitness standard due to damp or inadequate heating (with 43% of unfit private rented sector dwellings failing on one or both of these criteria), which can be caused by poor energy performance. Energy efficiency issues can therefore be assumed, in general, to run in tandem with housing fitness issues.
- 28 In July 2000 DTLR published a report on the development of the Housing Health and Safety Rating System, which it is intended should replace the current fitness standard. This system rates the severity of potential health and safety effects on housing conditions and therefore improves upon the existing standard by covering all the important health and safety risks in the home through a clearly defined risk assessment procedure. These include hazards associated with excessive low temperatures and hazards

associated with damp and mould growth. A consultation paper on the Government's proposals for a new framework of legislation and guidance was published in March 2001. Primary legislation is needed for the rating system to replace the fitness standard as the basis for enforcement decisions. In the meantime local authorities can adapt it for use in local stock condition surveys and, informally, alongside the fitness standard, to inform enforcement decisions. Once formal guidance has been issued, property owners will be able to familiarise themselves with the system and, with professional advice, evaluate the potential effects of any faults on the health and safety of the occupants. It is hoped that this will encourage uptake of energy efficiency measures by landlords before the new rating system is implemented. *For further information on the proposed new rating system contact Peter Wycherley, DTLR, Tel: 020 7944 3468.*

The Building Regulations

- 29 The Building Regulations (which apply to England and Wales) have been improving the overall average energy performance of the housing and other building stock as it is replaced. Since 1995 new dwellings have been achieving average SAP Ratings of between about 60 and 70. These Ratings are substantially better than the current average SAP performance of the whole stock of around 44. But the cumulative overall impact of these improvements is slow because there are 20 million homes or more, the demolition rate is tiny and the annual production of new dwellings is only about 160,000.
- 30 In February 1998 the then Construction Minister Nick Raynsford announced a comprehensive review of the administrative

and technical provisions within the Building Regulations that impact or could impact on building energy performance. In addition to new building work, the review is addressing how the Regulations could impact more on the repair and maintenance of existing buildings and how to influence energy performance in use. The primary goal of the review is CO₂ emissions abatement but there would be a supplementary benefit of more rapidly improving the energy performance of existing dwellings. The Government announced in March 2001 its intention to introduce a first stage of amendments in the summer. In April it published as an interim draft the prospective changes to the technical requirements and the revised approved technical guidance on their achievement⁷ so that industry has sufficient time to prepare. In addition to improving the performance standards for new dwellings, there are new standards that will apply when replacing windows, boilers and hot water cylinders in existing dwellings. The Amendment Regulations were laid on 11 October 2001 and will come into force on 1 April 2002. The new performance standards will be published by TSO on 31 October 2001 in the new approved document L1. *For further information on the Building Regulations contact Ted King, DTLR, Tel: 020 7944 5734.*

Action on underoccupation

- 31 Under-occupation has been identified as one of the contributors to fuel poverty. Under-occupation may be a feature of pensioner households - often single pensioners continuing to occupy what had been the family home - but middle-aged couples are also likely to under-occupy.

⁷ These can be inspected at www.safety.dtlr.gov.uk/bregs/br06q.htm

- 32 Recent research commissioned by the Department of Transport, Local Government and the Regions (DTLR) on managing under-occupation in social housing underlined the value of under-occupation strategies. In April 2001, the Department published good practice guidance for social landlords which gives advice on the approaches which can be adopted. These include:
- The importance of effective liaison between local authority departments, and between authorities and local registered social landlords (RSLs), to ensure that the right connections are made between the needs of tenants and the availability of alternative accommodation;
 - Helping tenants to find out about available accommodation and supporting them through the processes involved in viewing other properties and making the right decisions, but without pressuring unwilling tenants to move;
 - Cash incentives, payment of expenses and help with removal arrangements, including the connection of appliances and clearance of unwanted furniture, to help overcome practical and financial barriers to moving.
- 33 Charitable organisations' recommendations for improving older people's housing include:
- Locating new housing for older people (both private and public) to take account of their need to be near family and public amenities;
 - Providing a wider range of housing options to single householders, e.g. one and two bedroom houses, flats and bungalows rather than unpopular bed-sitters.
- 34 DTLR's guidance recognises that under-occupation is not necessarily a bad thing and that a policy to reduce under-occupation in areas of low demand could cut across other

objectives to build mixed and sustainable communities and address social exclusion. The guidance also advises that hard-to-let stock should be tackled separately rather than as part of an under-occupation strategy. Social landlords therefore need to be alert to these considerations in applying their strategies. Many local authorities already have strategies for addressing under-occupied and unused stock in the private rented and owner-occupied sectors, and they may be able to adopt some of the guidance provided for social landlords, but their relationship with people in these sectors is clearly different, and they need to approach this sensitively.

- 35 Local authorities are asked to demonstrate, in their Housing Investment Programme (HIP) strategy, that they have assessed the extent of underoccupation in their stock and that, where necessary, they have a policy to manage it. DTLR advises local authorities that such a policy should be developed in the context of their overall strategy for making the very best use of their housing stock, and of the need to create balanced communities.

SCOTLAND

HECA

- 36 HECA was brought into force in Scotland on 1 December 1996. Local authorities first reports covered the two year period 1 April 1997 to 31 March 1999. They showed that average energy consumption per dwelling fell by 3.2 Gigajoules (or 889.6 kWh), leaving every Scottish householder on average £26 better off. Carbon dioxide emissions fell by 0.7 million tonnes, representing an overall reduction of 4% on 1997 figures.

- 37 Progress on HECA is set out in the Executive's report to Parliament which was published earlier this year. Local authorities' second HECA progress reports are to be submitted by 31 January 2002. Following consultation with local authorities, the Executive issued guidance in September 2001 about how to complete their second progress reports. A spreadsheet has been issued to local authorities to help them complete their reports.

The National Home Energy Rating (NHER) scale

- 38 The report of the Scottish House Condition Survey measures energy efficiency on the NHER scale. The NHER assesses home energy efficiency on a scale of 0 (poor) to 10 (excellent). The NHER rating reflects the total fuel costs per square metre of the floor area of the dwelling to achieve an adequate overall temperature. The higher the NHER score, the more energy efficient the dwelling. The other main energy rating scheme is the Standard Assessment Procedure (SAP) (see paragraph 2 of this Annex). NHER scores can be broadly converted to SAP scores by multiplying them by 10. Thus an NHER score of 5 equates broadly to a SAP score of 50.

The Warm Deal

- 39 Details about the Warm Deal are contained in Chapter 5. *Further information is available from: Eaga Partnership, Suite 2a, 80 Commercial Street, Edinburgh, EH6 6LX. Freephone number 0800 072 0150.*

Index of housing quality

- 40 The Scottish Executive has amended the Tolerable Standard in the Housing Scotland Act 2001 (the equivalent to the English Fitness Standard) and concluded a consultation exercise on the inclusion of a non statutory Index of Housing Quality. The Index will provide that a house should: be energy efficient; be free from serious disrepair; offer protection to the occupants (i.e. have secure doors and windows and smoke detectors); and be adapted to meet any special needs of the occupant. The Index would be a target to be worked towards over time by authorities, within available resources. Further revisions to the Tolerable Standard and how best to develop and implement the Index of Housing Quality have been remitted to the Housing Improvement Task Force.

Housing improvement task force

- 41 The Executive has established a Housing Improvement Task Force to consider the legal, administrative and economic structures currently in place within the private sector and private rented sector and identify the elements of those structures which inhibit or encourage housing improvement. The Task Force will produce an "issues" report to be published in January 2002. This analysis will offer a basis for the second part of the review, a consideration of options for change.

Building Standards

- 42 The Technical Standards (often known as the building regulations) govern the construction of all new buildings. That part of the Standards that governs energy efficiency has been revised. The new requirements, which are expected to come into force in early 2002 include:

- significant improvements of the thermal insulation standard of the building fabric;
- more onerous standards for the energy efficiency of domestic heating; and
- new standards for the commissioning and control of space heating and hot water system.

Energy Efficiency Commitment (EEC)

- 43 EEC is described at paragraphs 3.4-3.7. From 1995 to March 1998, some £7.3million was spent by Scottish Power and Scottish Hydro-Electric on various energy efficiency projects in Scotland. Over half that sum was focused on pensioners and low-income households to complement the grants available under HEES/WFT and the Warm Deal. A second EESoP ran for two years, from April 1998. Scottish Power and Scottish Hydro-Electric committed some £4.5million over that 2 year period to approved energy efficiency projects. Over 60% of the spend benefited pensioners and low-income households. At the end of the first year these targets had been reached or exceeded by both companies.

WALES

New HEES in Wales

- 44 The New Home Energy Efficiency Schemes for Wales commenced in early 2001. *For more information contact: EAGA Partnership, Unit 4, Ty Nant Court, Ty Nant Road, Morganstown, Cardiff, CF15 8LW Freephone 0800 316 2815.*

Home Improvement Agencies (Care and Repair)

- 45 Twenty-five Home Improvement or Care and Repair Agencies (see paragraph 25) operate across the counties of Wales. In Wales the home improvement agency service is co-ordinated by the national body Care and Repair Cymru. The Care and Repair movement is supported largely by a National Assembly grant of £1.3m for 2000-01. *For further information on HIAs in Wales contact Wendy Bourton, Director Care and Repair Cymru, Norbury House, Norbury Rd, Fairwater, Cardiff CF5 3AS Tel: 029 20576286.*

The Housing Fitness Standard

- 46 The DTLR/National Assembly departmental review of the current fitness regime and the proposed rating system will also apply to Wales once the legislative framework has been established. *For further information contact Brendon Hilbourne, Housing Directorate, National Assembly for Wales, Tel: 029 20823874.*

NORTHERN IRELAND

The Warm Homes Scheme

- 47 The Warm Homes Scheme has been designed to help those low-income households most susceptible to cold-related illnesses and who have no access to other resources to improve the energy efficiency of their home. The scheme will concentrate on the private rented and owner-occupied sectors, where the problem of fuel poverty is greatest.
- 48 Under the Warm Homes Scheme, cavity wall insulation and central heating systems will be offered for the first time. An objective of

Warm Homes will be to achieve a balance between assisting households living in urban and rural areas suffering from deprivation. The previous DEES scheme had a tendency to concentrate on urban areas at the expense of more rural locations where properties are more thinly spread and the installers' overheads are higher.

- 49 Previous private sector recipients of DEES will still be eligible to apply for the new scheme. The Housing Executive is to be responsible for all quality assurance aspects of the new scheme including the setting of standards and the monitoring of performance.
For further information on Warm Homes, contact Elizabeth Loughran, Department for Social Development, Tel: 02890 540775.

Housing Capital Investment Programmes: Housing Executive & Registered Housing Associations (RHAs)

- 50 The Housing Executive's capital investment programme is financed from the sale of land and property. Since 1997/98 it has no longer been responsible for new-build social programmes. While it remains a 'builder of last resort' most of its capital expenditure is on renovating/improving its existing stock.
- 51 RHAs are now the main provider of the new-build social programme because of their ability to lever in private finance. Housing Association Grant is provided at the rate of around 58% for general family housing.
- 52 The Housing Executive also administers a grant scheme, which assists, in particular low-income households living in poor private sector housing or requiring handicapped/disabled adaptations.

- 53 The total capital programme in 2000/01 was almost £190m with an additional £49m private finance levered in. This was broken down as follows; - NIHE £75.9m; Grants to the private sector £42m; and RHAs £71.4m plus the £49m private funding.

- 54 Decisions about housing need and the composition of the housing capital programme are a matter for the Housing Executive to determine. This will reflect the needs and priorities identified in their 'Review of the NI Housing Market', which is produced annually. Around 78% of the £190m capital programme is directed at existing stock and new-build with some 22% going on grants to the private sector.

- 55 Around £15m is spent by the Housing Executive on handicapped/disabled adaptations to its own stock with £7m available for disabled facilities grants for the private sector. Most of the funding in both sectors is spent on the installation of energy efficient heating systems. The Housing Executive in particular, processes in excess of 500 conversions a year from coal to oil or gas central heating systems through the adaptations programme.

The Housing Fitness Standard

- 56 Northern Ireland is monitoring developments in England and Wales (see paragraphs 27 and 28) for the purpose of introducing similar measures. *For further information on the New Rating System contact, Elizabeth Loughran, Department for Social Development, Tel: 02890 540775.*

The Building Regulations

- 57 Similar measures to England and Wales (see paragraph 29) will be considered for Northern Ireland in due course. *For further information on the new Building Regulations contact, Gerald Coulter, Department of Finance and Personnel, Tel: 02890 250055.*

Northern Ireland Housing Executive (Home Energy Conservation Authority) & Energy Efficiency Advice Centres (EEACs)

- 58 In relation to energy efficiency improvements in the private sector, the Housing Executive's policy, as Home Energy Conservation Authority, remains one of facilitating, encouraging and educating the public on the benefits of energy conservation. Where possible, the Housing Executive has introduced financial incentives to assist homeowners with the costs involved in installing energy saving measures. In such circumstances NIE's energy efficiency levy and contributions from the Department for Social Development have proved invaluable.
- 59 In the majority of schemes, the HECA Authority and the EEACs (Belfast, Enniskillen and Londonderry) have been instrumental in developing partnership approaches with the public, private and voluntary sectors. This has contributed to the success of many fuel poverty type projects that have been completed or are currently underway in Northern Ireland. In most cases local Health Trusts are involved in monitoring the impact that the schemes will have on the health of local people. The schemes also have a Schools Education and New Deal dimension attached, with young people learning all about the benefits of energy efficiency and others

finding employment after training as Energy Advisers. *For further information on these projects contact Noel Rice, HECA Officer, telephone 02890 318525 or Orla Ward at the Belfast Energy Efficiency Advice Centre, Tel: 02890 240664 (who can put callers in contact with the other EEACs) or visit www.belfast-energy.demon.co.uk.*

- 60 In terms of initiating and brokering energy efficiency programmes, the Housing Executive, as HECA Authority, and the EEACs, as well as many other energy partners, have a key part to play in assisting and contributing to Northern Ireland's fuel poverty strategy.

Northern Ireland Electricity (NIE) & Phoenix Natural Gas

- 61 NIE and Phoenix Natural Gas' have a strong commitment to addressing fuel poverty. They have put in place a comprehensive range of initiatives and programmes, which deliver tangible energy savings to the most vulnerable households likely to be at risk of suffering fuel poverty. This has been achieved through a number of mechanisms using their energy efficiency customer levies. *For further information on: NIE programmes, contact Jenny Boyd, Tel: 02890 685089 or visit <http://www.nie.co.uk> and Phoenix Natural Gas programmes, contact Jillian Ferris, Tel: 02890 555531 or visit <http://www.phoenix-natural-gas.com>*

GB-WIDE

Liberalisation of the energy market

- 1 The liberalisation of energy markets and the promotion of competition has led to significant reductions in annual average domestic energy prices, which are now at their lowest, in real terms, since 1974. This has obvious benefits for all consumers, but particularly for the fuel poor, for whom energy represents a higher proportion of household expenditure than it does for better-off people. Domestic gas and electricity prices have fallen in real terms by 23% and 22% respectively since 1990. By August 2001 about 6.4 million gas consumers were no longer supplied by British Gas, and 8.3 million electricity customers were no longer supplied by their former Regional Electricity company. By July there had been over 12 million transfers in the electricity market and about 12 million in the gas market. It should be noted that customers who have switched suppliers more than once will, as a consequence, be counted more than once in the figures for the number of transfers. Switchers have achieved significant savings individually, of up to 20% and sometimes more for gas, and up to 15% for electricity; and market research for OFGEM suggests that there is no significant class dimension to switching, *ie* poorer consumers are just as likely to switch as better-off ones.
- 2 The electricity market reforms announced in the October 1998 White Paper⁸ (including NETA) were expected to reduce wholesale electricity prices by at least 10% in real terms below what they would otherwise have been.

⁸ Conclusions of the Review of Energy Sources for power generation and Government response to fourth and fifth reports of the Trade and Industry Committee, CM4071, October 1998.

Wholesale prices have in fact fallen by around 30% in real terms as a result of the introduction of NETA, plant divestment by major generators and the high availability of plant on the system. Domestic customers have seen average prices fall by 7% in real terms between Q2 1999 and Q2 2001.

- 3 However, it is apparent that, while all consumers are benefiting from lower prices, some are benefiting more than others. The biggest price reductions have been seen by consumers paying by direct debit, who tend to be (but are not exclusively) better off. Poorer consumers are more likely to pay by quarterly credit (or more regular cash payments) or prepayment meters (although relatively few pensioners use this method): and these payment methods have seen lower price reductions. The Government is concerned to ensure social equity in the share of benefit from liberalisation; and the provisions of the Utilities Act and the regulator's Social Action Plan (see below) are intended to ensure that the regulatory system takes appropriate account of the needs of people on low incomes.
- 4 One of the advantages of a liberalised market is that market players have the freedom to develop programmes to assist the reduction of disadvantage, either for directly commercial reasons or in pursuit of the Corporate Social Responsibility which the Government is encouraging amongst business. Many businesses have found that improved Corporate Social Responsibility has provided an opportunity to improve their commercial performance while at the same time helping to address the issue of social exclusion. The liberalised environment is far more likely to promote and encourage innovative approaches to the problem, and this can be seen in some of the examples mentioned in the Industry Initiatives section overleaf.

Utilities Act 2000

- 5 The Act updates and brings together the formerly separate regulation of the gas and electricity industries, reflecting the increasing convergence of these industries and providing flexibility to respond to commercially-driven changes in market structures. The Act received Royal Assent on 28 July 2000.
- 6 The Act provides a strong new focus on protection of the interests of consumers, which will be the regulator's new primary duty (formerly this duty was industry-focused - to secure that demand was met, that the industry could finance itself, and to promote competition). In fulfilling this new duty, the regulator will have to have regard to the needs of people on low incomes, the disabled, people suffering from a long-term illness, the elderly, and people living in rural areas. The Act also gives the Government a number of new powers relevant to fuel poverty:
 - The power to offer guidance on social and environmental objectives to the regulator, who is required to have regard to the guidance when discharging his statutory functions to which his general duties apply. In this way, it is intended that the regulator can make a contribution, appropriate to his functions and duties, towards the wider social and environmental objectives of the Government, without compromising the principle of arm's length regulation. A consultation document on draft guidance was issued in May 2001.
 - The power to set Energy Efficiency Targets (the replacement for the current Standards of Performance (EESoPs) - now known as EEC) for energy suppliers on a statutory basis from 2002, rather than, as at present, leaving this to the regulator's discretion. Historically, about two-thirds of EESoPs expenditure has been on low-income

households,. Under the proposed new scheme, suppliers are required to focus at least 50% of their obligated energy savings on households in receipt of benefits and tax credits.

- A new reserve power to cross-subsidise certain types of consumer if it is apparent that other developments in the market (Social Action Plan, industry initiatives) do not lead to equitable sharing of the benefits of competition. The detail of this - how the power might be triggered, which consumers might be affected, and how it might operate - will be left flexible.

Ofgem's Social Action Plan

- 7 Ofgem's *Social Action Plan* is aimed at ensuring that consumers have a range of tariff options and payment methods to suit their circumstances and that energy suppliers provide appropriate advice and help with debt management and energy efficiency. The Plan includes arrangements for measuring and reviewing progress, and a number of key indicators. Its main elements are:
 - Changes to licence conditions to improve protection for disadvantaged customers. As a result of these improvements, companies will have to:
 - Offer their customers facilities to pay bills in cash fortnightly or more frequently. Some companies previously offered quarterly bill payment only, which is unsuitable for customers with budgeting difficulties.
 - Operate Codes of Practice setting out the services prepayment customers should expect, including distances customers need to travel to recharge their meters, and action to rectify faults.
 - Improve promotion of the help available to customers ie energy efficiency advice, special services for pensioners,

the disabled (including blind, partially sighted or deaf customers) and those suffering from a long-term illness, and help to prevent disconnection for debt.

- Companies are being encouraged to identify and understand the needs of disadvantaged customers better through a number of research projects. A major research project has been undertaken by the Electricity Association Fuel Poverty Task Force into the payment patterns and preferences of prepayment and frequent payment customers. Projects on energy efficiency advice and debt management and prevention have also been completed and work is in hand to take forward the findings. Research and pilot projects on other issues, including ways of helping vulnerable customers, and participation in credit unions, are in progress.
- Continuing the downward pressure on prices will directly benefit disadvantaged customers. The maximum annual surcharge which electricity prepayment customers pay under the price controls introduced for two years from April 2000 (representing the higher costs of providing and maintaining the meter) was fixed at £15 for the former Public Electricity Suppliers.
- Ofgem's continuing support for the Energy Efficiency Standards of Performance (EESoP) programme is contributing towards the provision of warmer homes for disadvantaged customers. Ofgem will administer the Government's EEC scheme for electricity and gas from April 2002. Other initiatives include work on improving the provision of information on prices in the electricity and gas markets, with particular regard to the benefit for disadvantaged customers; and improving access to the competitive market for customers in debt.

- Independent research, together with a range of key indicators, will enable Ofgem to keep track of the progress made under the Social Action Plan. A review group bringing together influential representatives from industry and consumer bodies, will help Ofgem monitor progress.

Energy industry initiatives

- 8 The **Electricity Association Fuel Poverty Task Force** was set up by the industry in May 1999 to consider energy-related actions to address fuel poverty that could be delivered through both the regulatory framework and the competitive market. The focus of the Task Force is on common issues requiring co-operation (e.g. sharing good practice), since - with competition being allowed to provide solutions wherever possible - suppliers are developing their own individual initiatives for commercial/social reasons (see below for some examples of this). The industry, through the Task Force, has funded a major study of self-disconnection and rationing by prepayment meter customers, the findings of which were published in March this year. This was followed in July by the publication of a booklet giving key facts on prepayment meters to encourage an informed debate about their use by low-income consumers. A guide for advice workers has also been produced, providing information on energy efficiency and payment advice services available from energy suppliers. The handbook also aims to demonstrate how a partnership approach can make these services more accessible to those most in need, such as the fuel poor. With the publication in June 2001 of a major report, the Task Force sees two strands to its future activities:
 - first, to progress various items of work (ranging from energy efficiency issues to bill payment schemes); and

- second, to provide a convenient focus for advice and assistance from the energy industry as required in helping the Government to meet its fuel poverty targets.

All the documents mentioned can all be downloaded from the Electricity Association's website at www.electricity.org.uk.

- 9 The energy industry supports a wide range of social initiatives covering a variety of disadvantaged groups. Information on individual company initiatives can be found on their websites. The main schemes aimed directly at fuel poverty are set out below:
- 9.1 **Transco's** Affordable Warmth Scheme is described in detail at paragraphs 3.11 - 3.12.
- 9.2 In May 2000 **TXU** launched its pilot *StayWarm* scheme in the Yorkshire Region, and this has now been rolled out to many parts of the UK. The scheme offers pensioners a low fixed price for their energy, based only on the number of bedrooms in the household and occupancy. It does not relate to actual energy consumption. The price is guaranteed for 12 months, and there is no reconciliation at the end of the year, hence no build up of debt.
- 9.3 In March 2000, **ScottishPower** and Eaga Partnership launched *Neighbourhood Energy Services Team (NEST) Makers*. This scheme established a network of local energy advisers in the West Midlands of England, who can offer free advice to householders on benefit, including a benefits check, referral (where appropriate) to the HEES/WFT and other sources of help (such as energy suppliers' EEC).
- 9.4 **ScottishPower** and the Royal Bank of Scotland have also developed *The Royal Bank Key Account* to bring direct debit savings to

customers, who have previously not held a bank account and pay bills with cash and prepayment meter.

- 9.5 **British Gas** has a number of programmes with social objectives:

- its link with Help the Aged supports a range of activities to improve the quality of life for vulnerable older people, including the insulation and upgrade of day centres, provision of products and services to reduce bogus caller crime, and some installation of energy efficiency measures in particular hardship cases. The support is not tied to the supply of gas;
- in January 2001, the company extended its *Warm-a-Life* scheme nationally to 1 million of its prepayment and frequent payment customers. The scheme helps households at risk from fuel poverty through referral to energy efficiency grant schemes such as HEES/WFT or EEC (which could lead to a direct reduction in bills), a free benefits check, and a one-off reduction of up to £15 in energy bills;
- with the Bank of Scotland, British Gas has introduced the *Jigsaw* account, to provide for its low income customers, who live by cash, special bank accounts which enable them to get cheaper fuel through access to direct debit terms without changing payment behaviour;
- it has established a national team of field-based Community Energy Advisers who are working in partnership with local charities, organisations and agencies in the development and delivery of new initiatives and schemes to tackle fuel poverty at a local level.

- 9.6 **Powergen** and **Age Concern** have set up *Age Concern Energy Services*, which markets through Age Concern's network of local groups. It offers a number of benefits for

consumers, including a special tariff package, an energy efficiency survey and advice, a non-disconnection policy, and free heating if the temperature falls below 0°C. In January 2001, Powergen launched an initiative to reduce by half the additional cost of electricity through its prepayment meters, with a promise to eliminate the prepayment surcharge altogether by 2005. As part of this, additional energy efficiency advice and support will be given to prepayment customers.

9.7 **London Electricity** and **SWEB** are piloting two *Powerkeyplus* schemes, in Newham and Plymouth, to eliminate the premium paid by prepayment customers. LE, together with other energy companies, has also funded Helpco, a finance operation which enables subscribers (who do not have bank accounts) to benefit from the discounts available to customers paying their bills by monthly direct debit. Low cost loans are also made available to customers with outstanding debts. LE is also working with Ofgem to consider a series of practical solutions for vulnerable customers such as the elderly, people with disability and those on low incomes. This involves working closely with local authorities and charities to help their clients, particularly through the provision of low cost energy efficient light and electrical appliances

9.8 The *Health Through Warmth* scheme is funded by **Innogy** and operated by its retail brand **npower**. The scheme provides training for district nurses, health visitors, and key community workers and also includes voluntary sector workers. Training is designed to help workers identify people suffering ill health caused by their living conditions. A simple referral mechanism ensures that assistance goes to the people who need it most. A referrals team drawn from the partner organisations provides grants and monetary

advice to the most vulnerable people, making their homes both more acceptable to live in and at the same time providing energy efficient measures, helping to lower their energy bills. This enables people to keep warmer throughout the winter periods. Following a successful pilot of the scheme in the West Midlands, Health Through Warmth was launched into additional areas in September 2001. The scheme will eventually be available in 20 NHS Trust areas across England and Wales, with a target of training in excess of 20,000 health workers and assisting 200,000 homes.

9.9 **SEEBOARD** has developed two new fuel poverty initiatives:

- it wholly funds the *EnergyCare Network*, a programme managed by the Energy Conservation and Solar Centre, which aims to make vulnerable householders aware of the grants they are entitled to and to help them make their homes more energy efficient. The Network will train key people such as health visitors and social workers (Networkers) to spot households in need of assistance and to refer clients to the Network for further help. The programme is beginning in the Medway area and will spread through Kent, Sussex, and large parts of Surrey.

- with the national fuel poverty organisation NEA, SEEBOARD is running a project to evaluate the potential for linking energy efficiency improvements in fuel poor homes to an initiative to transfer customers from prepayment meters to credit meters. Other objectives include identification of energy efficiency options in fuel poor homes, provision of regular information about their energy consumption, provision of high bill warnings, and cashback incentives for those prepayment customers staying out of debt.

- 9.10 **Scottish and Southern Energy's *Equigas*** scheme charges all customers the same price for their gas (with no standing charge), regardless of their payment method: this means that in effect direct debit and quarterly credit customers pass some of their savings on to prepayment meter customers, whose charges are therefore cheaper than the normal PPM tariff. The company has just launched an *Equipower* equivalent for electricity consumers. It also runs a *Budget Warmth* scheme which is designed to provide at least one warm room throughout the winter months via an electric storage heater in the main living room, with the cost spread evenly over the year.
- 10 **Yorkshire Electricity's *HEATPlan***, involves a benefits check, improving the energy efficiency of customers' properties, and fixed levels of payment for energy.

Action to address skills shortage in the domestic gas industry

- 11 To work legally on gas installations within premises, one must be registered with CORGI (the Confederation of Registered Gas Installers) and hold a current safety certification. In 1999 there were about 93,000 qualified gas installers on the CORGI register, of whom 66,000 were certified safety-competent to install central heating (the qualification is modular). Numbers have been falling in recent years - in 1999 there were only 124 newly-qualified entrants to the CORGI register, far below replacement levels for a sector of this size. Most qualified installers were trained by the former nationalised monopoly British Gas, and since privatisation in 1986 the industry has been reluctant to train new staff - partly because almost half of all those employed are in very small companies (a third of them being self-employed); and partly because a pattern of "poaching" trained staff has developed, which has deterred even the larger companies from investing in training. This has meant that the age profile of the sector is heavily skewed towards people of 40+ and even 55+. The industry did not establish a national training organisation (the Gas Industry National Training Organisation, GINTO) until 1999.
- 12 The poor age profile of the workforce and low intake of new trainees are likely to be exacerbated by the completion in 2002 of a five-year transition to a more stringent and mandatory safety qualification, the Accredited Certificate of Safety (ACS). This is expected to lead to a further drop in the numbers of CORGI registered engineers, as some will opt to retire rather than complete the new procedures. Any further pressure on the availability of skilled operatives would impact both on those Government fuel poverty programmes which rely on installation of new heating systems, and on the housing market generally.
- 13 The Government, working with the industry, has taken important steps to help address the skills shortage in the domestic gas industry:
- the Government has set in hand a programme to integrate the assessment of safety (ACS) and of occupational competence (NVQ) for gas installation and maintenance, simplifying and speeding entry of skilled engineers to employment. The new NVQ came on stream in October 2001 and is already available at a range of training centres throughout the UK. The process of aligning this with ACS is in its final stages;
 - the increasing demand for engineers, together with the prospect of direct access to the CORGI register via national vocational qualifications, will encourage more colleges to offer this training;

- training programmes are under way in a wide range of locations across the UK, with the particular focus of delivering training to meet the skill needs of over 100 contractors installing fuel poverty programmes in local authority and housing association dwellings. The programmes are backed by the Learning and Skills Council, the Employment Service, DEFRA, the European Social Fund, the Single Regeneration Budget, and the Transco Affordable Warmth programme. The National Employment Panel, formerly known as the New Deal Task Force, is currently developing its Ambition:Energy programme, led by senior employers from the energy sector, with the aim of training and placing New Deal clients in skilled jobs, including gas installation;
 - the Government and GINTO have jointly developed some 800 additional training places in London, Liverpool, Manchester, Birmingham, Yorkshire, Stockton on Tees, Leicester and Thanet in England, and in locations in Scotland, Wales and Northern Ireland, targeted at unskilled people receiving benefits, and people with redundant skills seeking retraining, to increase the immediate supply of qualified installers;
 - the Learning and Skills Council has backed a programme to deliver gas training and qualifications at a much greater number of further education colleges and other training centres. In 1999 only 17 FE colleges were delivering gas installation training, and there were issues of quality as well as capacity. This number is expected to rise sharply during 2002 in response to the national and local prioritisation of gas training within the Council's strategic plans
 - the Gas Industry Skills Taskforce, a joint public and private sector group working closely with GINTO, has launched new training programmes throughout the country which are sharply increasing the inflow of trained workers;
 - Transco's Affordable Warmth programme incorporates action to increase training for installation and maintenance, and Transco has developed, with the Eaga Partnership and the Employment Service, a programme to train central heating installers to ensure delivery in its Stockton Warm Zone;
 - Transco has also developed a proposal to retrain skilled redundant workers from the Corus steel company in the North East to service the Stockton Warm Zone. Working with the Employment Service and with Education and Learning Wales, this proposal has expanded to embrace redundant Corus workers at other sites: and the Employment Service is using the concept as a pilot under its Training for Transition programme, which aims to help redundant workers move quickly and effectively into sustainable jobs, particularly in sectors experiencing recruitment difficulties.
- 14 These actions to improve the supply of installers are matched by similar action in other gas-related occupations, notably distribution. (renewal and extension of the gas pipeline network) which is essential to safety and potentially a part of the Government's fuel poverty programmes (see Chapter 9). Significant additional numbers of newly qualified trainees and re-trainees will join the gas distribution workforce during 2002.
 - 15 However these efforts will need to be actively sustained to reverse the lack of new entrants in recent years and replace those retiring, and to deliver the strategy without bottlenecks or risks to safety. The Government will continue to monitor progress in this area.

Fuel Direct

- 16 Fuel Direct operates within a wider direct payment scheme available to Income Support and income based Job Seeker's Allowance recipients. The scheme helps claimants threatened with eviction, disconnection of an essential utility supply or court action for non-payment of certain debts by making deductions directly from their benefits and paying the relevant third party direct. In the case of fuel debts, deductions may be paid directly to fuel companies in certain circumstances - where the claimant has built up arrears and it is considered that deductions are in the interests of the family. In some cases deductions can continue to be made to cover fuel costs once the debt has been cleared. Deductions for debts/obligations are set at 5% of the personal allowance for a single adult - currently £2.70 a week. A total of around 67,000 deductions were being made for fuel debts in May 2001.
- 17 As part of their *Social Action Plan*, Ofgem established a working group comprising representatives of the fuel industry, relevant Government departments and energywatch, to consider the operation of Fuel Direct. The group has recommended action by DWP, suppliers and Ofgem to ensure that:
- suppliers properly draw the attention of appropriate customers to the option of Fuel Direct, in compliance with their licence obligations to accept deductions;
 - Fuel Direct is implemented if a vulnerable customer in debt satisfies the qualifying criteria. They must receive a qualifying benefit in sufficient amount and reasonably satisfy the supplier and the DWP that Fuel Direct is the most suitable payment option for them. The use of a standard application form by suppliers and the provision of guidance, supported by training, should

help promote consistency and ensure that customers are made aware of Fuel Direct in an appropriately positive way;

- vulnerable customers who remain on appropriate benefits etc, may continue on Fuel Direct after their debt has been cleared in cases where this remains the most suitable payment option for them;
 - appropriate controls are introduced to help prevent abuse of Fuel Direct, through frequent movement in and out of the scheme, and Fuel Direct customers are given energy efficiency advice, including drawing their attention to grant assistance under HEES/WFT and EEC;
 - in the longer term, provision for vulnerable consumers in fuel debt should be included in the development of changes to be made to the payment of benefits in general, involving automated credit transfer.
- 18 This action should promote awareness of, and consistency of approach to, Fuel Direct securing the proper level of support for vulnerable consumers who are unable to manage their own affairs and for whom an alternative payment option is unsuitable. Ofgem and DWP will be liaising to ensure progress is made.

NORTHERN IRELAND

Utilities review

- 19 A start has been made in Northern Ireland to progressively open the market to competition with a view that all consumers will benefit from a reduction in energy prices. At the same time the changes resulting from the Utilities Act in GB are being considered, particularly in relation to the protection of consumers and the fuel poor. See Chapter 7 for further details.

UK-WIDE

Winter Fuel Payments

- 1 Winter Fuel Payments were introduced in the winter of 1997. The Winter Fuel Payment scheme covers Great Britain only, with a mirroring scheme in place in Northern Ireland. They are paid to people aged 60 and over.
- 2 The amount of the payment was increased to £200 for each eligible household for Winter 2000/01, and the same rate will apply for this year. Everyone who qualifies for a Winter Fuel Payment and is in receipt of Income Support or income-based Jobseekers Allowance will have received £200. For those not in receipt of Income Support or income-based Jobseekers Allowance, where there is more than one eligible person living in the household then they should have received £100 each.
- 3 Winter Fuel Payments are not dependent on weather conditions and are paid in addition to Cold Weather Payments where entitlement exists.

Cold Weather Payments

- 4 Cold Weather Payments provide extra help towards heating costs for people on Income Support or income-based Jobseekers Allowance whose benefit includes a pensioner or disability premium or who have a child under 5. Payment is made automatically when the average temperature at a specified weather station is recorded as, or forecast to be, 0°C or below, over seven consecutive days.
- 5 The payment is £8.50 and the number of payments made during any particular winter depends on air temperatures - forecast or recorded. Last winter there was a considerable

increase in the number of spells of very cold weather when compared to the preceding 3 winters. This is reflected in the total expenditure for each of the last six winters which was:

1995/96 - £62 million
1996/97 - £42 million
1997/98 - £0.5 million
1998/99 - £0.2 million
1999/00 - £1 million
2000/01 - £30 million

Welfare to Work

- 6 Work is the best route out of poverty for the vast majority of individuals and families. Welfare to Work initiatives, such as New Deal launched in 1998 and more recently Employment Zones, aim to promote work by helping people move from welfare to work, developing flexible personalised services to help people into work, lowering the barriers to work for those who can and want to work and by making work pay.
- 7 The ONE service was launched in June 1999, and is now being piloted in twelve areas of the UK. It provides a coherent service for benefits claimants of working age, on the principle of work for those who can, support for those who cannot. The service is delivered by Employment Service, Benefits Agency, local authorities and private and voluntary sector organisations working together in partnership. The service will be piloted until 2002, and will be fully evaluated.
- 8 Anybody of working age making a claim to benefit in these pilot areas is a ONE client. ONE clients meet with a personal adviser, who offers tailored support and advice with the aim of identifying and overcoming

barriers to work. As appropriate, clients can be submitted to suitable vacancies or assisted with jobsearch techniques, vocational training, childcare needs or benefits queries. ONE is a key part of the Government's welfare reform programme, putting work at the heart of welfare.

- 9 A new Agency (Jobcentre Plus) combining the Employment Service and the working age parts of the Benefit Agency is to be launched later this year. Jobcentre Plus will deliver a better, more integrated and more responsive service to claimants. Its aim will be to help build on the approach championed in ONE pilot areas.
- 10 Action Teams for Jobs were announced in the March 2000 budget. The 40 Teams throughout GB are funded to work with all jobless people regardless of what, if any, benefit they are claiming. Their aim is to help remove the barriers that prevent people from gaining work including securing suitable accommodation or help to clear outstanding debts.

Working Families Tax Credit (WFTC)

- 11 The WFTC helps to make work pay for low- and middle-income families with children. It was announced in the 1998 Budget and introduced in October 1999, replacing Family Credit. There are currently more than 1.25 million families benefiting, over 400,000 more families than received Family Credit at its peak. Families are, on average, receiving around £35 a week more compared to Family Credit. The WFTC, combined with the Government's other reforms to make work pay, guarantees a minimum family income of £225 a week for a family with one person in full time work (35 hours) at the National Minimum Wage.

- 12 The childcare tax credit component of the WFTC provides generous support to help working families with childcare costs. The credit is worth 70% of eligible childcare costs up to limits set at £135 a week for a family with one child, and £200 a week for a family with two or more children. So far over 135,000 families are receiving help with their childcare costs through the childcare tax credit, compared to 47,000 who benefited from the childcare disregard in Family Credit at its peak.

Minimum Income Guarantee (MIG)

- 13 The MIG paid through Income Support was introduced in April 1999. It currently provides a higher income threshold to nearly 2 million of the least well-off pensioners. From April 2001 it now gives a single pensioner an income of at least £92.15 a week.
- 14 It is estimated that there are around 500,000 pensioners who may be entitled to MIG. The DWP undertook a largescale programme of research and pilot initiatives into the reasons why pensioners fail to take up their entitlement to income support. The results, published in October and December 1999, helped to inform the national MIG take-up campaign that was launched in May 2000. The campaign has been supported by a television advertising campaign, and a free phonenumber Tele-Claim service has been set up, which is ongoing and allows pensioners to make a claim to the MIG from the comfort of their own home. Some 2.4 million pensioners, whom our records suggested as most likely to have an underlying entitlement to the MIG have been written to at staged intervals throughout the summer and autumn, with the last mailshots sent out in November.

Social banking initiatives

- 15 The Crookshank review of banking services in the UK, which was published in March 2000, looked into the issue of bringing the unbanked into the financial mainstream. It pointed out that by using a bank account to pay utility bills by direct debit people could save around £50 per year. Since then, and in response to a challenge from Government, all the high street banks now offer basic bank accounts, which are free to open and run, and, among other things, enable people to pay utility bills by direct debit.
- 16 A further vital component of Government's strategy for tackling financial exclusion is the provision of banking services through the Post Office. The Government and the Post Office have now entered into agreements with ten high street banks and one building society on the provision of Universal Banking Services, an important element of which will be the accessibility of the banks' basic banks accounts through post offices (further details of Universal Banking can be found at paragraph 3.69).

ENGLAND

National strategy for neighbourhood renewal

- 17 The Government is committed to narrowing the gap between the most deprived neighbourhoods and the rest of the country. To help to meet this aim, in January 2001, the Social Exclusion Unit published *A New Commitment to Neighbourhood Renewal: National Strategy Action Plan*. The document sets out the Government's vision to narrow the gap between poor neighbourhoods and

the rest, so that within 10 to 20 years, no one should be seriously disadvantaged by where they live. Work on this is now being taken forward by the Neighbourhood Renewal Unit in DTLR. The aim is to deliver economic prosperity, safe communities, high quality schools, decent housing, and better health to the poorest parts of the country.

Copies of the document are available by calling 020 7944 8383.

Alternatively, you can send a request to neighbourhoodrenewal@dtlr.gsi.gov.uk

Health Improvement and Modernisation Plans (HIMPs)

- 18 HIMPs are the overarching 3-year strategic plans for the local health sector. Through a continuous process of partnership working across the local health system, HIMPs should set out the vision for all local health organisations on health improvement, including tackling the wider determinants of health, and NHS modernisation linking key activity to targets, milestones and outcomes.
- 19 Health Authorities currently have lead responsibility for bringing partners together to develop the HIMP and ensuring the involvement, from the outset, of local organisations including NHS Trusts, Primary Care Groups, Local Authorities, the voluntary sector and local communities. With the shift in the balance of power to the frontline and the formation of Strategic Health Authorities, PCTs will in future be the main focus for partnership working with key stakeholders. Through this process, these health partnerships are developing comprehensive local programmes to tackle the wider determinants of health that, where appropriate, will include action to tackle fuel poverty.

Health inequalities

- 20 In the Government's health strategy for England which is set out in the White Paper *Saving Lives: Our Healthier Nation* the Government makes clear its commitment to tackling the causes of health inequality. This commitment has been restated in the National Health Service Plan. The Plan indicates, among other things, that Ministers will be setting a national health inequalities target. The most disadvantaged have suffered most from poor health and by tackling the social, economic and environmental factors tending towards poor health, the Government hopes to redress this imbalance.
- 21 Targets in the White Paper include reducing the death rate from coronary heart disease, and stroke related diseases by at least two fifths by 2010 - saving up to 200,000 lives in total. By combating fuel poverty the aim is to make a contribution to these targets as these are diseases which, at least in part may be attributable to the effects of cold, damp homes.
- 22 The Government has introduced a programme of measures aimed at ensuring people, especially older people, know the importance of staying warm in winter. This recognises the importance of giving people the advice they need to stay healthy and how they can obtain help if they need it and are eligible. As well as campaigns aimed at directly reaching vulnerable households, carers such as health professionals have been encouraged to help raise awareness of the issues and the help that is at hand.
- 23 For example, Environment and Health Ministers have written to all Health Authority Chief Executives in England pointing out the key role health professionals can play in identifying vulnerable households. The Chief

Medical Officer for England, in his quarterly Update publication which goes to all doctors in England, sought their support to raise awareness of the help available.

Health Action Zones (HAZs)

- 24 There are 26 HAZs tackling health inequalities and modernising services in some of the most deprived areas in England. HAZs are partnerships between the NHS, local authorities, the voluntary and private sectors, and local communities. As well as tackling the big health problems - such as coronary heart disease, cancer and mental health, they are linking work on health, regeneration, employment, education, housing and anti-poverty initiatives in innovative ways. A central aim for HAZs is integrating the services and approaches they are developing into mainstream activity.
- 25 The HAZnet website captures and disseminates learning from the HAZ initiative and includes updates on progress and achievements in each HAZ, along with contact details and links to other HAZ related sites. Visit HAZnet at <http://www.haznet.org.uk> or contact the enquiry line on 020 7413 1994.

Box C Health Action Zones

Nottingham Health Action Zone- Healthy Housing Referral Project

The Healthy Housing Referral Project will introduce and operate a multi-agency referral system aimed at tackling fuel poverty. The project will link health and social services home visitors to agencies that can offer energy efficiency grants and home improvement services for the benefit of vulnerable residents. A centralised, cross-boundary referral system will create the link between demand and delivery and a referral worker will promote the system and provide information to partner organisations.

The project will contribute to preventive care by reaching communities in deprived areas and those who are vulnerable, sooner than would occur under existing circumstances. The improved health/preventive healthcare should contribute to savings on GPs' time, and lead to a reduction in hospital admissions.

Bradford Health Action Zone - Energy Saving on Prescription

The project aims to improve the energy efficiency of 1,600+ households over a three year period and develop a referral mechanism in conjunction with the Bradford Health Authority. The project hopes to tackle the root cause of cold related illness by identifying those people living in poorly heated and insulated homes and train up to 120 front line Health Authority staff in energy awareness.

Home Energy Efficiency Scheme (HEES)/Warm Front Team (WFT)

- 26 Following the conclusion of a local seminar aimed at frontline NHS staff in Primary Care, an action plan involving over 60 approaches to promoting the HEES/WFT was agreed and has now been implemented. Nursing and other staff who care for people in their own homes are often the first to realise how cold, damp homes impact upon a person's health. The seminar has resulted in an 80% increase in referrals to HEES/WFT; 500 additional people have been referred to HEES/WFT as a direct result of this HAZ sponsored programme.

Keep Warm Keep Well Campaign

- 27 Each year DH runs a national "Keep Warm, Keep Well" campaign, which provides advice to vulnerable people (mainly older people) on how to keep themselves and their homes warm in winter. The campaign runs from October to March each year and is a joint venture between Government and the voluntary sector, led by DH with input from DWP, DTLR and three voluntary organisations (Help the Aged, Age Concern and NEA). It provides free booklets and a telephone helpline. The campaign's messages include advice on measures such as draught-proofing, insulation of the home and how to apply for grants and benefit payments, along with the health benefits of keeping warm. The lessons learned from a number of research projects were used to reshape the focus of the campaign.

SCOTLAND

Health Improvement Programmes

- 28 In Scotland each area NHS board has a responsibility for developing joint local health improvement plans for each local authority area. These plans will form key chapters in community plans. Overall responsibility for agreeing the local health improvement plans will lie with community planning partnerships. These Plans will set the framework for local action on health improvement, combining a range of nationally and locally set targets and milestones for achieving measurable improvements. Alongside initiatives like Social Inclusion Partnerships and community planning, they provide a framework for boards to join local partners in assessing local health needs, identifying what is required to address national and local priorities and agreeing how each can contribute, thereby facilitating comprehensive local action programmes. The national priorities that set the context for the local health improvement plans include those set out in 'Towards a Healthier Scotland' (which, for example, recognises the importance to health of life circumstances and the prospect that improved housing could lead to less sickness linked to damp and cold), the Social Justice framework and 'Our National Health - a plan for action, a plan for change'.

The NHS Helpline

- 29 The NHS Helpline was launched in October 1992 as a freephone information service providing callers with access to information about health matters and the NHS in Scotland. In recent years the service has been expanded to provide callers with information about local social care services and to provide support for unpaid carers seeking advice and information.
- 30 In addition, during the winter months the NHS Helpline also provides advice to those who are particularly vulnerable to the effects of cold weather: old people, disabled people and families on low incomes with children under 5 years of age. Advice is available on heating and insulation; what to do in an emergency; sources of help and the availability of Warm Deal grants. A keep warm message is included in the normal Press advertising for the NHS Helpline during the winter months.
- 31 The NHS Helpline will become part of the services provided by NHS 24, when this is available in Scotland. NHS 24 will be the Scottish version of the NHS Direct service, and will begin operation in the North of Scotland early in 2002 and roll-out across the rest of Scotland thereafter. Full coverage of Scotland should be completed by the end of 2004.

WALES

Community regeneration

- 32 *BetterWales* and its successor *Plan for Wales 2001* sets out the priority which the Assembly has given to give to combat poverty and social disadvantage and to bridge the gap between the most deprived communities in Wales and the more affluent ones.
- 33 The Assembly's flagship programme *Communities First*, is a new concept in community regeneration in Wales. Targeted at the most deprived communities in Wales, the programme will involve long term commitment by local authorities, the Assembly and other key agencies to promote real partnerships at local level for the delivery of action. It will be community led helping to transform the most deprived into self-sustaining communities through economic and physical renewal. Improvements to the fabric of dwellings and increased participation in the labour market will do much to alleviate fuel poverty.

Keep Well This Winter campaign

- 34 The purpose of this campaign was to provide information and support to people over the age of 65 to enable them to keep well during winter, with a particular emphasis on the most vulnerable within this age group.
- 35 Keep Well This Winter ran from October 2000 to February 2001, bringing together a number of existing Assembly campaigns, thus providing an opportunity to get the message across more effectively. A detailed action plan was drawn up to implement the campaign. The aim was to spread a number of key messages and practical advice, including the

value of the flu jab, adequate nutrition, and safety in the home; where to get help and support and how to keep warm through the winter, by improving the energy efficiency of the home and wearing adequate clothing at all times.

- 36 The campaign was delivered in partnership with a range of organisations from the statutory and voluntary sectors including the Health Service, Wales Council for Voluntary Action, RNIB Cymru, Wales Youth Agency, Food Standards Agency, NEA and EST. Both the NEA's Warm Homes Week and the EST's Energy Efficiency Week carried Keep Well this Winter information. These organisations will be participating in the campaign, which was launched on 5 October, again this year.

Keep Warm Keep Well campaign

- 37 The Keep Warm Keep Well campaign disseminates important information about keeping warm in cold weather. It is targeted principally at older people and other vulnerable groups. In Wales it is run by Age Concern Cymru on behalf of the National Assembly who support the campaign through grant funding. It has generally proved to be very successful and well received by older people, their carers and representatives. The campaign was an information initiative through the use of a Keep Warm Keep Well booklet aimed at older people; a care worker's booklet, intended to help those working with older people to identify signs of hypothermia and to offer appropriate help and support (also helpful to informal carers); audio tapes of the Keep Warm Keep Well messages in the booklets; and media coverage.

NORTHERN IRELAND

Public health strategy

- 38 Whilst there have been significant advances in the prevention and treatment of disease, the reality is that in Northern Ireland levels of premature death and illness are excessively high and still compare unfavourably with other developed countries. A public consultation exercise has recently been completed on *Investing For Health*, a publication setting out proposals for a new strategy to improve the health of all Northern Ireland people. It aims to reduce the inequalities in living and working conditions, which cause ill health and to bring health standards up to those of the best regions in Europe. It sets out the Northern Ireland Executive's ideas on a new approach to public health and sketches a vision for making society both fairer and fitter. The proposals are far reaching in the health sense, taking into consideration fuel poverty and excess winter deaths. In order to be effective, the strategy proposes strengthening links with other Government programmes including, in particular, education, social development, housing, the environment, transport, employment and public safety. *For further information on the new Strategy, contact Michael Bloomfield at the Department of Health, Social Services and Public Safety, Tel: 02890 520779. Or e-mail publichealth@dhsspsni.gov.uk*

Health Action Zones (HAZs)

- 39 Northern Ireland's first two HAZs in North and West Belfast and in Armagh and Dungannon, were established in April 1999 to tackle health issues in a holistic way by bringing together various statutory and voluntary groups to promote health and general wellbeing. The HAZs will address health inequalities and link this to work aimed at regenerating housing areas and creating employment. Each Zone is core funded to £150,000 for 3 years to cover initial set up costs and the supporting infrastructure.
- 40 Beechmount, an area of social and economic deprivation in West Belfast, is part of the North and West Belfast HAZ, where the Department for Social Development has invested £1.44m in a pilot project to tackle fuel poverty through the provision of energy efficiency measures and central heating systems. As part of the Armagh and Dungannon Health Action Zone, two Energy Efficiency Zones were recently launched in Aughnacloy and Darkley to provide insulation and heating measures for vulnerable households, as well as improvements in the health and wellbeing of local people. NIE and the Department for Social Development provided funding totalling £300,000. A second phase of Zones has recently been announced. The new Zones are to be established in the Western and Northern Health and Social Services Board area. *For further information on HAZs, contact Stephanie Tallentire at the Department of Health, Social Services and Public Safety, Tel: 02890 520784 or e-mail publichealth@dhsspsni.gov.uk*

Keep Warm Keep Well Campaign

- 41 The “Keep Warm Keep Well Campaign” also operates in Northern Ireland. The Department of Health, Social Services and Public Safety provided funding of £19,500 in 2000/01 for the Campaign. *For further information contact Margaret Sisk at the Department of Health, Social Services and Public Safety, Tel: 02890 524750.*

Neighbourhood renewal

- 42 The Government’s White Paper, Partnership for Equality (1998) launched New TSN (Targeting Social Need) as a means of redirecting resources towards areas and people in greatest social need. New TSN involves Government Departments and their agencies working in partnership with the private and voluntary sectors. The Northern Ireland Housing Executive’s neighbourhood renewal and urban/rural regeneration programmes recognise that renewal goes beyond the physical condition of the stock and can make a significant contribution to economic regeneration, health and welfare gains and community development. The Housing Executive believes it can make a significant contribution to and indeed lead some of the multi-agency renewal programmes to promote social inclusion. To tackle this objective, the Housing Executive has set itself a number of aims. *Further information can be obtained by telephoning 02890 240588 or visiting the Housing Executive’s website at www.nihe.gov.uk.*

Annex D The English definition of a fuel poor household

1 To enable fuel poverty to be tackled it is essential that the problem is defined so that the extent of the problem can be estimated, and progress on tackling it can be monitored. The Ministerial Group on Fuel Poverty considered the definition of fuel poverty for England, taking account of the feedback received from the consultation exercise carried out for new HEES/WFT. The Ministerial Group decided that the number of households in fuel poverty in England should be displayed on the basis of two definitions as follows:

i) **Definition to be focussed on for target setting**

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 (ISMI)) on all household fuel use.

ii) **Additional definition**

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 (not including Housing Benefit or Income Support for Mortgage Interest ISMI) on all household fuel use.

2 The definition(s) to be used will be considered further once the position on the definitions to be used in the Devolved Administrations becomes clear, with the aim of agreeing a common UK wide definition.

3 In coming to these definitions 3 main issues were considered: -

- Fuel use to be included
- Definition of household income
- The 10% cut off point

The issues surrounding the definition of fuel poverty were consulted upon as part of the public consultation on the new HEES/WFT.

Fuel use to be included

- 4 As part of the consultation on the proposals for new HEES/WFT the following question was asked:
- Should fuel for non-heating purposes be considered when deciding whether a household is fuel poor?
- 5 The consultation responses showed a strong view that other fuel use should be included in calculating the total amount of fuel needed (54% in favour, 40% not commenting, 6% offering alternative suggestions).
- 6 Excluding other household fuel uses could have a marked effect on estimates of the number of fuel poor households. Fuel use for lighting and cooking purposes could also be considered as essential use.
- 7 It was therefore decided that the definition of fuel poverty should be based on all household expenditure on fuel, including that used for non-heating purposes.

Definition of household income

- 8 As part of the consultation on the proposals for new HEES/WFT the following question was asked:
- In calculating the household income, should housing costs met by Housing Benefit (or ISMI), but not paid by the household directly, be excluded from income? Or would it be better to include housing costs met by Housing Benefit or ISMI as part of income when calculating whether a household is fuel poor?
- 9 The consultation responses on this issue were mixed with 40% again abstaining; 34% feeling that housing costs met by housing benefit (or ISMI) should be included when calculating household incomes; 20% felt the opposite; and 6% suggesting that either approach was

acceptable but that the percentage figure used to determine fuel poverty should reflect the latest figure from the Family Expenditure Survey.

- 10 The effects of the various options for calculating household income on the number of fuel poor households in England are shown below. The figures are derived from the 1996 EHCS and assume fuel costs include that for non-heating purposes and the 10% cut off point. As would be expected, when housing costs met by Housing Benefit (or ISMI) are not included as part of income, the overall household income decreases and hence the number of fuel poor households is increased.
 - Take all household income - 4.3 million fuel poor or 22% of all households.
 - Exclude (housing costs met by) Housing Benefit and ISMI from household income - 5.3 million or 27% of all households. (The definition used in the 1991 EHCS)
 - Exclude all housing costs from household income (i.e. all mortgage/rent payments and Housing Benefit/ISMI excluded from income) - 6.8 million or 35% of all households.
- 11 Excluding only housing costs met by Housing Benefit/ISMI is inconsistent as under this approach those receiving these benefits will have their housing costs excluded from income whilst those not in receipt of these benefits will have their housing costs included as part of their income. However, because this is the definition that has been used in the past figures for the number in fuel poverty will continue to be produced on this basis to allow comparisons of trends to be made.
- 12 The definition to be used for target setting has been selected as that where housing costs met by Housing Benefit (or ISMI) are included as part of household income. This treats those in receipt of benefits in the same way as those without benefits and is the definition that received the most support in the New HEES consultation

exercise. It is also the definition which is broadly consistent with Government convention.⁹

- 13 Excluding all housing costs from income would lead to those on higher incomes with more expensive (and often larger, harder to heat) properties being classed as fuel poor.

The 10% cut off point

- 14 The 10% cut off point has been used for many years now. The 1988 Family Expenditure Survey (FES) showed that households in the lower three income deciles spent, on average, 10% of their income (not including Housing Benefit or ISMI as part of income) on fuel for all household uses. It was assumed by researchers in the fuel poverty field that this could be taken as representing the amount that low-income households could reasonably be expected to spend on fuel.
- 15 Some of those working in the fuel poverty field have suggested that the cut off point should be changed each year to be based on the latest FES expenditure for those in the lowest three income deciles. However, this would mean that each year the cut off point changed, and because it is based on the average expenditure in the lowest three income deciles it would be impossible ever to remove all households from fuel poverty. It would be impossible to define an achievable target using this approach, nor to monitor progress on a consistent basis over time.
- 16 It has therefore been decided that the 10% cut off point should be maintained as a reference point.

⁹ The Households Below Average Incomes (HBAI) series presents analysis using two definitions of income, namely before and after housing costs. These measures are adopted by the Government to monitor low income in its annual poverty and social exclusion report, Opportunity for all, and are also included as indicators of low income within the Fuel Poverty Strategy. The measure proposed here which includes all benefits received approximates to the before housing costs definition used in HBAI. The after housing costs definition of income used in HBAI is net of all housing costs i.e. the definition proposed here which excludes only those housing costs met by Housing Benefit or ISMI is not consistent with the approach taken for wider analysis of low income.

Annex E Fuel poverty monitoring

Chapter 8 sets out the proposals for monitoring progress on fuel poverty, including the development of a set of indicators. This annex presents the current position on the production of the indicators identified by the Fuel Poverty Monitoring and Technical Group.

To understand the effectiveness of measures to tackle fuel poverty it is essential to have in place agreed indicators against which progress can be monitored.

Terms of reference

The terms of reference for the Fuel Poverty Monitoring and Technical Group are to:

- 1) examine the indicators of fuel poverty already in existence and consider the effectiveness of these existing indicators in measuring and monitoring fuel poverty;
- 2) highlight areas where current indicators do not meet requirements and identify measures to address any gaps that exist in current indicators;
- 3) propose indicators which can be used to monitor progress on tackling fuel poverty;
- 4) develop proposals for the collection and modelling of information on the number of households in fuel poverty; and
- 5) comment on best practice for collating and analysing data.

The Group will consider fuel poverty for England, although in many instances it may be necessary to consider the UK due to data availability. It will continue to meet to keep the monitoring under review.

Current Membership of Fuel Poverty Monitoring and Technical Group

Group members

Department of Trade and Industry
Graham White (Chair) / Lesley Petrie

Department of the Environment, Food and Rural Affairs
Mitesh Dhanak

Department for Transport, Local Government and Regions
Helen Giles

Department for Work and Pensions
Jackie Oatway

Department of Health
Diana Lowe

Ofgem
Virginia Graham / Dave Barnes

energywatch
Lesley Davies

Local Government Association
John Crouch

Centre for Sustainable Energy
William Baker

Age Concern
Gretel Jones

Energy Saving Trust
Zoltan Zavody

Building Research Establishment
Julie Dunster / John Riley

Communities Scotland
Celia MacIntyre

Electricity Association Fuel Poverty Task Force
Philip Kear

Non members who receive papers from the Group

Her Majesty's Treasury Michael Collins	Social Exclusion Unit Andrew Whitehouse
National Assembly for Wales Francois Samuel	Environmental Change Institute, University of Oxford Brenda Boardman
Scottish Executive Geoff Huggins	Chair of Fuel Poverty sub-group of the Energy Efficiency Partnership Michael King
Northern Ireland Assembly David Crothers	Director, National Energy Action William Gillis

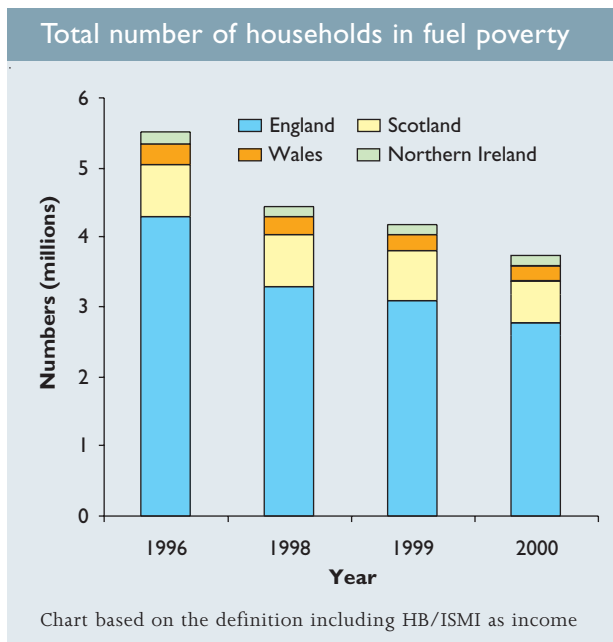
Indicators of fuel poverty

The Indicators currently being used to monitor Fuel Poverty are:-

Indicator Type	No.	Title	Page No.
Headline	1.	Number of households in fuel poverty	111
Income	2.	Proportions of children, working age adults and pensioners living in households with low incomes	113
	3.	Winter fuel payments	116
	4.	Cold weather payments	118
	5.	Overall levels of income support & gains for families with children and pensioners	120
	Fuel Prices	6.	Expenditure on fuel (as a percentage of total income) of the lowest 30% income groups	125
7.		Fuel prices	127
8.		Number of customers on prepayment meters	129
9.		Levels of fuel debt	131
10.		Number of disconnections due to fuel debt	133
11.		Uptake of social tariffs	135
12.		Numbers on Fuel Direct	136
13.		Customers switching supplier	137
Housing		14.	Energy efficiency (SAP rating) of the housing stock of the lowest 30% income group	139
	15.	Temperature within dwellings	141
	16.	Occupancy levels	143
	17.	Excess winter deaths	145
	18.	Number of households helped through and expenditure on Home Energy Efficiency Schemes	147
	19.	Number of households helped through and energy savings from EESoPs (now EECs)	149
	20.	Number of households helped through schemes operated by energy suppliers to help the fuel poor	151
	21.	Local Authority housing investment on energy efficiency improvements	152

HEADLINE INDICATOR

I The number of households in fuel poverty

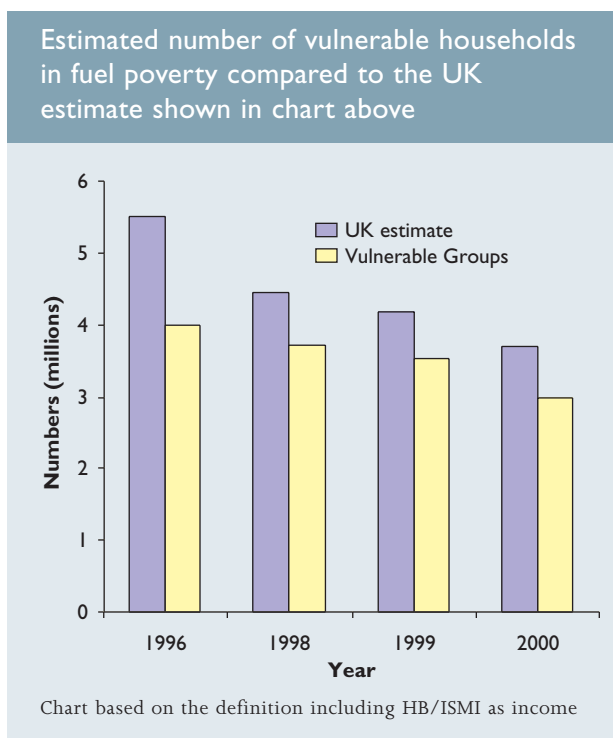
Number of households in fuel poverty¹ (millions)

	1996	1998	1999	2000
England	4.3 (5.3)	3.3 (4.5)	3.1 (4.2)	2.8 (3.9)
Scotland	0.7 (..)	.. ..	.. ..	.. ..
Wales ⁽²⁾ (0.2)	.. ..	.. ..
Northern Ireland ⁽³⁾	.. (0.2)	.. (0.2)	.. ..	.. ..
UK estimate	About 5½ (6½)	About 4½ (5½)	About 4 (5½)	About 4 (5)

(1) Figures in brackets do not include Housing Benefit/ISMI as part of income

(2) Wales figure is a 1997/98 estimate

(3) Northern Ireland estimate is based on data for 1995-1998 from the Northern Ireland FES

Number of vulnerable households in fuel poverty¹ (millions)

	1996	1998	1999	2000
England	3.0 (3.7)	2.7 (3.7)	2.6 (3.6)	2.3 (3.2)
Scotland	0.5 (..)	.. (..)	.. (..)	.. (..)
Wales ⁽²⁾	..	(0.2) ²..	....	....
Northern Ireland	....	....	....	....
UK estimate	About 4 (4½)	About 3½ (4½)	About 3½ (4½)	About 3 (4)

(1) Figures in brackets do not include Housing Benefit/ISMI as part of income

(2) Wales figure is a 1997/98 estimate

Source:

England - 1996 EHCS, 1998 EFUS, DTLR, DEFRA, 1999 and 2000 modelled estimates

Scotland - Scottish House Condition Survey, Scottish Executive

Wales - Welsh House Condition Survey, National Assembly for Wales

Northern Ireland - Northern Ireland FES

Coverage:

United Kingdom

Relevance:

The number of households in fuel poverty is measure of the success of the Government's Fuel Poverty Strategy.

Aim:

The goal of the Government and the Devolved Administrations is to put an end to fuel poverty in the UK. An overall target and interim targets for each administration are set out in Chapter 2.

Key messages:

The number of households in fuel poverty has been reducing since 1996 as has the number of vulnerable fuel poor. In broad terms it is estimated that the number of fuel poor households in the UK has fallen from about 5½ million in 1996 to about 4 million in 2000. The number of vulnerable fuel poor is estimated to have fallen from about 4 million to about 3 million.

Technical notes:

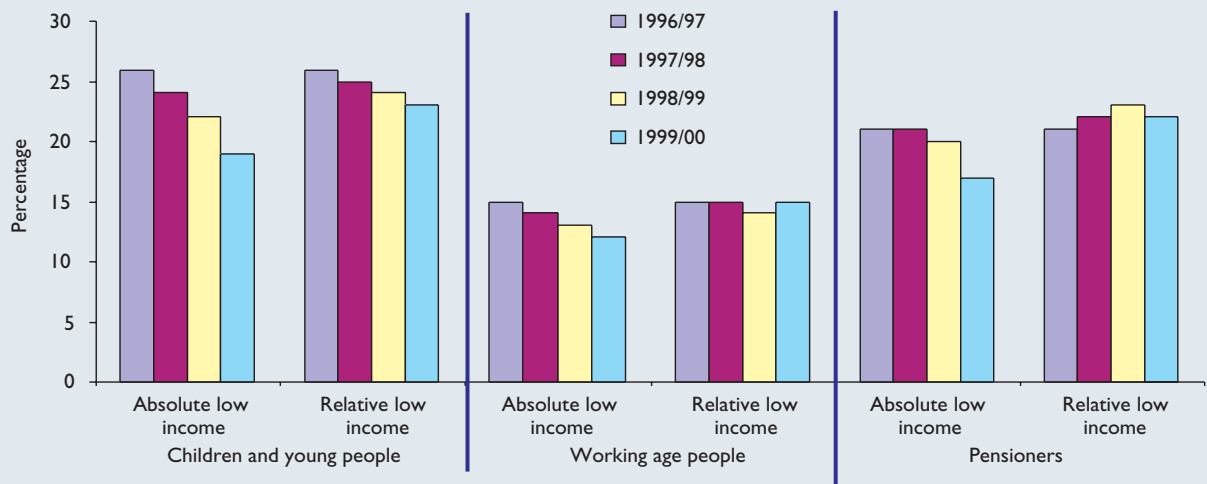
The number in fuel poverty has been estimated at 3.3 million for England for 1998, data is available for Wales and Northern Ireland for 1998 using different definitions and different data sources. The 1999 and 2000 figures for England are broad estimates, based on changes in incomes and fuel prices (see Chapter 4). In the future it is planned that an annual model will be used to estimate the number of households in fuel poverty each year in England. It is hoped annual figures will also be available for Wales, figures for Northern Ireland and Scotland are likely to be five yearly.

The definitions and sources used by each of the Devolved Administrations for determining the numbers in fuel poverty are set out in Boxes 8.1 and 8.2 respectively.

INCOME INDICATORS

2 Low incomes - the proportion of children, working age adults and pensioners living in households with relative low incomes and low incomes in an absolute sense.

Percentages of children, working-age adults and pensioners living in households with income below 60% of median (before housing costs) ⁽¹⁾



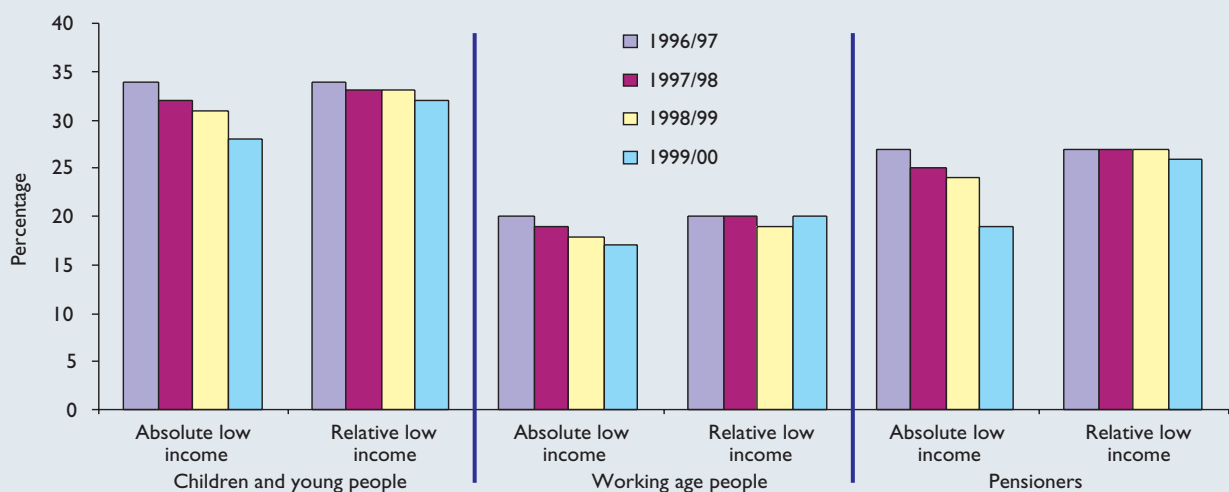
Source: Households Below Average Income

Notes: Low-income threshold - 60 per cent of median

Absolute low income - low income threshold held constant at 1996/97 levels in real terms ,

Relative low income - low income threshold moving each year

Percentages of children, working-age adults and pensioners living in households with income below 60% of median (after housing costs) ⁽²⁾



Source: Households Below Average Income

Notes: Low-income threshold - 60 per cent of median

Absolute low income - low income threshold held constant at 1996/97 levels in real terms ,

Relative low income - low income threshold moving each year

(1) Net equivalised income Before Housing Costs (BHC) consists of income from all sources net of National Insurance Contributions, Income Tax, private/occupational pension contributions and child maintenance payments.

(2) Net equivalised income After Housing Costs (AHC) consists of BHC income as defined above net of housing costs. These include rent (gross of Housing Benefit), mortgage interest payments, water rates, structural insurance premiums, ground rent and other service charges

Source:

Households below average income data, DWP

Coverage:

Great Britain

Relevance:

Low income is a prime cause of fuel poverty. These indicators have been selected from a range of low-income indicators set out in the Government's annual poverty and social exclusion report, *Opportunity for all*.

Aim:

To improve incomes by tackling worklessness, making work pay and increasing financial support for families. To tackle the problems of low income among pensioners. The Government has set the target of a quarter reduction in the number of children living in households with low income by 2004. The Welfare to Work Public Service Agreement sets out objectives and targets to provide employment opportunity for all, thereby improving life chances and reducing poverty.

Key messages:

The latest data for 1999/00 does not fully reflect the impact of all the measures that the Government has introduced to improve financial support and make work pay. For example: WFTC; Children's Tax Credit; the continued increases to the MIG in line with earnings; and changes to the lower and upper capital limits for MIG.

A strong economy with increasing employment has contributed to an increase in incomes throughout the income distribution, leading to a fall in the proportion of children and working-age adults living in households with low incomes in an absolute sense. There have also been large falls in the proportion of pensioners living in households with low income in an absolute sense, suggesting that incomes for those at the lower end of the income distribution have increased in real terms since 1996/97.

There have also been reductions in the proportion of children living in households with relative low incomes since 1996/97. The proportion of working-age adults living in households with relatively low incomes has also remained broadly constant (at around 15% on the before housing costs measure and 20% on the after housing costs measure).

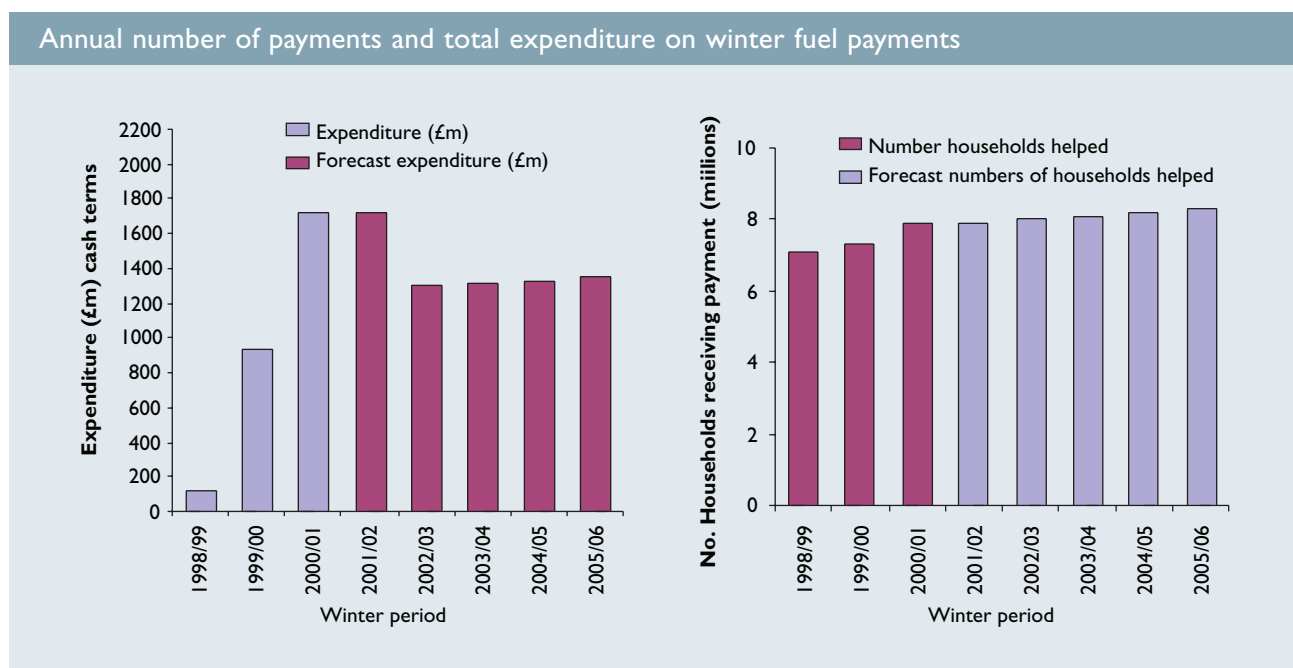
The 1999/00 relative low-income data for pensioners does not show improvements against the baseline. This reflects the fact that not all pensioners have shared the benefits from growth in the economy that has seen average incomes rise between 1996/97 and 1999/00.

Technical notes:

The indicators shown here are selected from a set of low-income indicators included in the *Opportunity for all* report. Other low-income indicators monitor changes in the proportion of people living in households with persistently low incomes. The *Opportunity for all* report presents a range of low-income thresholds, whereas the results discussed above are only based on the 60% of median threshold. A more comprehensive picture of changes in incomes at the bottom of the distribution is set out in *Opportunity for all*.

The absolute measure shown here fixes the low-income threshold at 60% of the 1996/7 level in real terms. The relative measure uses 60% of the contemporary median income.

3 Winter fuel payments



Source:

DWP

Coverage:

United Kingdom

Relevance:

This is an indicator of the Government's response. Winter Fuel Payments are payable to eligible individuals aged 60 or over, to help towards the cost of winter fuel bills. They do not relate specifically to the fuel poor. However, since in England half of those living in fuel poverty are of pensionable age, Winter Fuel Payments are therefore an important measure of additional assistance given to this vulnerable group.

Aim:

Winter Fuel Payments are significant, well-timed payments which further demonstrate the Government's commitment to alleviating fuel poverty by providing help to older households toward their winter bills.

Key messages:

Expenditure in 2000/01 increased to around £1.7 billion from around £780 million in 1999/2000 (around £930m including retrospective payments). This was the result of extending the payments to all aged 60 and over, removing the need for qualifying benefits and increasing the payment from £100 to £200. Around 11.5 million people in 8 million households benefited.

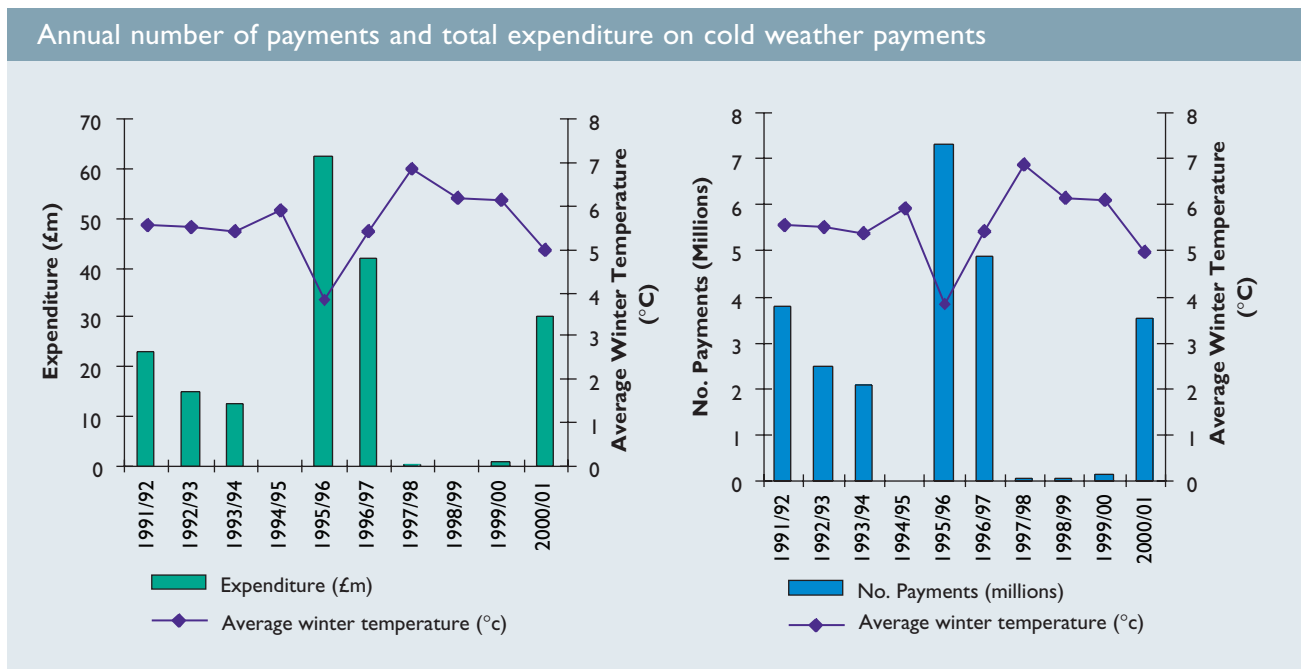
It has been estimated that in 2001/02, 22% of the expenditure on Winter Fuel Payments will go to pensioners in the bottom quintile of the overall income distribution, with 55% of expenditure going to pensioners in the bottom two quintiles of the overall income distribution¹.

Technical notes:

This indicator shows trends in the amount of financial support (and number of payments) provided through Winter Fuel Payments. Winter Fuel Payments are paid to individuals aged 60 and over. When they were first introduced there were two rates, one for people on Income Support or income-based Jobseekers Allowance and a lower rate for people on other qualifying benefits. The rates were increased to £100 for all pensioners for winter 1999/00 and increased again to £200 for winter 2000/01 and 2001/02. When more than one qualifying individual lives in a household each receives a 50% payment.

¹ The breakdown of Winter Fuel Payments into income bands is based on modelling work by the DWP, using the policy simulation model 2001/02, based on the Family Resources Survey 1999/00.

4 Cold weather payments



Source:

DWP and Northern Ireland Assembly

Coverage:

United Kingdom

Relevance:

This is an indicator of the Government's response. Cold weather payments are made automatically to vulnerable groups on Income Support or income-based Jobseekers Allowance in periods of cold weather. As such, it could be argued that it is more a reflection of the severity of the winter each year, but it is an important contribution to fuel costs for households in the vulnerable groups in times when heating is most important.

Aim:

To help towards additional heating costs for vulnerable groups on Income Support or income-based Jobseekers Allowance when there is a spell of very cold weather in their area.

Key messages:

People within the vulnerable groups qualify for an £8.50 automatic payment for each week of very cold weather.

It should be noted that Cold Weather Payments reflect very cold periods within a winter and thus do not necessarily follow the average winter temperature. This helps to explain the low number of payments in 1994/95 (just under 11,000) and in the three winters from 1997/98 to 1999/00 when there were few significant periods of very cold weather throughout the UK.

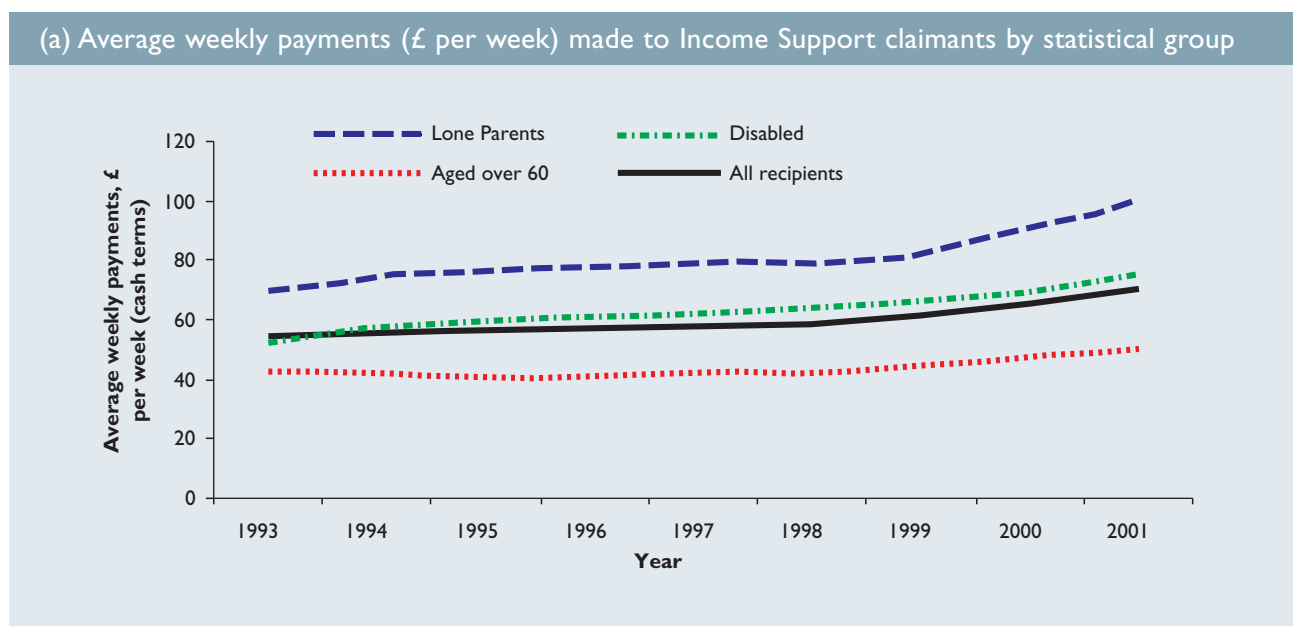
Technical notes:

Cold Weather Payments are made automatically to people in receipt of Income Support or Jobseekers Allowance who are aged 60 or over, have a child under the age of 5 or are long-term sick or disabled.

A period of cold weather is defined by the average temperature at a specified weather station being, or forecast to be, 0°C or below for over 7 consecutive days.

The temperature data used for this indicator relates to the average winter temperature during the months of December to March and is consistent with the temperature data used in the indicator on excess winter deaths.

5 Overall levels of income support



Source:

DWP, May 2001, Income support quarterly statistical enquiry.

Coverage:

Great Britain

Relevance:

This is an indicator of the Government's response. This indicator shows how the average amounts (in cash terms) received by different client groups have increased in recent years.

Aim:

Income Support (IS) is intended to help people on low incomes who do not have to be available for employment, due to circumstances such as age, sickness or disability, or lone parenthood.

Key messages:

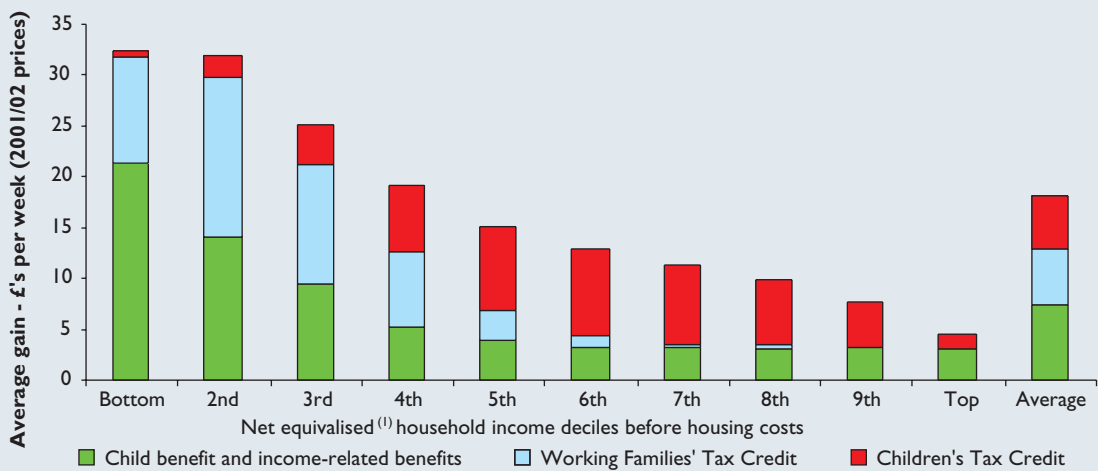
As a result of the measures shown in the chart and other measures introduced over the last Parliament, families with children will be on average £1,000 a year better off. Families with children in the poorest fifth of the population will on average be £1,700 a year better off.

Technical notes:

The amounts shown in the chart are in cash terms.

The amount of IS which a claimant can receive depends mainly on: their age, whether they have a partner and dependent children, special needs such as a disability or caring responsibilities, and liabilities for certain types of housing costs such as mortgage interest payments. The maximum amount which a claimant can receive is reduced by any income they have from other sources.

(b) Gains for families with children as a result of children’s measures, 1998-2001



(1) The process of equivalisation is used in determining which decile of income a household falls into. Equivalisation attempts to account for variations in the size and composition of the households in which individuals live.

Source:

HM Treasury

Coverage:

United Kingdom

Relevance:

This is an indicator of the Government’s response.

Aim:

To ensure that the tax and benefits system provides decent financial support for families with children, both in and out of work.

Key message:

The graph shows that families with children will be, on average, over £18 a week better off as a result of measures introduced in the last 3 budgets. The poorest families with children will gain on average over £32 compared to the 1997 policy regime.

Technical notes:

Children's Tax Credit was introduced in April 2001. It is worth up to £520 a year for around 5 million tax paying families.

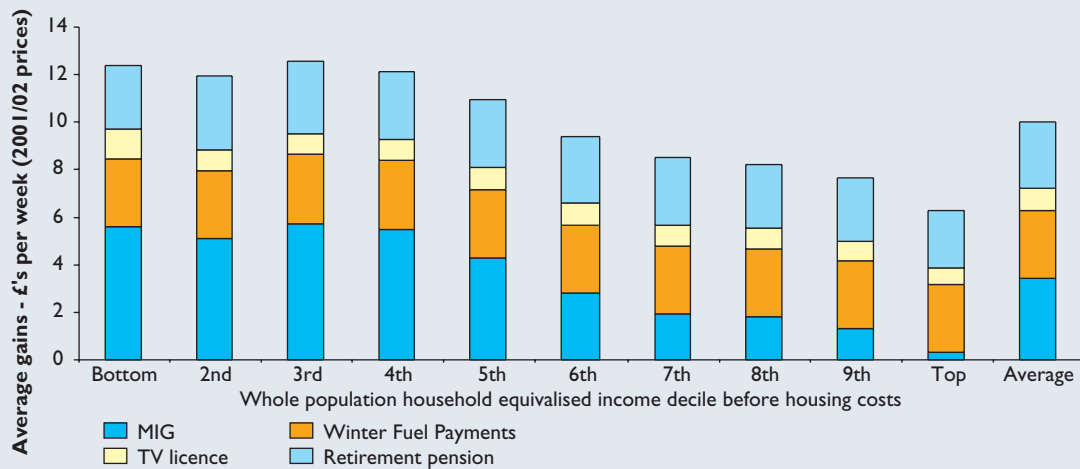
WFTC was introduced in October 1999. It is significantly more generous than its predecessor Family Credit. From October 2001, a family with children with someone working 35 hours a week is guaranteed a minimum income of £225 a week.

Child Benefit is payable to all families with a dependent child. It is now worth £15.50 a week for the eldest child and £10.35 a week for other children.

Since 1997, the under 11 child allowance in Income Support has risen by 80% in real terms. As a result of this and other improvements, by October 2001, a couple on Income Support, with two children aged under 11, will be nearly £1,700 a year better off.

The figures in the chart are 2001/02 prices.

(c) Weekly gains for pensioner families as a result of pensioner policy changes introduced between 1997 and Budget 2001, before housing costs - excluding tax changes, 1998-2001



(1) The process of equivalisation is used in determining which decile of income a household falls into. Equivalisation attempts to account for variations in the size and composition of the households in which individuals live.

Source:

DWP simulations based on the Family Resources Survey 1997/8

Coverage:

Great Britain

Relevance:

This is an indicator of the Government's response. Many of today's pensioners have low incomes partly because they have been let down by previous pension arrangements or have been unable to join or contribute to second-tier pension schemes. In May 2001, 1.7m pensioner households were receiving Income Support.

Aim:

To reduce the extent of poverty amongst today's pensioners.

Key message:

From April 2001 single pensioners in receipt of the MIG will be at least £15 a week (£800 a year) better off, and couples at least £21 a week (£1100 a year) better off in real terms since 1997 as a result of the increases to Income Support (IS) and the Winter Fuel Payments.

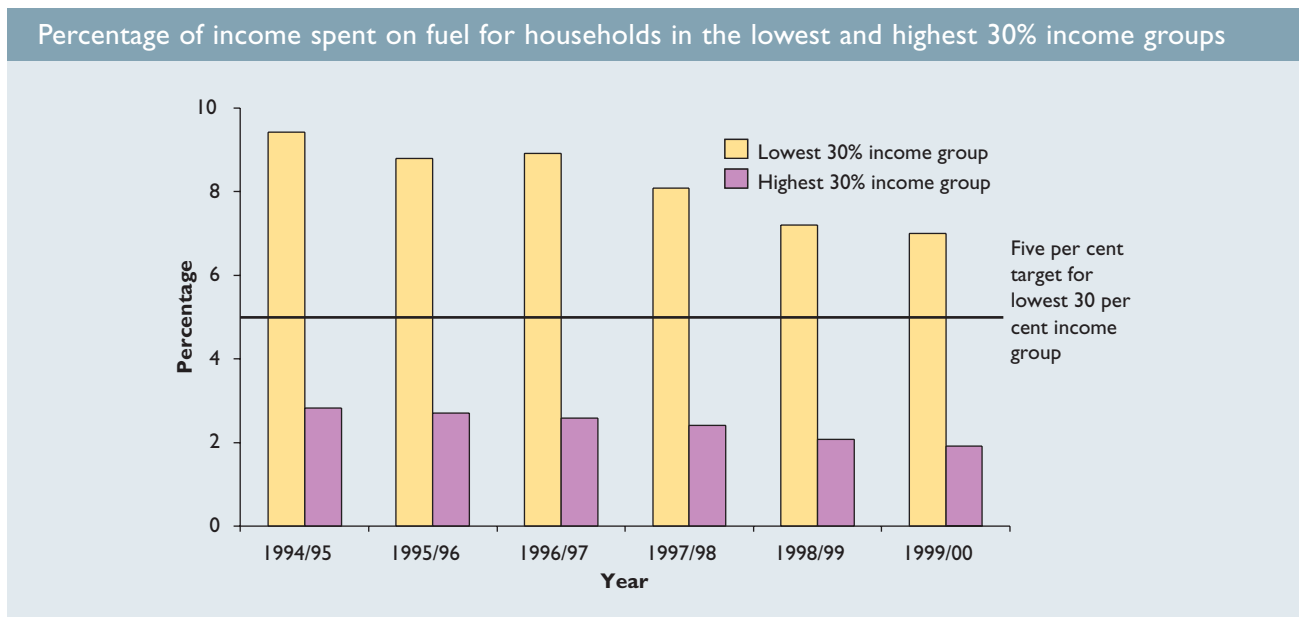
The largest gains are concentrated on those on the lowest incomes. Furthermore, the chart does not show the effects of the Government's MIG take-up campaign which will increase pensioners' incomes further, especially for the poorest.

Technical notes:

The MIG was introduced in April 1999 and uprated in line with earnings in April 2000. From April 2001 the age related premiums were equalised at the highest rate, making MIG worth £92.15 for single pensioners and £140.55 for couples. The rates will rise by at least earnings in April 2002.

FUEL PRICES INDICATORS

6 Expenditure on fuel (as a percentage of total income) of the lowest 30% income groups



Source:

Office for National Statistics, Family Expenditure Survey

Coverage:

United Kingdom

Relevance:

Fuel poverty is defined as the need to spend more than 10% of income on fuel. Whilst this indicator only covers actual expenditure, rather than necessary expenditure, it is a useful indicator of how changes in fuel prices are affecting those on lower incomes.

Aim:

The Government aims to reduce fuel expenditure as a percentage of income (including housing benefit and income support for mortgage interest) for the lowest 3 income deciles. The target is to reduce average expenditure for the lowest 3 income deciles to 5% by 2003/4.

Key messages:

This indicator shows the percentage of total income spent on fuel costs for the poorest households throughout the UK. In the five years from 1994/95, the proportion of income spent on fuel by the lowest 30% income households fell from 9.4% to 7.0% compared with a fall from 4.3% for all households to 2.9%.

Over the same period, the lowest 30% income households have spent over twice as much of their income proportionally on fuel than the average for all households and over three times that of the highest 30% income households.

Technical notes:

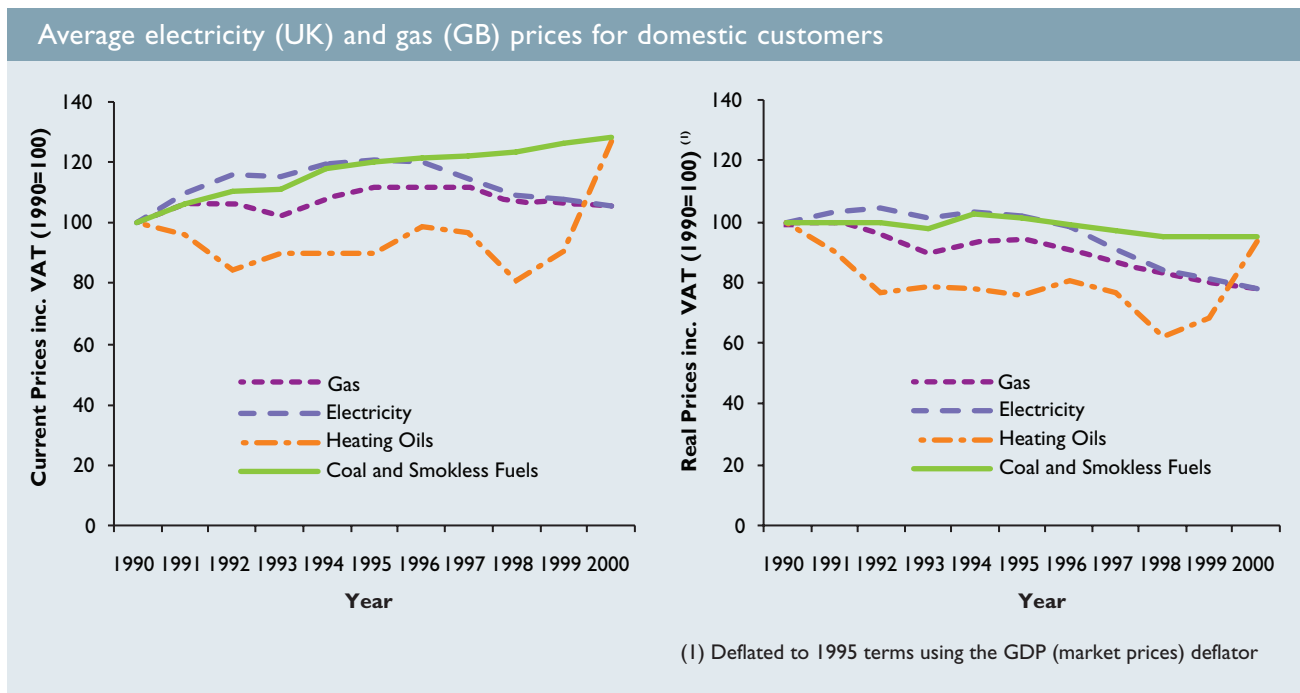
Gas prices to the end of 2000 have fallen by 18½% and electricity prices by 23½% in real terms since 1995; these falls are reflected in a fall in the amount spent on fuel in real terms by the lowest 30% income households of 24½% since then. This comparability could be an indication that customers have not been using the reduction in fuel prices for added comfort in terms of warmth or that there have been increases in energy efficiency measures that have off-set the need to use more fuel.

The lowest 30% of incomes has been focussed on because the definition of fuel poverty has its roots based on those in the lowest 30% of income groups. It is more consistent with the approach taken on incomes (60% of the median) than focussing on another percentage and it reduces the risk of sampling fluctuations showing false trends compared with using a narrower band such as the lowest 10%.

Not all households that fall within the technical definition of fuel poverty actually spend more than 10% on fuel. Many cannot. They may choose to use less fuel. But many do and may have to substitute expenditure on other items for fuel.

The possibility for developing an indicator which compares actual spend with spend required to heat the house to satisfactory standards is being investigated.

7 Fuel prices



Source:

Office for National Statistics, Retail Price Index

Coverage:

United Kingdom

Relevance:

Low energy prices are an important factor in reducing the number of households in fuel poverty.

Aim:

Competition in supply and continued regulatory controls in the transmission and generation markets to continue to exert downwards pressure on prices.

Key messages:

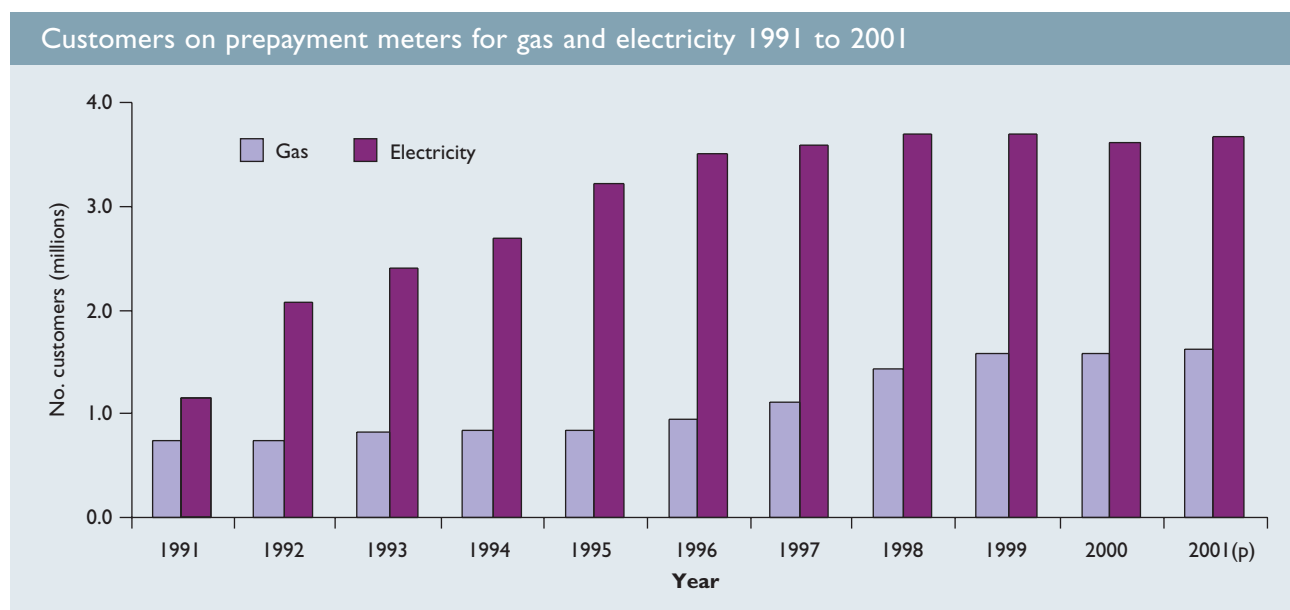
Average prices for gas and electricity have fallen by 17½% and 26% respectively in real terms in the five years to the middle of 2001. Prices in real terms for coal and smokeless fuels fell by 5½% in this period, whilst prices for heating oils rose by 20½%.

Technical notes:

This indicator shows changes in fuel prices paid by domestic customers throughout the UK in real and cash terms. VAT was introduced on domestic fuel at 8% in April 1994 and was reduced to its current rate of 5% in September 1997. Tight price controls throughout the 1990s on gas and electricity prices and the introduction of competition in the past few years have contributed significantly to the lower gas and electricity bills customers have enjoyed. The impact of competition and the introduction of the NETA will continue to exert downward pressure on prices, although it is recognised that other factors also affect the cost of fuel to customers. In particular, rises in the price of crude oil during 2000 have been the biggest contributor to the rise in the price of heating oils. Wholesale gas prices have risen sharply and this has also affected the price of gas paid by domestic customers which has risen by 2% in real terms between Q2 2000 and Q2 2001. Paragraphs 3.23 to 3.32 give more details of possible further price movements.

Some work has been carried out to look at how prices have changed for different groups of society such as retired households and single parent households. This has been published by the DTI as *Household Utilities Price Indices* and is available at <http://www.dti.gov.uk/energy/hupiworkingpaper/hupi.htm>.

8 Number of customers on prepayment meters



Source:

Ofgem, energywatch, DTI

Coverage:

Great Britain

Relevance:

Prepayment meters can be used by customers to control debt, however many prepayment meter customers pay more than customers paying by quarterly credit. Whilst it is recognised that not all prepayment meter customers are fuel poor, many vulnerable customers do use prepayment meters and whilst there is a price differential between prepayment meter customers and other customers, the numbers will be monitored.

Aim:

An increase in customers using prepayment meters is not in itself cause for concern. However, whilst prepayment meter customers continue to be charged at higher rates than those who pay by quarterly credit and direct debit, the number on prepayment meters should be falling as customers are encouraged to move to cheaper tariffs.

Key messages:

There has been an increase in the number of customers using this payment method during the 1990s for both fuels, the increase being more marked in the electricity industry where prepayment meters are now used almost exclusively in place of disconnection for customers in debt. There are currently

97,000 electricity prepayment meter customers in Northern Ireland in addition to the figures in the table above.

Data from the 1999/00 Family Expenditure Survey (FES) showed 55% of gas prepayment meters and 51% of electricity prepayment meters were used by households in the lowest 30% income group. In addition, the FES also showed that of those households who had a gas prepayment meter, 60% were households with children and 8% were retired households. For households with electricity prepayment meters, 53% contained children and 10% were retired households.

Customers on prepayment meters can also “self disconnect” by not recharging their meter. This can be deliberate (eg: budgeting) or accidental. Research carried out for the Electricity Association showed that most self disconnections were for periods of less than seven hours.

Technical notes:

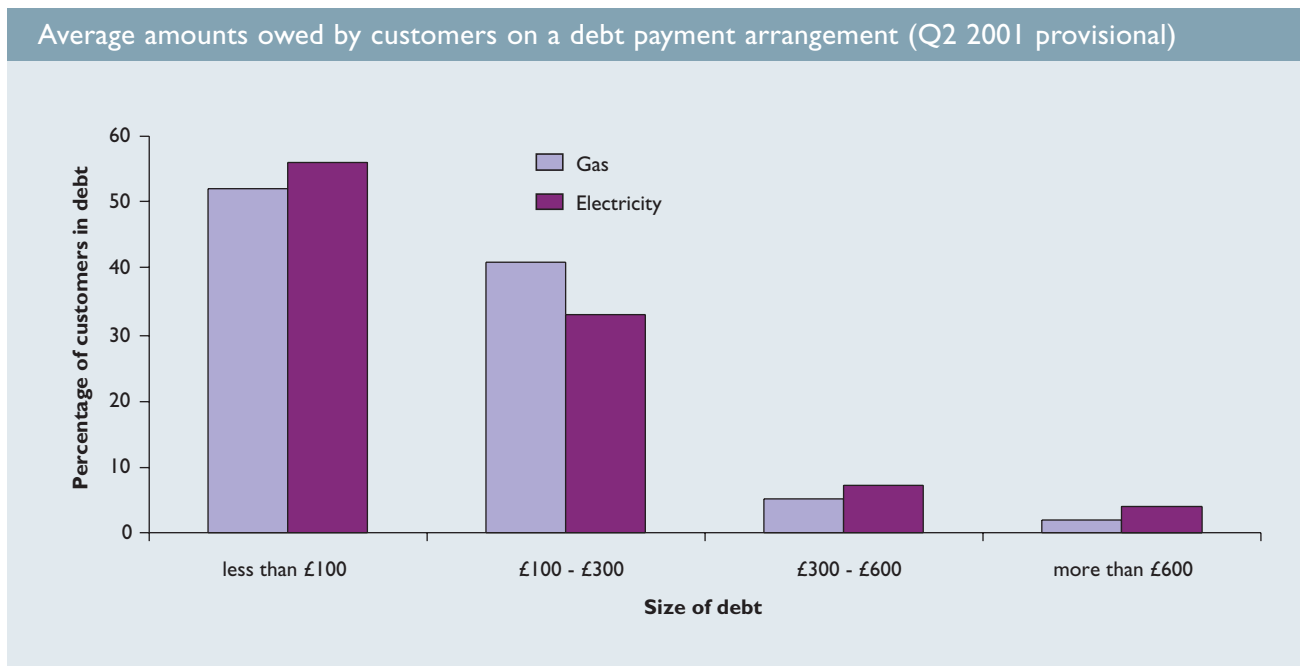
The table below shows how average annual bills have changed for different customers since 1995. In real terms the differential between credit customers and prepayment customers has narrowed in both gas (£20 in 1995 to £13 (provisional) for 2001) and electricity markets (£20 in 1995 to £15 (provisional) for 2001). In April 2000 Ofgem introduced, as part of the price controls for two years from April 2000, a ceiling of £15 for the Public Electricity Suppliers as the maximum additional annual cost over that of quarterly credit customers that the public electricity suppliers are able to charge prepayment meter customers. Gas prepayment meter customers of British Gas Trading pay the same as LatePay standard credit customers.

Cash terms (£)		1995	1996	1997	1998	1999	2000	2001(p)
Electricity	Credit	299	297	285	269	264	257	250
	Direct Debit	295	291	277	258	253	245	240
	Prepayment	319	317	302	285	281	274	268
Prepayment less credit		20	20	17	17	18	18	18
Gas	Credit	327	330	328	315	305	295	293
	Direct Debit	311	308	307	277	268	264	266
	Prepayment	347	350	349	331	318	311	309
Prepayment less credit		20	20	20	16	13	16	15
Real 1995 terms (£) ⁽¹⁾		1995	1996	1997	1998	1999	2000	2001(p)
Electricity	Credit	299	288	268	246	235	225	215
	Direct Debit	295	282	261	236	225	214	207
	Prepayment	319	307	284	261	251	240	231
Prepayment less credit		20	19	16	15	16	16	15
Gas	Credit	327	319	309	288	271	258	253
	Direct Debit	311	298	289	254	239	231	230
	Prepayment	347	339	328	303	283	273	266
Prepayment less credit		20	20	19	14	12	14	13

(1) Bills deflated to 1995 terms using the GDP (market prices) deflator

Source: DTI, based on quarterly survey of suppliers and assumes 3,300kWh per annum consumption for electricity customers and 18,000 kWh for gas customers.

9 Levels of debt



Source:

Ofgem

Coverage:

Great Britain

Relevance:

Customers in fuel poverty may be more likely to fall into debt as their necessary fuel expenditure to keep warm forms a high proportion of their income. This can lead to additional problems such as enforced use of (more expensive) prepayment meters or disconnection. The effectiveness of attempts to prevent and reduce debt therefore need to be monitored.

Aim:

Monitoring data will establish whether levels of debt are reducing.

Key messages:

Data collected by Ofgem for quarter 1 April to 30 June 2001 suggest that approximately 1.8 million gas customers and 1.4 million electricity customers have a long term debt (a debt which takes longer than 13 weeks (one quarter) to repay). The graph above shows the approximate breakdown of those debts into four categories, less than £100, £100 to £300, £300 to £600 and over £600.

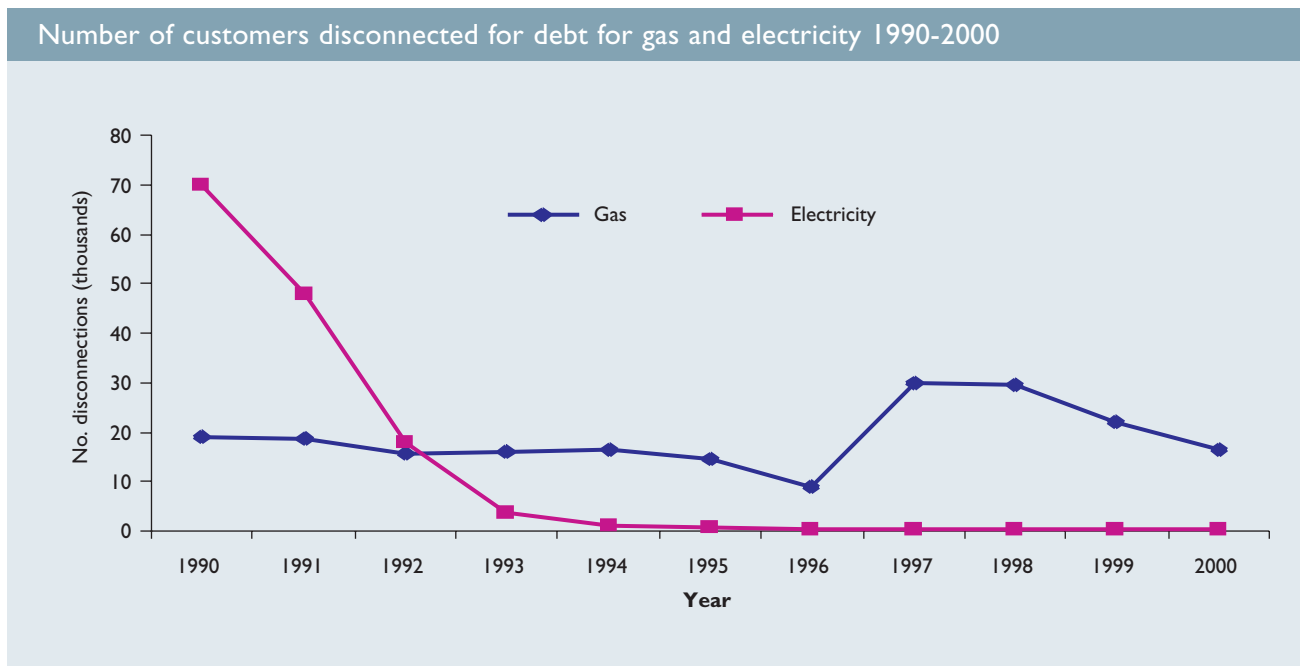
Further key findings on debt and recovery rates are shown below. These are still provisional at this stage, given that some companies have not yet been able to provide complete data.

- Approximately 5.6% of electricity customers and 9% of gas customers are repaying a long term debt
- Approximately 90% of customers repaying a debt owe £300 or less, with over 50% owing less than £100
- The average debt owed by electricity customers is £130, and the average owed by gas customers is £110
- On average gas prepayment customers are repaying debt at approximately £5.00 over 50 weeks, whereas gas credit customers are repaying at approximately £4.00 over 50 weeks
- On average electricity prepayment customers are repaying a debt at approximately £3.50 over 75 weeks, whereas electricity credit customers are repaying at approximately £4.50 over 50 weeks
- Approximately 12% of electricity prepayment meter customers (0.4m) and 65% of gas prepayment meter customers (1.1m) are repaying a debt through a prepayment meter
- Approximately 1m electricity credit customers and 0.7m gas credit customers are on debt payment arrangements (scheduled to last longer than 13 weeks).

Technical notes:

A greater focus on prevention of debt and improved dialogue between suppliers and customers is one of the priorities of Ofgem's *Social Action Plan*. On 1 April, after consultation with suppliers, energywatch and other customer agencies, Ofgem introduced new arrangements for monitoring how suppliers are complying with the obligations set out in their codes of practice on payment of bills and dealing with customers in difficulty.

10 Number of disconnections due to debt



Source:

Ofgem, GCC and Northern Ireland Assembly

Coverage:

United Kingdom

Relevance:

The number of people being disconnected for debt helps to illustrate customers' ability to pay bills in a timely manner. They also help to illustrate how companies are dealing with customers in debt.

Aim:

Numbers of customers being disconnected for debt to be reducing.

Key messages:

Disconnections for debt in the electricity industry have all but disappeared in recent years, companies preferring to install prepayment meters rather than disconnect customers. In Northern Ireland there are no electricity disconnections because of debt.

Technical notes:

Data on disconnections for the first 2 quarters of 2001 show that 11,944 gas customers and 194 electricity customers were disconnected between 1 January and 30 June. This compares with figures for the same period in 2000, during which 12,734 gas customers and 155 electricity customers were disconnected.

Data from Q2 2001 shows that 54% of gas customers and 88% of electricity customers are reconnected within a week of disconnection. Nearly a quarter of gas customers (23%) and half of electricity customers (52%) have their supply reconnected within 4 days. It should be noted that in the gas market in particular, customers are likely to seek reconnection sooner during the winter months (when supply is critical for heating) than in the summer months. The speed of reconnection is therefore likely to vary seasonally, and Q2 figures do not necessarily represent a constant picture.

The scale of reduction in disconnections for debt in the electricity industry has not been reflected in the gas industry. Whilst in the electricity industry a prepayment meter can usually be installed as an alternative to disconnection, this is not possible in the gas industry for safety reasons; a gas customer must co-operate so that safety checks can be undertaken on appliances at the time the meter is exchanged.

Customers on prepayment meters can also “self disconnect” by not recharging their meter. This can be deliberate or accidental. Recent research carried out for the Electricity Association Fuel Poverty Task Force suggest that around a quarter of customers who use prepayment meters self disconnect, most of whom were off supply for less than seven hours.

11 Uptake of social tariffs

Source:

DTI

Coverage:

United Kingdom

Relevance:

Many supply companies recognise that the needs of vulnerable customers are sometimes very different from the needs of other groups of customers and are taking positive and innovative steps to address this.

Aim:

To encourage and monitor new approaches to gas and electricity charging and lower tariffs.

Key message:

This indicator has not yet been fully developed. Further work carried out since the publication of the draft Strategy has identified some difficulties in separating out initiatives which would be monitored under this Indicator and Indicator 20: Other schemes introduced by energy companies to tackle fuel poverty. It is anticipated that an indicator will be available for the first annual update of the Strategy, but it may be that this will be a combination of these two areas.

A list of company schemes that could be monitored under this indicator can be found at Annex B, paragraph 9.

Technical notes:

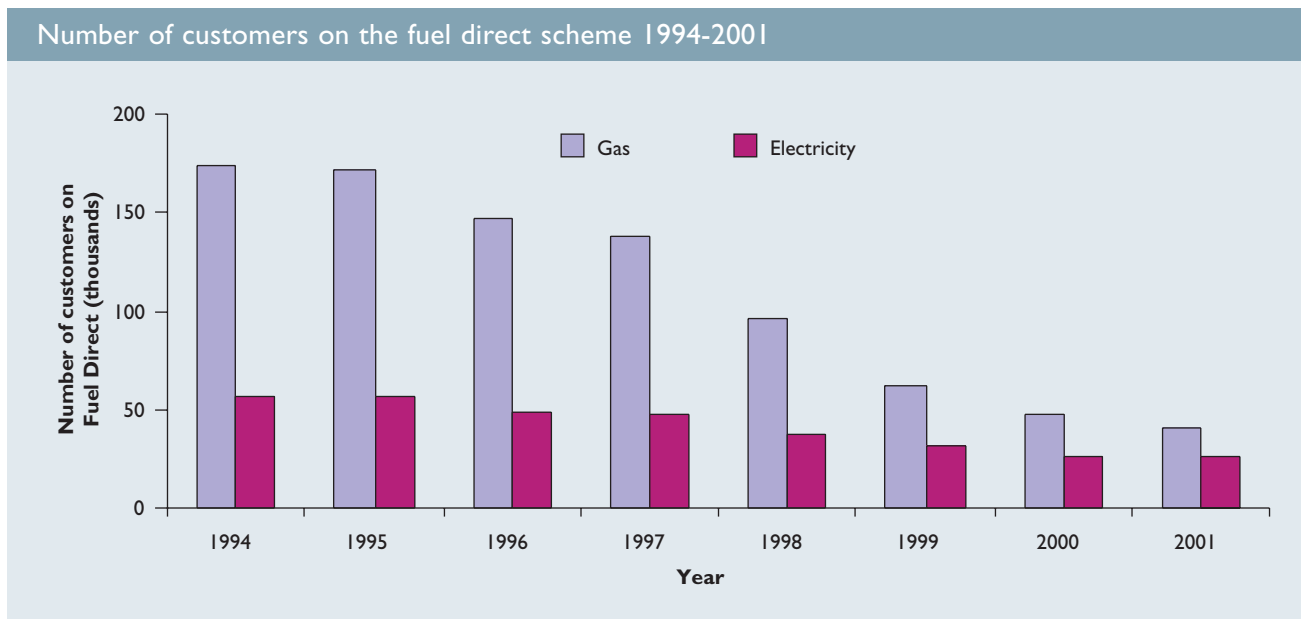
Over the summer DTI has been consulting with various industry representatives to develop this indicator and Indicator 20 to refine what information can be collected and ways in which to present it.

Broadly speaking, it has been proposed that some basic information about the schemes be provided by companies to the DTI, including information such as the objectives of the schemes and the number of customer benefiting from the schemes. Further information would be collected on the impact of the schemes in the three main areas identified as contributing to fuel poverty, namely energy efficiency, fuel costs and household income. It has been recognised that some schemes may have a wider scope than just these areas and it is planned that additional information will also be captured where appropriate, on health benefits and employment for instance. Where possible, information will be presented on an individual company basis.

It is acknowledged that there is potential for double counting of information collected for this indicator, particularly in the area of energy efficiency which is likely to be reported via the companies' EEC commitment as well. Some information on company schemes is already collected under Ofgem's Codes of Practice Monitoring, the proposals set out here go wider than what is currently collected.

On the whole, industry has been supportive of this approach. Further consultation will be carried out over the next few months with a view to starting data collection in the new year.

12 Numbers on fuel direct



Source:

DWP

Coverage:

Great Britain

Relevance:

This illustrates the number of deductions being made from Income Support or Income-based Jobseeker's Allowance for vulnerable recipients with fuel debts to secure their fuel supply.

Aim:

To avert the threat of disconnection and help secure essential fuel supplies to vulnerable households.

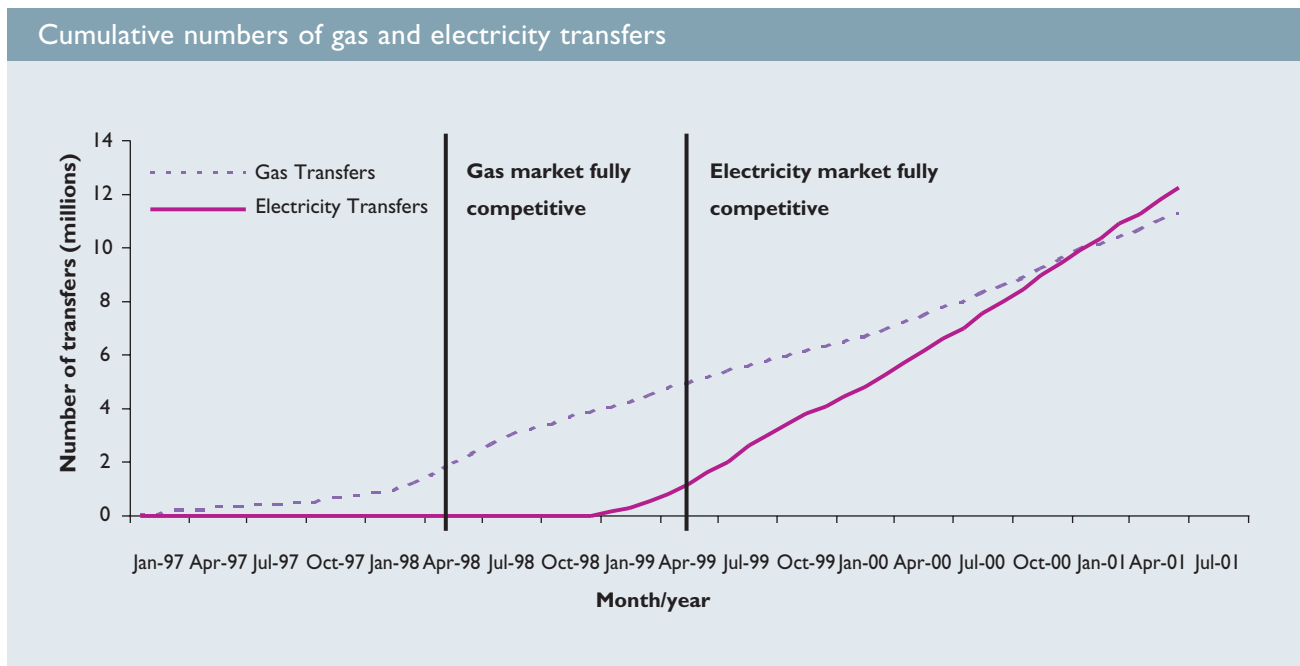
Key messages:

A working group convened by Ofgem with representatives of suppliers and relevant government departments has been examining the operation of Fuel Direct with a view to making improvements in the scheme (See also Chapter 3 paragraphs 3.43 to 3.46).

Technical notes:

Fuel Direct is a scheme designed to act as a last resort measure for vulnerable households receiving Income Support or income-based Job Seekers Allowance who are threatened with the disconnection of an essential fuel supply. It allows for deductions to be made from benefit, towards repayment of the debt (currently £2.70 a week) and current consumption, to be paid by the DWP direct to the consumer's supplier.

13 Customers switching



Source:

Ofgem, DTI

Coverage:

Great Britain

Relevance:

The competitive market gives customers choice and has introduced lower prices for gas and electricity customers.

Aim:

To monitor the number of customers switching, particularly with regard to prepayment meter customers.

Key messages:

There are different rates of switching between customers on the three main payment methods when choosing a supplier other than their original supplier. It is a feature of both markets that the group of customers who currently pay most for gas and electricity, prepayment meter customers, are not changing from their original supplier as much as customers who pay by direct debit and quarterly credit.

Research carried out for Ofgem (*Experience of the Competitive Market - Research Study Conducted for Ofgem by Mori* January 2001) suggests households on very low incomes (under £4,500 per annum) lag behind other groups in terms of switching, with only 13% of such households having switched electricity supplier (compared with the national average of 18%) and 24% having switched gas supplier (compared with the national average of 29%).

At the end of March 2001, only 6% of customers no longer with their original gas or electricity supplier use prepayment meters compared with 12% of customer in the population as a whole. In contrast, 46% of customers no longer with their original gas or electricity supplier pay by direct debit, compared with 39% in the population as a whole. Competition in the domestic energy market has appealed more to customers paying by direct debit than to customers paying by prepayment meter, who have tended to stay with their home supplier.

Provisional 2001 figures show a standard credit customer no longer with their original supplier can see an annual average saving of £15 for electricity and £49 for gas over customers who have not changed supplier. Comparable figures for direct debit customers are £15 and £28 respectively. Prepayment meter customers can see a saving of about £3 on electricity, but pay on average £11 more than prepayment meter customers who have not changed supplier.

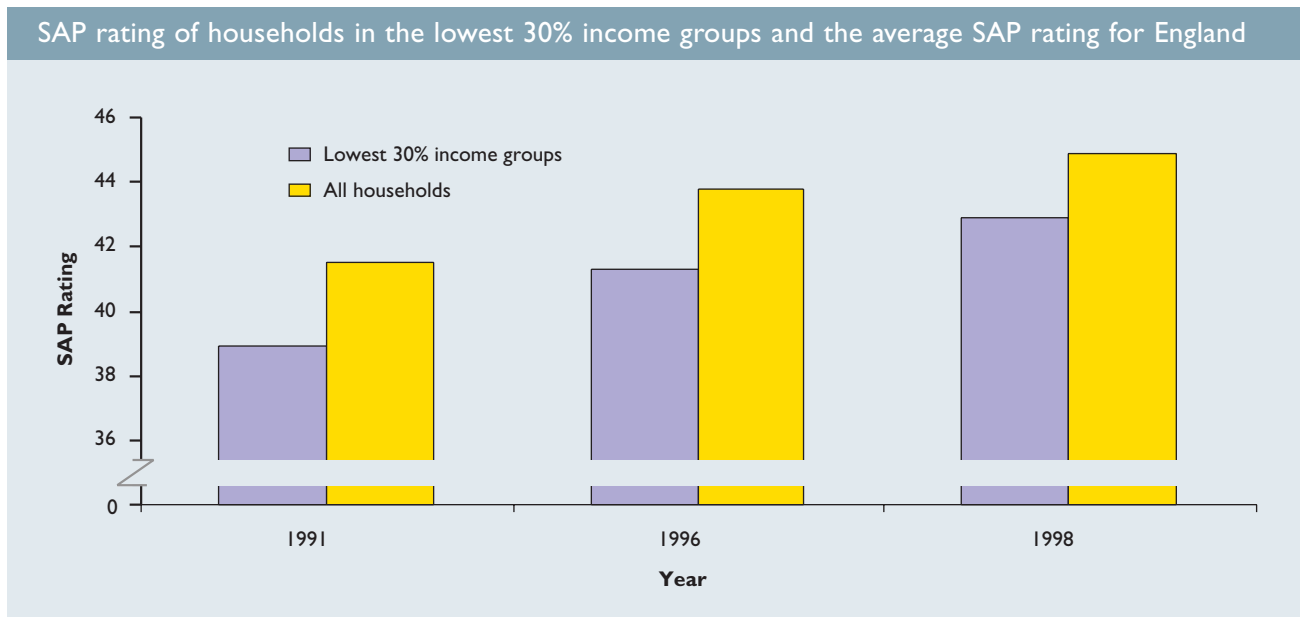
Technical notes:

The term “original supplier” refers to the former Public Electricity Suppliers operating within their historical distribution boundaries in the electricity market and to British Gas in the gas market.

All domestic customers in Great Britain have been able to choose their gas and electricity suppliers since May 1998 and May 1999 respectively and the chart above shows all transfers which have taken place in both markets and will count customers who have switched supplier more than once for each transfer. The introduction of competition into the market has allowed customers to choose suppliers offering cheaper prices and the extent to which customers are transferring is an indication of how many customers are benefiting from lower prices.

HOUSING INDICATORS

14 Energy efficiency of housing stock of lowest 30% income groups



Source:

EHCS 1991 and 1996, 1998 EFUS, DETR, DTLR/DEFRA

Coverage:

England

Relevance:

The energy efficiency of a house, measured by the SAP rating, is an extremely important factor in fuel poverty.

Aim:

To improve the energy efficiency for the most vulnerable customers.

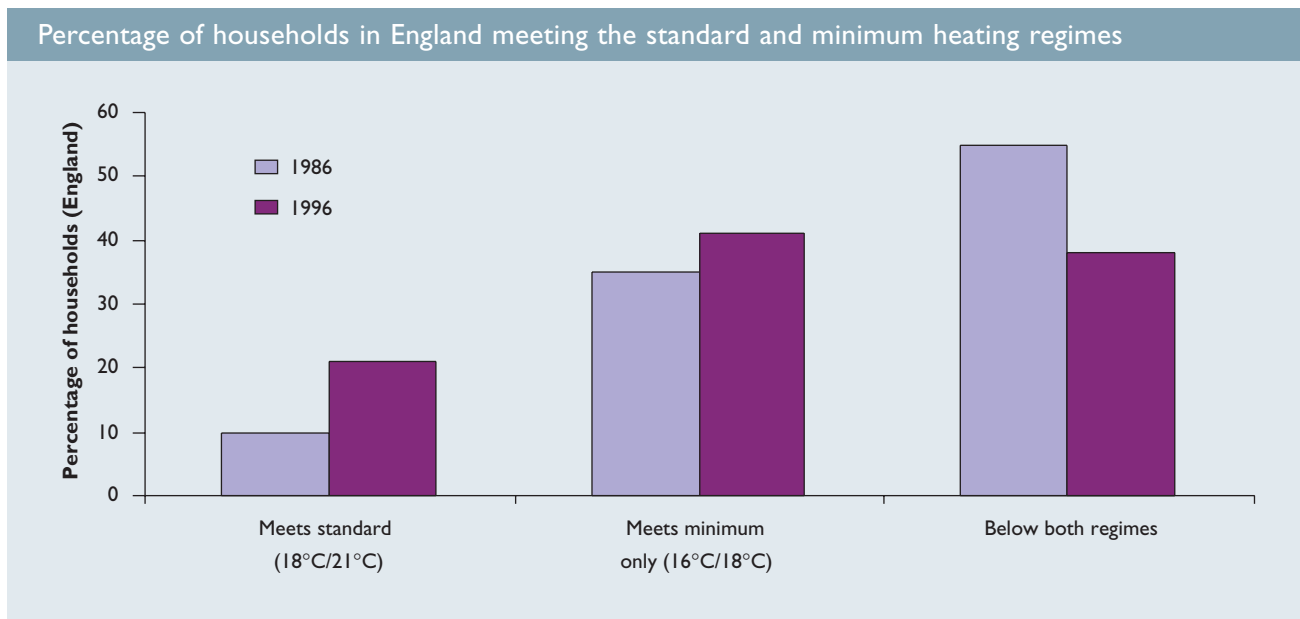
Key messages:

The average SAP rating for England has increased from 41.5 in 1991 to 44.9 in 1998. If only those households with the lowest 30% of incomes are considered the increase in the average SAP rating is greater than the increase for the stock as a whole although the average SAP rating in 1998 for these households was 42.9, some 2 SAP points lower than that of the average for all households. Typically the average SAP rating tends to increase as the household income increases.

Technical notes:

The Standard Assessment Procedure (SAP) is used to evaluate the level of energy efficiency in a home. The rating takes into account heating systems and insulation in homes. The rating runs from 1 (highly inefficient) to 100 (highly efficient). It is designed to reflect the energy efficiency of the dwelling, irrespective of its size, geographical location and characteristics or behaviour of its occupants. The rating measures the cost of heating per unit of floor area, taking into consideration the rate of heat loss and the cost of supplying the lost heat. The heat loss depends on the dwelling, the thermal properties of the building fabric, the level of insulation and level of ventilation. The cost is affected by the efficiency of the heating system, the price of the particular fuel used and any solar gain. The SAP rating takes no account of the climatic conditions in which the building is situated.

15 Temperature within dwellings



Source:

EHCS 1986 and 1996, DETR

Coverage:

England

Relevance:

The health effects of cold homes are well known. Low temperatures lead to an increased risk of respiratory and cardiovascular problems.

Aim:

The percentage of households meeting the standard heating regime to increase.

Key messages:

Comparing the equally cold winters of 1986 and 1996, average home temperatures have increased from 18 to 19°C in the living room and from over 16 to nearly 18°C in the hall. The number of homes achieving the standard temperature regimes has increased from 10% in 1986 to 21% in 1996. The number that only achieved the minimum regime has increased from 35% in 1986 to 41% in 1996 and the number failing to achieve the minimum regime has fallen from 55% in 1986 to 38% in 1996. In 1996, nearly a fifth of households considered their living room, and a quarter their hall, to be too cold, suggesting that some of the 38% below the minimum regime chose to keep their home cooler than the standard heating regime.

With higher energy efficiency, room temperatures progressively increase and the difference between rooms decreases. This difference is greatest amongst elderly households and some 15% of such households living in dwellings rated below SAP 30 also have living rooms below 16°C.

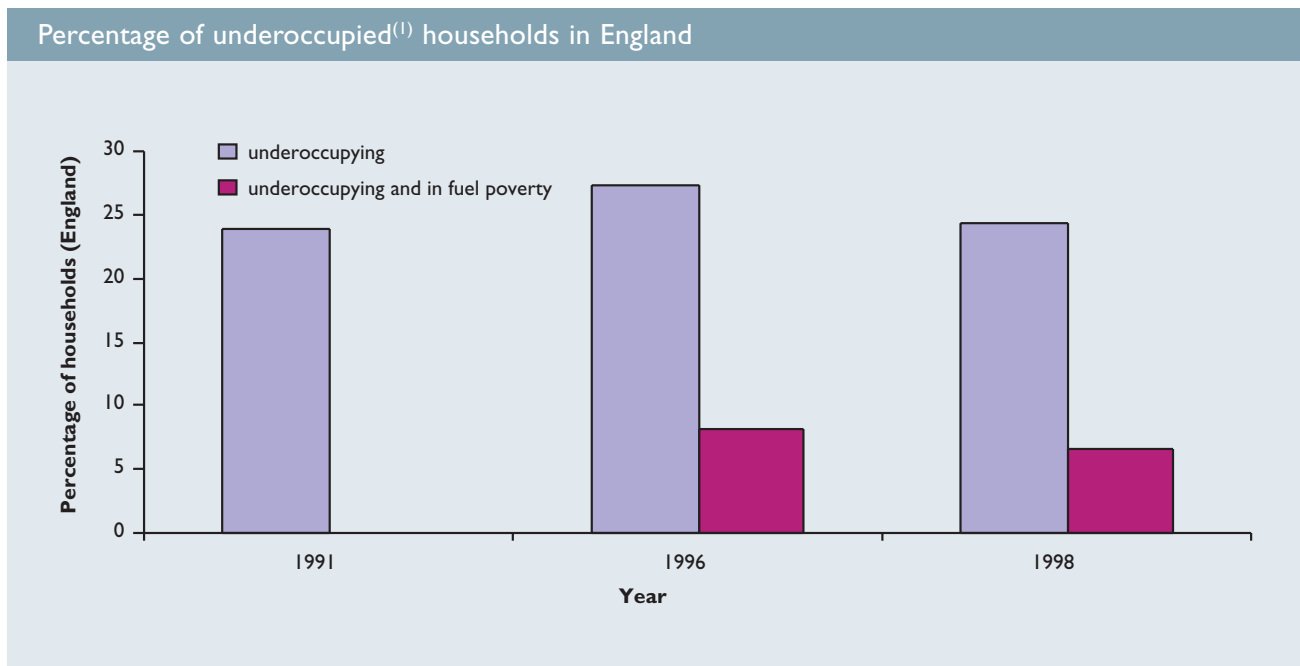
Technical notes:

Internal and external spot temperatures were recorded during the interview surveys of the 1986, 1991 and 1996 English House Condition Survey. A standard temperature regime is defined as 21°C or above in the living room and 18°C or above in the hall, the minimum regime is 18°C or above in the living room and 16°C in the hall.

The chart above represents the actual internal spot temperatures recorded and has not been adjusted to reflect the time of year. The temperatures recorded for the 1986 survey were taken in December and January, those for the 1996 survey were taken in January and February. Those taken for the 1991 survey were taken over four months from February to May, data has therefore been excluded from the 1991 survey for the purposes of comparison as the average external temperature was much higher.

The 2001 EHCS did not collect data on temperatures and so this indicator will be reviewed in light of this. However, a study of the impact of fuel poverty on health is being carried out and will provide figures for indoor winter temperatures for those in vulnerable groups. It is likely this will be used as a future source of data. Other possible sources of data are being investigated.

16 Occupancy Level



Source:

EHCS 1991 and 1996, EFUS 1998, DETR, DTLR/DEFRA

Coverage:

England

Relevance:

The size of a property compared to the numbers of occupants is a major contribution to fuel poverty, particularly when one person is trying to heat a family-size home.

Aim:

The proportion of underoccupying households who are in fuel poverty to be decreasing.

Key messages:

In 1991 and 1998 some 24% of English households were underoccupying their homes although this figure rose to 27% in 1996. The level of under occupancy in part reflects the trend over the last thirty years or so towards smaller family groups and single occupancy.

Of those households in fuel poverty, 40% were underoccupied in 1998, a slight rise from 37% in 1996.

Technical notes:

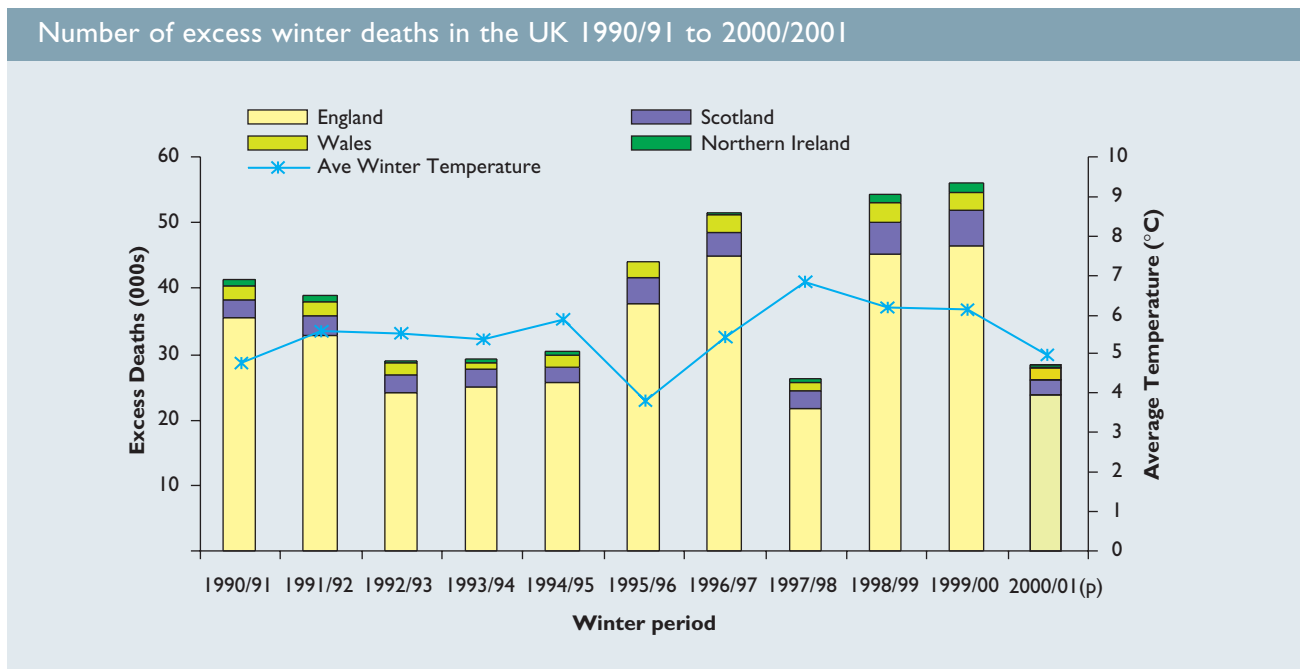
(1) Underoccupancy is defined in terms of the 1968 Parker Morris standard and the bedroom standard. The Parker Morris standard gives a minimum floor area for a home depending upon the number of occupants as shown in the table below:

Number of occupants	1	2	3	4	5	6	7
Minimum floor area (m ²)	33	48.5	61	79	89.5	97	114.5

Under the bedroom standard a separate bedroom is allocated to each co-habiting couple, any person aged 21 or over, each pair of young persons aged 10 to 20 of the same sex and each pair of children under 10 (regardless of sex). Unpaired young persons aged 10 to 20 are paired with a child under 10 of the same sex or if possible, allocated a separate bedroom. The calculated standard for the household is then compared with the actual number of bedrooms available for its sole use. Bedroom includes bedsitters, boxrooms and bedrooms, identified as such by informant even though they may not be in such use.

It has been assumed that all homes where the floor area is over twice the minimum set down in the Parker Morris standard and the number of bedrooms are in excess of the bedroom standard are under occupied.

17 Excess winter deaths



Source:

Office for National Statistics, Scottish Executive, Northern Ireland Assembly

Coverage:

United Kingdom

Relevance:

Links between cold, damp housing and poor health are well documented, however excess winter deaths cannot solely be attributed to fuel poverty. There is also strong evidence that cold temperatures contributes to winter mortality - there are more deaths in colder winters and in colder spells within winters.

Aim:

To reduce the number of winter deaths caused by cold homes.

Key messages:

The risks of cold-related ill health apply to all people, however those in the vulnerable groups are particularly at risk.

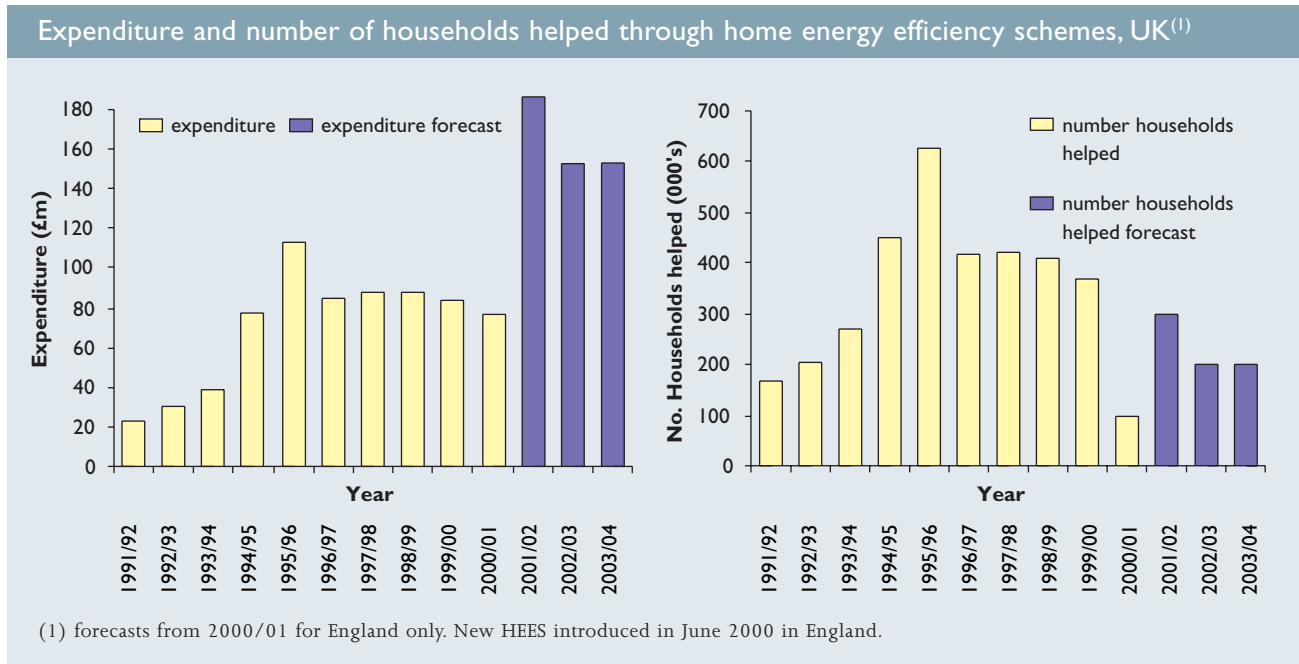
Technical notes:

It has long been recognised that the level of excess winter deaths in the United Kingdom is far above the average for other European countries with one of the causes being cited as the state of the housing stock. Although annual data relating to excess winter deaths must be considered against such factors as the severity of the winter and other key factors e.g. flu epidemics, these figures provide a useful insight into how improvements in housing stock and other measures to address fuel poverty are affecting some of the most vulnerable members of society.

Excess winter deaths are defined as the difference between the number of deaths, which occurred in winter (December to March), and the average number of death during the preceding four months (August to November) and the subsequent four months (April to July).

The temperature data used for this indicator relates to the average winter temperature during the months of December to March and is consistent with the temperature data used in the indicator on cold weather payments.

18 Number of households helped through and expenditure on home energy efficiency schemes



Source:

DEFRA, National Assembly for Wales, Northern Ireland Assembly, Scottish Executive

Coverage:

UK

Relevance:

About 70% of those in fuel poverty in England are in the private rented and owner occupier sectors. The new HEES/WFT programme will focus on these groups.

Aim:

To invest in the energy efficiency of the homes for qualifying households in the private-rented and owner-occupier sectors.

Key messages:

For the new HEES/WFT in England, a total of £270 million will be spent through an initial two-year programme. With a budget of over £600 million between 2000 and 2004, HEES/WFT is expected to reach some 800,000 vulnerable households, 480,000 being over-60s.

Early analysis of the effects of HEES/WFT have shown the average SAP improvement after HEES/WFT to be 19 points.

Over five years from April 2001, around 70,000 households across all sectors of stock will benefit from central heating programmes in Scotland.

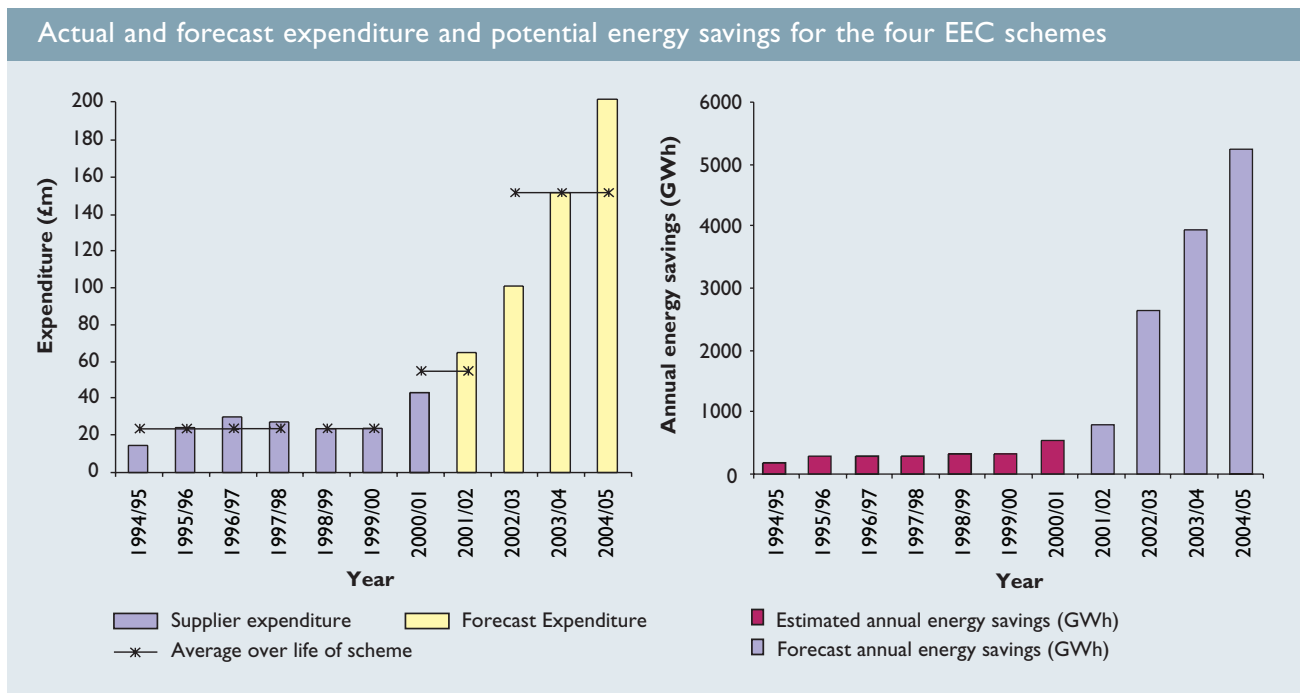
In Wales, HEES will be used to assist 38,000 vulnerable households mostly in the private sector, by March 2004.

The New Warm Homes scheme was introduced in Northern Ireland on 1 April 2001 and should assist at least 40,000 households by 2006.

Technical notes:

The new HEES/WFT, launched in June 2000, is designed to tackle fuel poverty among those most vulnerable to cold-related ill health - older householders, families with children and householders who are disabled or have a long-term illness. In the first 9 months a number of teething problems were encountered that led to a sharp fall in the number of homes treated. This shortfall is expected to be made up during 2001/02 before the programme drops back to its projected rate of 200,000 homes a year. In England, the new scheme will focus on the private sector, where need is greatest, and where there is little recourse to other sources of assistance. In Wales, the resources will be split between private and social housing (RSLs and LAs) in a 70/30 ratio.

19 Expenditure and energy savings through EESoPs (now EEC)



Source:

EST (historical figures), DEFRA (forecasts)

Coverage:

Great Britain

Relevance:

This obligation on the energy supply companies shows a commitment both to disadvantaged customers and to the environment in reducing energy costs through more efficient energy consumption and lower bills.

Aim:

To reduce household bills through increased energy efficiency.

Key messages:

It is estimated by EST that about 65% of expenditure to date has gone to low-income or over-60s households.

The Electricity Levy and Gas Levies (See paragraph 7.18) in Northern Ireland have helped 110,000 households with £2½ million in expenditure since the electricity levy was first introduced three years ago.

Technical notes:

The Energy Efficiency Standards of Performance (EESOP) were launched in 1994 as part of the electricity companies' price controls and gave them specific obligations for funding of energy efficiency measures to deliver energy savings. The scheme was extended to gas suppliers in April 2000. The first two schemes ran over six years and the average expenditure per year for each scheme is shown as a line in the above chart.

On top of the expenditure shown above additional funds, "leveraged funds", have been released by other parties as a result of the EESOP expenditure. For instance, as a result of cavity wall insulation put in under the EESOPs scheme, a Local Authority may decide to install other measures. For the first scheme this leveraged expenditure amounted to £22.5m on top of the £39m supplier expenditure, the second scheme resulted in a further £32.5m on top of the £105m expenditure.

Also illustrated are the potential annual energy savings of the schemes introduced. Not all of these potential savings may be realised, customers may prefer to enjoy improved comfort levels (i.e. a warmer home) rather than reductions in bills. Annual energy savings are illustrated, rather than lifetime savings as in the draft Strategy, to enable comparison between the EEC programmes, since lifetime savings are calculated on a different basis between the schemes.

A new scheme takes the EESOPs scheme into the future and will now be referred to as the EEC. Under the new EEC it will be up to suppliers to meet their targets cost effectively; there will not be a specified amount of money that a company must spend in doing so.

20. Other schemes introduced by energy companies to tackle fuel poverty

Source:

DTI

Coverage:

United Kingdom

Relevance:

Energy companies can play an important role in developing schemes and initiatives to help the fuel poor.

Aim:

To encourage the development of such initiatives and monitor and quantify their impact.

Key messages:

Under Indicator 11 - Uptake of social tariffs - it was explained that work carried out since the publication of the draft Strategy has identified some difficulties in separating out initiatives which would be monitored under this Indicator and Indicator 11. It is anticipated that an indicator will be available for the first annual update of the Strategy, but it may be that this will be a combination of these two areas.

A list of company schemes that could be monitored under this indicator can be found at Annex B, paragraph 9.

Technical notes:

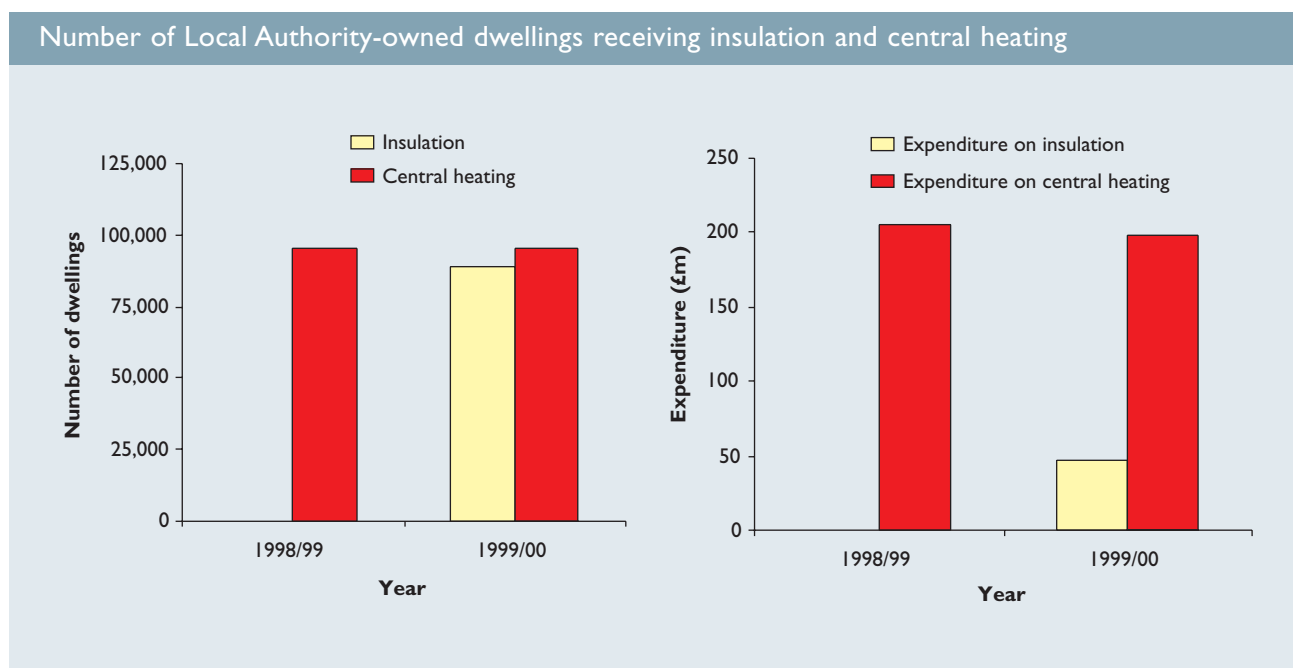
DTI has been consulting with various industry representatives to develop this indicator and Indicator 11 to refine what information can be collected and ways in which to present it.

Broadly speaking, it has been proposed that some basic information about the schemes be provided by companies to the DTI, including information such as the objectives of the schemes and the number of customer benefiting from the schemes. Further information would be collected on the impact of the schemes in the three main areas identified as contributing to fuel poverty, namely energy efficiency, fuel costs and household income. It has been recognised that some schemes may have a wider scope than just these areas and it is planned that additional information will also be captured where appropriate, on health benefits and employment for instance. Where possible, information will be presented on an individual company basis.

It is acknowledged that there is potential for double counting of information collected for this indicator, particularly in the area of energy efficiency which is likely to be reported via the companies EEC commitment as well. Some information on company schemes is already collected under Ofgem's Codes of Practice Monitoring, the proposals set out here go wider than what is currently collected.

On the whole, industry has been supportive of this approach. Further consultation will be carried out over the next few months with a view to starting data collection in the new year.

21 Local Authority housing investment on energy efficiency improvements



Source:

DTLR, Housing Investment Programme (HIP)

Coverage:

England

Relevance:

In 1998 there were an estimated 0.7 million fuel poor households in English Local Authority Housing. Local Authorities can reduce the number of fuel poor households through undertaking energy efficiency improvements to their stock ensuring that they have effective insulation and efficient heating.

Aim:

As part of the Spending Review 2000 DETR (now DTLR) set a target to ensure: 'that all social housing meets a set standard of decency by 2010; and reduce the number of households living in social housing that does not meet these standards by one third between April 2001 and April 2004'.⁽¹⁾ One component of the decent home is that it provides a reasonable degree of thermal comfort.⁽¹⁾

The number of social sector homes which are non-decent will be monitored annually through the EHCS.

Key messages:

Works that improve household energy efficiency may either be part of a specific programme to improve energy efficiency or a result of routine repair work where element replacement uses those that increase the energy efficiency of the dwelling.

Installing cavity or loft insulation and efficient heating are the most effective improvements to increase the energy efficiency of a dwelling.

The Housing Investment Programme Annual Plan which was produced by each Local Authority until 1999/00 recorded the number of Local Authority owned dwellings that underwent renovation works⁽²⁾ which include energy efficiency measures. From 2000/01 this information will be provided through Local Housing Authorities' Housing Revenue Account Business Plans.

The number of Local Authority dwellings which had new central heating systems (either for the first time or as a renewal/replacement) remained constant through 1998/99 to 1999/00, with about 95,000 homes per year benefiting from new central heating. In 1999/00 90,000⁽³⁾ dwellings had insulation (either thermal/and or sound).

Technical notes:

- 1 DTLR are currently consulting on the technical definition of the thermal comfort criterion of the decent home definition. For further information please see Annex A paragraph 19.
- 2 Dwellings in receipt of more than one type of work are counted under each category of works e.g. a dwelling counted as having new insulation installed may be counted again as having central heating installed. Therefore, the dwellings receiving new insulation cannot simply be added to those receiving central heating as an estimate of the number receiving either.
- 3 Insulation data is only available from 1999/00. This is due to a change in the data collected on the HIP form between 1999 and 2000.

Annex F Glossary of terms

ACT	Automated Credit Transfer	EFUS	Energy Follow-up Survey
BRE	Building Research Establishment	EST	Energy Saving Trust
CHP	Combined Heat and Power	FES	Family Expenditure Survey
DEFRA	Department for the Environment, Food and Rural Affairs	FPMTG	Fuel Poverty Monitoring and Technical Group
DETR	Department for the Environment, Transport and the Regions (now DEFRA/DTLR)	HAZ	Health Action Zone
DH	Department of Health	HB	Housing Benefit
DSS	Department of Social Security (now DWP)	HECA	Home Energy Conservation Act
DTLR	Department for Transport, Local Government and the Regions	HEES	Home Energy Efficiency Scheme
DTI	Department of Trade and Industry	HIA	Home Improvement Agencies
DWP	Department for Work and Pensions	HIMP	Health Improvement and Modernisation Plan
EEAC	Energy Efficiency Advice Centres	HIP	Housing Investment Programme
EEC	Energy Efficiency Commitment (formerly EESoPs)	HMT	Her Majesty's Treasury
EEP	Energy Efficiency Partnership	HQI	Housing Quality Indicator
EESoP's	Energy Efficiency Standards of Performance	MIG	Minimum Income Guarantee
EHCS	English House Condition Survey	MtC	Million tonnes carbon
		NDC	New Deal for Communities
		NEA	National Energy Action

NETA	New Electricity Trading Arrangements	SHCS	Scottish House Condition Survey
NHER	National Home Energy Rating	SRB	Single Regeneration Budget
NIE	Northern Ireland Electricity	TWh	Tera Watt hours
NIHCS	Northern Ireland House Condition Survey	WFT	Warm Front Team
NIFES	Northern Ireland Family Expenditure Survey	WFTC	Working Families Tax Credit
NMW	National Minimum Wage		
NRF	Neighbourhood Renewal Fund		
Ofgem	Office for Gas and Electricity Markets		
ONS	Office for National Statistics		
PAT14	Policy Action Team Report into Financial Services		
PIU	Performance and Innovation Unit		
RHA	Registered Housing Association		
RSL	Registered Social Landlord		
SAP	Standard Assessment Procedure		
SERPS	State Earnings Related Pension Scheme		

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