Fuel Poverty:

Ending the vicious cycle of vulnerability

energy&utilities alliance

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“With one in ten families in the UK experiencing fuel poverty, it is vital that a practical approach is taken, recognising the challenges we face in combatting this issue.” – Mike Foster, Chief Executive, The Energy and Utilities Alliance.

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Introduction: the state of fuel poverty in the United Kingdom

Despite the fact that various measures to alleviate fuel poverty have been introduced, the issue is one that is worsening in the United Kingdom, with England experiencing the second highest rates of fuel poverty in Europe (only Estonia is worse in the EU[1]) - it is estimated the percentage of fuel poor households in the country currently fluctuates between 10 and 12%.

In 2014, the number of households in fuel poverty in England, using Low Income High Costs (LIHC) frameworks, was estimated at around 2.38 million.

Further, as highlighted by National Energy Action (NEA), whilst UK wide statistics for fuel poverty are no longer produced by Government, the last set, published in 2015, demonstrated that 4 million UK households were unable to heat and power their homes adequately.[2]

Recently, this issue has been worsened by policy changes; for instance the introduction of Universal Credit – which leaves households for five weeks without an income during the benefit changeover, is pushing more people towards making potentially dangerous decisions regarding the heating of their homes. Many are facing what is known as the 'heat or eat' dilemma.

Such high levels of fuel poverty have a multitude of consequences; it is a significant contributor to the 28,584 excess winter deaths that occur in England and Wales each year.[3]

It is clear that, irrespective of policies being introduced and mechanisms put in place, fuel poverty remains a reality for many living in the United Kingdom.

This report explores the way in which policy, devoid of recognition of the complexities surrounding fuel poverty, has resulted in the proliferation of fuel poor households in the UK and the situation of those living in cold homes becoming increasingly dire. It's not that there is an absence of policy per se, but rather that policy makers must begin to truly recognise how vulnerable individuals living in fuel poverty are, how marginalised they can be (ultimately they may miss out on certain

[1] http://www.telegraph.co.uk/finance/personalfinance/household-bills/10402771/UK-second-only-to-Estonia-on-fuel-poverty.html
[2] http://www.nea.org.uk/the-challenge/fuel-poverty-statistics/
[3] https://www.ons.gov.uk/peoplepopulationandcommunity/birthsdeathsandmarriages/deaths/bulletins/excesswintermortalityinenglandandwales/201415provisionaland201314final

initiatives as a result of this), and how this issue requires substantial investment and more ambitious policy if it is to be combatted.

The first part of the report focuses on the need to invest in energy efficiency measures, particularly those targeting inefficient boilers. By highlighting the psychological and physiological impacts of living in a cold home, it becomes clear that action is urgently required.

Secondly, the report explores the double jeopardy that many of those in fuel poverty face – essentially they are disadvantaged in more than one way and this can render them less likely to be able to, or willing to, access measures to ameliorate their situation. We are concerned by mechanisms such as switching and time of use tariffs which, whilst they have their merits, infer that the onus needs to be on consumers to reduce their energy spending. Whilst behavioural change and shopping around can increase efficiency and reduce cost, many vulnerable people will be unlikely to engage with these proposals, resulting in the fuel poor missing out on such initiatives.

Finally, many policies surrounding active, empowered consumers ignore the fact that an increasing number of people in the UK are not homeowners, but rather live in the Private Rented Sector (PRS.) As a result, responsibility must be placed on landlords to ensure homes are energy efficient and tenants must be safeguarded against the cost of such measures being placed onto them in the form of inflated rents.

The Energy and Utilities Alliance (EUA) have identified five key changes which could be made in order to take homes out of fuel poverty, these are as follows:

- **Recognising how housing stock and types of tenure impact on fuel poverty & legislating on the Private Rented Sector (PRS) to place the onus on landlords. We must move away from rhetoric and policy which seeks to analyse how fuel poor households behave, encouraging them to reduce their bills through behavioural changes. Instead private landlords should be held to account and mandated to ensure properties are energy efficient. Whilst we welcome proposals regarding letting energy efficient homes in the recent Clean Growth Strategy, this will not render the sector sufficiently regulated in this regard.**

- **Advocating a replacement of zombie boilers (of which there are estimated to be approximately 9 million in the UK) and a refocusing of the Energy Company Obligation (ECO) to address the issue of inefficient boilers.**

- **Encouraging data sharing between agencies, especially organisations in the fields of health and mental health. The adoption of a joined up**

approach would make it far easier to target those living in fuel poverty and intervene where necessary. This could come in the form of GPs being able to assess the eligibility of patients for the Warm Homes Discount, or ECO obligation criteria easily. The disparity between individually set policies and practices pertaining to personal data sharing mean that there exists a postcode lottery whereby some areas are more adept at sharing data to identify and assist vulnerable households than others. The Energy and Utilities Alliance (EUA) recognises that the Digital Economy Act (2017) provides a critical opportunity for local authorities, GP practices, Health and Wellbeing Boards and Clinical Commission Groups to directly access information from energy suppliers. As a result, referrals could be provided to the most vulnerable patients. This would also support local affordable warmth programmes in securing funding either on an individual or aggregated basis.

- **Facilitating connections to the gas grid. With off grid households far more likely to experience fuel poverty, the existing infrastructure in place (the UK's extensive gas grid) holds the key to combatting this issue.**

- **Energy Efficiency as a priority. It is only by prioritising and investing in energy efficiency that the age old energy trilemma can be effectively tackled, and with this fuel poverty reduced.**

- **The formation of a joint unit on fuel poverty comprising of BEIS officials, the Department of Health, the Minister of State for Disabled People, Health and Work, representatives from the heating industry and energy sector, housing associations, Disability rights activists, groups that represent ESOL individuals, the elderly and children and Mental Health charities, amongst others.**

The physiological impacts of fuel poverty

The physiological impacts of fuel poverty are well documented; as Ed Davey, former Secretary of State for Energy and Climate Change, said in March 2015, *"the link between bad health and fuel poverty is undeniable"* [4] and there is a wealth of evidence to support the fact that living in a cold home causes, or worsens, a range of physiological and psychological issues.

'The link between bad health and fuel poverty is undeniable.'

Statistics produced by the Office for National Statistics, shown in the graph below from the Association for the Conservation of Energy's report 'Chilled to Death', reveal that in England and Wales in 2013, cold homes killed over four times as many people as road and rail accidents and nearly four times as many people as drug misuse, yet there are not the appropriate safeguards in place given the scale of mortality related to this issue. The majority of those excess winter deaths occurred for those aged 76 or over.[5]

[4] https://www.sheffield.ac.uk/polopoly_fs/1.272226!/file/Fuel_Poverty-perspectives_from_the_front_line.pdf
[5] http://www.ukace.org/wp-content/uploads/2015/03/ACE-and-EBR-fact-file-2015-03-Chilled-to-death.pdf

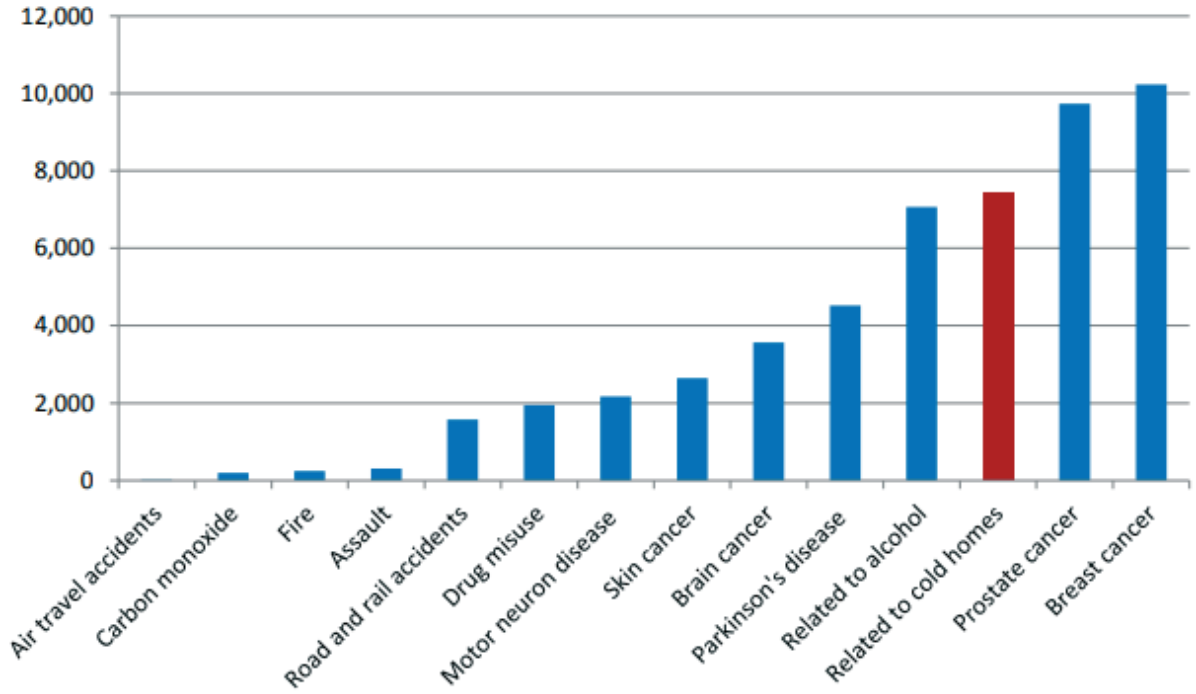


Figure 1: Number of deaths in 2013, by selected causes, in England and Wales

Mild cold is proven to be more deadly than a heatwave.

Clearly, cold homes pose a serious public health risk. Whilst we are provided with a wealth of advice on how to cope in the event of a heatwave, the potential dangers of the cold are rarely publicised. According to the NHS, the relative risk of death is more than doubled on days with temperatures below 0^{c} compared with days at the optimum temperature of 19.5 degrees.

With this health risk comes a substantial cost to health services. Age UK found that in the last four years alone over £5 billion of tax payers' money has been spent treating the symptoms of cold homes. During winter, it is estimated that around £3 million a day is spent treating cold related morbidity. Investment in measures to alleviate fuel poverty would, therefore, save the NHS, and ultimately the tax payer, money in the long run.

Fuel poverty and mental health

Whilst the physiological impacts of fuel poverty have been explored extensively, the psychological effects of living in a fuel poor household are equally concerning, with depression, anxiety and social isolation prevalent amongst the fuel poor.

Evidence complied as part of Sheffield Hallam's *Warm Front Better Health* Report shows that those occupying houses with bedroom temperatures of over 21 degrees reported experiencing far less psychological distress than those with bedroom temperatures below 15 degrees.[6] Further, a 2011 report commissioned by Friends of the Earth[7] found that those facing greater difficulty paying bills were four times more likely to suffer from anxiety and depression. Clearly, financial strain causes some degree of psychological distress, and worrying about bill payments and having to go without in order to keep one's home warm has an undisputable impact on emotional wellbeing.

Moreover, as Age UK found, fuel poverty can lead to social isolation, something which in turn can be detrimental to an individual's emotional wellbeing[8]. Those living in cold homes are less likely to leave the house for fear of being out in the cold and then returning to a cold home, where it is virtually impossible to warm up. They are also far less likely to have family and friends round, due to concerns regarding the temperature of their house and a sense of shame about their fuel poor status. The impacts of fuel poverty can be debilitating. With loneliness already a significant issue amongst demographics who are also more likely to be fuel poor, it is concerning that a cold home can compound social isolation. The Campaign to End Loneliness (2015)

[6] http://www4.shu.ac.uk/research/cresr/sites/shu.ac.uk/files/warm-front-health-impact-eval.pdf

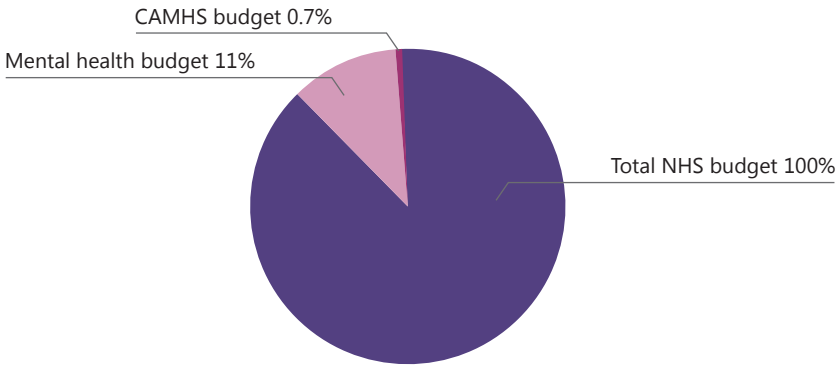
[7] https://www.foe.co.uk/sites/default/files/downloads/cold_homes_health.pdf

[8] https://www.ageuk.org.uk/Documents/EN-GB/For-professionals/Consumer-issues/reducing_fuel_poverty_report.pdf?dtrk=true

found that 10% of older people reported always feeling lonely or very lonely and a similar proportion claimed they felt trapped in their homes.[9]

Both young and old suffer substantial psychological harm as a result of fuel poverty, with one in four adolescents living in cold homes found to be at risk of multiple mental health symptoms[10]. What's more, the housing and homelessness charity Shelter found that children growing up in poor quality housing were more likely to experience mental health problems, including anxiety and depression, than their peers.[11] The UK is currently at crisis point regarding young people's mental health, and whilst there are a range of reasons for this spike in adolescent mental health issues, poor housing and fuel poverty are compounding these problems. With child and adolescent mental health services (CAMHS) receiving less than 0.7% of the total NHS budget last year, [12] it is concerning that fuel poverty may be worsening young people's mental health, and there may not be sufficient support available for those who are suffering. By ensuring homes are warm and safe, we can address one of many factors that worsens people's mental health.

Figure 5: CAMHS expenditure



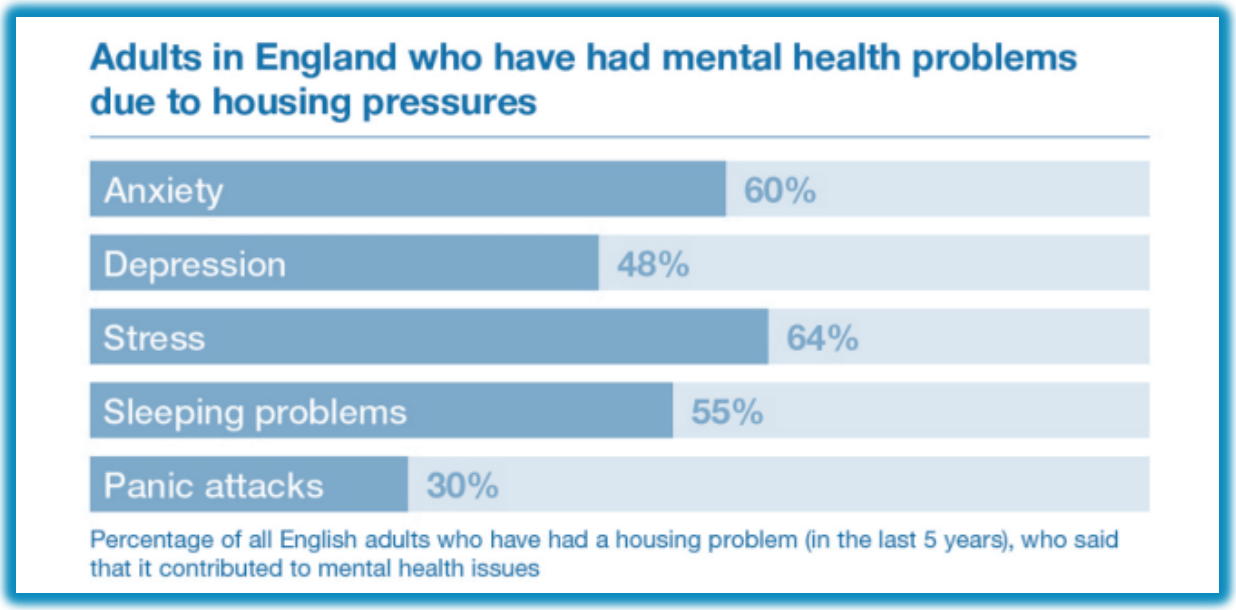
There are a complexity of emotions associated with being fuel poor, and many individuals who have been in receipt of measures to alleviate the financial strain caused by attempting to keep their home warm, such as the Warm Homes Discount, admit to feelings of guilt regarding receiving funds.[13] This demonstrates that Governmental or Local Authority (LA) actions must be well considered and adopted in a sensitive manner. Whilst the EUA advocates a multi-agency approach to dealing

[9] https://www.campaigntoendloneliness.org/frequently-asked-questions/is-loneliness-increasing/
[10] http://nhfshare.heartforum.org.uk/RMAssets/HealthyPlaces/FuelPoverty/PrimaryCareJan2015.pdf
[11] https://england.shelter.org.uk/__data/assets/pdf_file/0005/1364063/Housing_and_mental_health_-_detailed_report.pdf

[12] https://youngminds.org.uk/media/1236/annual_report_2012-13.pdf

[13] http://enablemagazine.co.uk/more-than-300-million-available-to-keep-vulnerable-britons-warm-this-winter/

with fuel poverty, there must be an awareness of privacy when sharing data regarding this issue. As such, whilst some promote utilising data from 'smart technologies' such as smart meters to ascertain if people are self-disconnecting or struggling with energy costs, we are cautious that some people may perceive this as too intrusive, and would rather advice and help came from within their community, rather than energy companies. Here's where schemes such as boilers on prescription (discussed later on in the report) would work particularly well.



Ultimately, housing conditions have a huge impact on people's emotional wellbeing. A study, conducted by Shelter, revealed that 20% of English adults said that a housing issue in the last 5 years had negative impacts on their mental health.[14] Whilst this is not solely attributable to fuel poverty it raises huge concerns over housing quality and security and wellbeing.

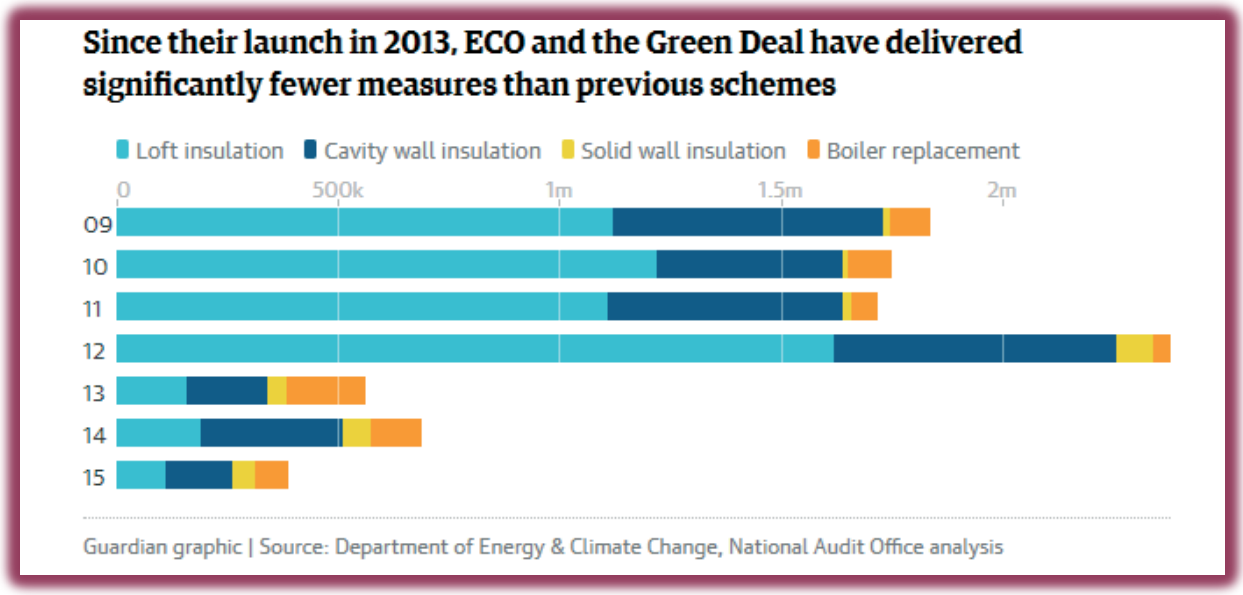
21% of those surveyed said housing had impacted on their mental health in the last five years.

Considering the fact that it is disproportionately people who are already vulnerable finding themselves in fuel poverty, the relationship between fuel poverty and poor mental health is particularly worrying. Having somewhere safe and warm to live is fundamental to our mental health and wellbeing.

Action: the EUA urges investment in energy efficiency measures and schemes to alleviate fuel poverty in order to prevent cold homes impacting on people's physiological and psychological wellbeing. As seen by the graph below, newer

[14] https://england.shelter.org.uk/__data/assets/pdf_file/0006/1362885/Findings-The-Impact-of-Housing-Problems-on-Mental-Health.pdf

schemes are not delivering the measures required – there must be greater investment.



The digital divide and fuel poverty

Too often the debate surrounding fuel poverty is characterised by a lack of awareness of the plethora of other systemic disadvantages those faced with abject or relative poverty in the United Kingdom are exposed to. Instead of searching for a quick fix solution, an awareness that fuel poverty can be degraded by a range of factors, in addition to high fuel costs and homes that are not energy efficient, is absolutely vital.

Longley (2008) found that "high levels of material deprivation are generally associated with low levels of engagement with ICT and vice versa."[15]

Efforts to alleviate fuel poverty are often undermined by the fact that those experiencing it are unaware of the help that is available to them and unable to access information pertaining to energy provision. In a sense, digital exclusion can perpetuate poverty. Not only are those trapped in a poverty cycle unable to shop around for deals regarding energy, they may also face difficulties finding out about the various schemes (such as the Warm Homes Discount) introduced to improve their situation and they may not utilise internet banking/direct debits, rendering them more likely to be reliant on prepayment meters (PPM), resulting in them spending far more on energy. In 2015, the National Housing Federation estimated that offline households are missing out on estimated savings of £560 per year from shopping and paying bills online, thus digital exclusion does impact on people materially.

It tends to be those most at risk of being exposed to fuel poverty who are on the wrong side of the digital divide. The ONS found that, whilst only 9% of the adult population had not used the internet in the first quarter of 2017, this percentage was substantially higher for certain groups. Their study reveals that only 40% of adults over the age of 75 had used the internet in this time frame and 22% of disabled adults have not yet used the internet.[16] These two groups are at a significantly higher risk of being fuel poor.

There will always be around 10% of the UK's population who are not online.

Research by the BBC found that 21% of Britain's population lacked the basic digital skills to realise the benefits of the internet.[17] Moreover, it is estimated that nearly 2.6 million people may never go online due to the fact they do not possess the basic literacy skills to do so.[18] There will always be a degree of digital exclusion; around 10% of the UK's population will never be online, according to the Government's Digital Inclusion Strategy.

[15] https://www.ucl.ac.uk/bartlett/casa/case-studies/2008/aug/casa-working-paper-145
[16] https://www.ons.gov.uk/businessindustryandtrade/itandinternetindustry/bulletins/internetusers/2017
[17] http://www.bbc.co.uk/news/uk-politics-30197740
[18] http://diginomica.com/2014/04/14/uk-government-pitches-digital-skills-charter-inclusion-delusion/

Those who are likely to be in fuel poverty are also likely to be digitally excluded – 37% of those who are digitally excluded are social housing tenants, 44% of people without basic digital skills are on lower wages or are unemployed and 54% of the total number of people who have never used the internet have disabilities[19], therefore initiatives to help these individuals out of fuel poverty must be promoted outside of the online world in order to reach their intended recipients.

Further, offline individuals may be excluded not just from cheaper deals but also from other services that may be beneficial to them such as the Warm Homes Discount which almost all suppliers require you to apply for online. Whilst older people get this discount automatically, those who fall under the 'broader group' in terms eligibility criteria must actively seek out this payment.

Action: The EUA advocates promoting initiatives to alleviate fuel poverty through agencies fuel poor individuals already have contact with, some examples include: health care professionals, schools & employers and food banks. Further, digital inclusion must continue to be a governmental and local authority priority; if a council has a digital inclusion strategy they must consider which energy related issues are covered in any of the outreach they provide.

Language barrier

In addition to the digital divide, a further barrier to accessing initiatives intended to combat fuel poverty is language, and this must be recognised in policy formation.

With the 2011 census showing nearly half a million people living in England and Wales could not speak English well or at all, there are a substantial number of people being excluded from measures intended to alleviate fuel poverty due to a lack of understanding. This is especially concerning given that ESOL (English as a second or other language) households tend to find themselves in a lower socio economic group, rendering them more likely to be in fuel poverty.

This linguistic barrier has a massive impact on people's ability to access a wide range of services. The ONS found that only 65% of those surveyed who could not speak English well or at all reported to be in good health, compared with over 88% of those who were more proficient in English[20], indicating that those who are not proficient in English are an at risk group.

The Tassibee centre, a charity based in Rotherham which helps individuals facing social isolation, found that non English speaking Black & Minority ethnic (BME)

[19] https://www.gov.uk/government/publications/government-digital-inclusion-strategy/government-digital-inclusion-strategy
[20] http://visual.ons.gov.uk/language-census-2011/

communities in fuel poverty experience multiple issues that require tailored advice in order to ensure they receive the help they need. They stated that BME families are in need of an understanding of what benefits exist in regards to heating their homes. Due to the language barrier, which is compounded by the fact that many councils no longer offer free translation, the majority of families are unaware of housing tax credits, the Warm Homes Discount, The Energy Company Obligation, energy efficiency and also have an overall lack awareness about what constitutes as fuel poverty. Issues accessing services they are entitled to renders people even more likely to find themselves in miserably cold homes.

Switching

Considering the barriers some individuals face, policymakers' focus on the empowered consumer is problematic, as many fuel poor households do not have the information to reduce their energy expenditure.

The internet's undisputed importance in enabling consumers to engage with the utility markets is demonstrated by an Ofgem/TNS study which found that 44% of those who reported switching energy supplier in the previous 12 months did so online, using price comparison websites (compared with 21% who utilised the phone to switch.)[21]

The sense of choice which the internet grants has been harnessed by collective switching schemes, which focus on whole communities making choices and switching providers, saving them money. Whilst this may appear a promising scheme, it simply does not reach large numbers of vulnerable people and households in fuel poverty due to lack of knowledge and also the fact that internet access is often required to sign up. The irony here is those who are the most technologically literate are benefiting from a range of schemes which were not necessarily designed with them in mind.

A study conducted by the Centre for Sustainable Energy and University of Bristol Personal Finance Research Centre[22] found that not only did those on low incomes control their budgets very tightly, often turning heating down or off to cut costs but, amongst these groups, the incidence of switching energy supplier was low, as they believed there was no guarantee that prices would be lower and felt a sense of general unease about the process.

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[21] https://www.ofgem.gov.uk/system/files/docs/2016/08/consumer_engagement_in_the_energy_market_since_the_retail_market_review_-_2016_survey_findings.pdf

[22] https://www.cse.org.uk/downloads/reports-and-publications/fuel-poverty/you_just_have_to_get_by.pdf

What's more, the focus on switching places the responsibility onto consumers by inferring they have the power to rid themselves of fuel poverty by making a transition to another provider. Not only is this untrue but it also ignores the sense of reluctance many vulnerable people feel to switch.

There are multiple complexities associated with switching which, arguably, have not been considered by proponents. One such example relates to the Warm Home Discount, with those who receive it having to check whether their new supplier offers it, else they lose it. This is due to the fact that only suppliers who have over 250,000 customers are required to offer the discount. With just two out of the top 10 cheapest deals in the market now being with bigger suppliers, it is likely one might switch and lose out on Warm Homes Discount. [23]

Moreover, switching can be a time consuming process, often taking around three weeks, and it can occasionally leave the customers out of pocket for quite some time as they await refunds or they are even, in some instances, be billed twice.

Exit fees are also worth considering in the debate surrounding switching and fuel poverty. Customers on fixed price tariffs may be charged exit fees either when changing tariffs or suppliers, this lack of transparency regarding costs is problematic, and can act a deterrent to consumers. Ultimately, if there is an initial cost in order to switch energy supplier, many will not have the cash to spare in order to pay exit fees, preventing them from making later savings. In addition, many energy suppliers do not let customers who have accrued unpaid debt with them leave, meaning that some households are never financially stable enough to make the switch. The upfront cost that switching can command acts as a deterrent and it is problematic that the Government and Local Authorities are focused on championing a scheme which is, in essence, inaccessible to many people.

We run the risk of living in an age where switching is seen as one of the main ways to combat the deep-rooted, complex issue of fuel poverty, where the young, digitally minded and upwardly mobile are constantly shopping round for new deals whilst the rest suffer from switching fatigue or are alienated entirely from the process. For many, it's a case of 'better the devil you know'; switching is not the future of energy.

Action: based on the pitfalls of switching, the EUA advocates no exit fees and an immediate transfer of credits if an individual choses to switch supplier – this is paramount to safeguarding vulnerable people in the switching process, and there must be a collaborative approach taken between suppliers to ensure no double charges are incurred. In addition, we call on the Government to expand access to the Warm Homes Discount to all energy suppliers with over 50,000

[23] http://www.telegraph.co.uk/news/2016/05/09/elderly-at-risk-of-losing-140-energy-rebate-if-they-switch-suppl/

customers. Additionally, there must be a degree of uniformity – people should not lose their warm homes discount if they change suppliers. Ultimately, the government must invest in energy efficiency measures and financially supporting fuel poor households- it should not be a case of having to change suppliers to elicit savings.

Time of Use tariffs

A further entity which can be viewed as intended to improve the position of the fuel poor, but is misguided, is time of use tariffs (TOU's), made possible by the ability of smart meters to provide accurate real time measurements of energy usage, a stark contrast to analogue meters.

A Cambridge Architectural research study found that the average home uses about 670 Watts during peak time daily, with cooking serving as the largest single element at 121 Watts and audio-visual kit next at 92 Watts. In winter, electricity use peaks twice daily: when people get up in the morning and when they come home from work.[24] Green Energy UK argue that, by pushing these power uses into adjoining time periods demand can be smoothed, eliciting a saving of around £25 to consumers. This would render them the cheapest energy supply in the UK at certain points during the day.

The premise of Time of Use tariffs is simple – customers should aim to use electricity at lower cost (off peak) times in order to save on electricity chargers, amending their consumption patterns. This flexibility is a luxury, not a given.

Time of Use tariffs, a means to incentivise electricity usage during off-peak times to curb demand at peak times, allow customers to save money by doing things such as charging devices and running appliances when power is cheapest. For instance, Green Energy UK, an independent energy supplier, charge five times more for

[24] https://www.carboncommentary.com/blog/2017/1/10/the-first-time-of-use-tariff-in-the-uk-will-it-save-users-money

electricity used during the evening peak compared with overnight rates under their TIDE scheme.

This initiative may curtail energy demand and save some consumers money, yet the flexibility required in order to benefit from Time of Use tariffs is simply not practical for some. Further, a recent Ofgem study has found that impacts on bills are minimal.

Whilst to many, the merits of this are apparent, time of use tariffs can be viewed as penalising the most vulnerable in society who may not be able to be as flexible as others regarding their energy usage. For example, by charging higher prices during peak times, those who are unemployed, disabled or elderly (all risk factors for fuel poverty) will undoubtedly suffer due to the fact that they will be using energy pretty much constantly and will be unable to adapt their behaviours to suit times when energy prices are cheaper.

What's more, initial studies by Ofgem, published in their 2017 report, show that time of use tariffs produce minimal savings, on occasion costing the consumer more. It found that there were households in all groups (even the vulnerable groups) who would be worse off under time of use tariffs to some modest degree. This would require them to adjust consumption in response to prices so as not to increase their bills exponentially. This proves that, for some, flat rates are far better. Differences between groups are small, but the study shows that vulnerable customers are more at risk of an increase in their bills – they point to the poorest pensioners as being particularly susceptible to bills increasing under this system. [25]

[25] https://www.ofgem.gov.uk/publications-and-updates/distributional-impacts-time-use-tariffs

Ultimately, this process is very much reliant on changing consumption in response to prices – if an individual doesn't do this, they are likely to see an increase in bills.

Finally, it could be argued that time of use tariffs add an additional layer of complexity to an already confusing consumer energy market with different providers offering different prices at different times. Here we may see the digital divide proving problematic again as those without the ability to access and understand information will not benefit from this new initiative.

Action: time of use tariffs are not the silver bullet and Ofgem must ensure that these do not impact unfairly on vulnerable customers. In essence, these tariffs must not penalise households that cannot be flexible in their energy usage and are unable to adapt to peaks in demand.

Sub-optimal policy

The government has, over the past few years, introduced a range of innovative solutions to fix the fuel poverty dilemma, amongst them the switching schemes and time of use tariffs, the smart meter roll out and insulation, yet the general consensus on the ground amongst the groups working with the fuel poor is that those who find themselves in fuel poverty, first and foremost, want and need new heating systems. This can be seen by the consultation prior to the implementation of ECO2T, whereby 90% of respondents stated boiler replacement needed to be a priority, yet this was essentially ignored, with a cap on funding for new boilers being introduced instead. We advocate policy makers actively engaging with those working with the fuel poor and, subsequently, adopting an approach used by practitioners on the ground to make a real difference to the fuel poor.

Insulation

An instance of sub optimal policy making can be seen with the focus of ECO2t on insulation as opposed to the replacement of boilers. Irrespective of recent controversies surrounding solid wall insulation, it is uneconomic for certain housing types and therefore should not be proposed as a policy when resources are scarce and there are more effective ways to reduce fuel poverty. Our argument here is not that insulation is bad, but rather that it is being badly implemented and with ECO's focus on insulation measures, properties are not being properly assessed for suitability. In essence, whilst insulation is a useful means to enhance energy efficiency, it is not a panacea to the issue of fuel poverty.

Insulation is not without its disadvantages - internal wall insulation reduces the floor area of any rooms in which it is applied, requires skirting boards and door frames to be removed and reattached and is generally a disruptive process, often requiring the inhabitants of a home to move out whilst it is applied.

For many homes, particularly in cities where space is at a premium, internal insulation is not a feasible option and so the solution is to fit insulation to the external walls of properties. With almost half of London's dwellings being solid wall (1.6 million properties), if the focus remains on insulation, this will be how they are made more energy efficient.

Period housing

Further, for some types of homes, insulation is simply not feasible. Older homes, built before the 1920s, of which there are estimated to be 6.5 million in the UK (ONS, 2011), have solid walls, meaning there is no cavity to insert insulation into, leaving external insulation as the only option. Much to the outrage of heritage groups, the Department for Energy and Climate Change encourages the owners of such properties to clad the exteriors of their houses, impacting on their aesthetics.[26]

Not only can external cladding on older homes be viewed as unsightly, it is also problematic in that the walls still need to be able to breathe.

It's also worth considering the fact that, in order for terraced houses to be truly energy efficient, external insulation has to be applied to multiple properties, else heat can be lost through adjourning properties. This raises questions surrounding not only appearance but also practicality. If some properties on a street qualify for the ECO scheme and others do not, this produces further issues.

[26] https://www.thetimes.co.uk/article/a-government-cover-up-on-cladding-6mbmt3nnh60

It has been claimed that the UK's preference for living in older housing and our ageing housing stock exacerbates the issue of fuel poverty – some even suggest that domestic building heritage has influenced the existence of fuel poverty within the United Kingdom. We must be acutely aware of the importance of introducing energy efficiency measures to alleviate fuel poverty in older homes (given that 21% of people live in houses constructed pre 1919,) whilst not compromising the character of buildings. Over 60% of houses in the UK were built prior to the introduction of thermal standards and this has left us with a substandard housing stock when compared with our European counterparts. Given that it would take 2,000 years to replenish the housing stock (based on current demolition and building rates), retrofitting is key to improving the efficiency of UK houses. In particular, replacing boilers can serve as a solution.

Current policies can be criticised for homogenising stakeholders, forgetting diversity in terms of housing stock and ignoring individual difference. A one size fits all policy thus does not work.

Action: replacing non condensing boilers can serve as a solution to fuel poverty as it recognises the constraints the UK's housing stock places on policy making.

Boilers as key to reducing fuel poverty

Whilst the government have made some in roads with regards to introducing policy to reduce fuel poverty, many of the mechanisms put in place can be viewed as misguided and thus, ineffective, hence 2015's fuel poverty statistics showing an increase in the number of fuel poor households.

The Energy Company Obligation (ECO) scheme introduced in 2013, initially focused on a range of energy efficiency measures including retrofitting boilers and insulation – yet the introduction of an artificial cap on condensing gas boilers has meant that many households are left with inefficient appliances (a factor which compounds fuel poverty.)

EUA statistics reveal that there has been a dramatic decline in the number of new boilers being fitted under the ECO scheme**.** In March this year, 7,037 new boilers were fitted whereas by April only 1,211 were - a monthly decrease of 83%. Given that it is estimated that there are still around 9 million inefficient or zombie boilers being used in the UK, costing consumers more and emitting higher levels of C02, the ECO scheme should consider lifting the cap on new boiler installations in order to combat fuel poverty. With Boilers accounting for around 55 per cent of what the average household spends on energy bills, it's worth getting the right, most efficient one.

What's more, ECO had its budget slashed in March 2016 by 40% to £640 million, coinciding with a shift in focus, away from boilers. Many that advocated such a switch still feel somewhat short changed as they wanted to see money put aside for replacing broken boilers. The lack of funds for the most vulnerable to replace broken boilers leaves them in an extremely precarious position.

Studies show that replacing an 80 per cent efficient gas boiler with a new boiler will save over £85 a year. Further, replacing a 70% efficient boiler could result in savings of over £300 per annum. With the average fuel poverty gap at £371[27], this makes substantial inroads in combatting fuel poverty.

This demonstrates the fact that efficient and functional boilers are intrinsic to alleviating fuel poverty and funds must be made available to fit such boilers in the most vulnerable homes. There are several ways in which this can be achieved, either through central government or local authority funding, a refocus on boilers under the ECO scheme or through the introduction of a boilers on prescription scheme, with the NHS funding energy efficiency improvements in the homes of families with illness made worse by the cold, reducing the burden on GPs and hospitals.

As the Gentoo Sunderland project shows, Boilers on Prescription would save the NHS time and money and, more importantly, can genuinely help families with chronic conditions. The scheme slashed GP and outpatient visits of COPD patients by a third, and also increased living room temperatures in the affected households by up to 50% whilst reducing gas bills by around £30 per month.[28]

With cold weather estimated to cost the NHS £1.5billion a year, it makes sense to treat fuel poverty as a public health issue and thus allocate health spending towards combatting it.

Action: The EUA further reiterates its recommendation of implementing boilers on prescription. Moreover, we urge the Government to introduce a national boiler scrappage scheme to eradicate Zombie Boilers and help the UK meet its carbon emission reduction and fuel poverty elimination targets.

Case studies in other countries

We should not assume that fuel poverty is something inevitable, nor should we place the blame for its existence entirely on the cost of energy in the United Kingdom. By conducting comparative analysis, it becomes clear that the United Kingdom suffers far worst in terms of fuel poverty than many of its European counterparts. This is largely down to the how inefficient many UK homes are, adding further support to

[27] https://www.theguardian.com/society/2016/nov/29/uk-fuel-poverty-last-lifetime-national-energy-action-report
[28] https://www.gentoogroup.com/media/1061811/boiler-on-prescription-closing-report.pdf

the argument that measures, such as replacing zombie boilers, are key to a future without fuel poverty.

The Major of Stockholm, Karin Wanngård, recently went so far as to state that fuel poverty is non-existent in Nordic countries, claiming that a range of initiatives have relegated it to the history books.[29]Sweden is an interesting case study given that it is almost identical to the United Kingdom in terms of per capita income and yet, whilst the UK pays only half as much for gas and experiences a balmier climate, we have four times the percentage of people in fuel poverty.

In Sweden, within the Private Rented Sector (PRS), there is onus on the property owner as opposed to the tenant to introduce energy efficiency measures, which often results in heating being included as part of the rent. Every landlord is held accountable to a legal minimum heat standard, meaning that those renting privately do not fall into fuel poverty, this is in stark comparison to the United Kingdom whereby it is households under this type of tenure who are most likely to be fuel poor – with households living in the least efficient privately rented homes spending, on average, around £1,000 more to keep warm than those who own their own homes.[30]

Domestic thermal efficiency is vital to achieving low levels of fuel poverty. This is exemplified by using Denmark as a case study. Whilst energy tends to be slightly more costly there, only 2.6% of households reported being unable to afford to keep their home adequately warm, compared with the European Averages of 10%. As stated by Healy, this can be attributed to their efficient domestic heating.[31]

The provisions made in Sweden regarding the Private Rented Sector (PRS) and Energy Efficiency are in stark contrast to existing legislation in England and Wales surrounding this issue. The PRS is the fastest growing tenure in the United Kingdom, comprising of around 5million households.[32] It is unsurprising to learn that households living within the PRS are more likely to be affected by fuel poverty than those living in any other tenure, hence why it is important there is legislation protecting these households (DECC, 2014). 15.2 per cent of all privately rented homes failed to provide sufficient levels of thermal comfort and as of 2014, around 1.3 million privately rented homes were categorised as being in non-decent conditions.[33]

[29] https://www.euractiv.com/section/energy/interview/stockholm-mayor-fuel-poverty-is-non-existent-in-nordic-countries/
[30] https://www.theguardian.com/environment/2015/feb/05/landlords-draughty-homes-ban
[31] https://www.theguardian.com/environment/2015/feb/05/landlords-draughty-homes-ban

[32] https://www.moneywise.co.uk/news/2017-06-13/quarter-households-will-rent-privately-2021
[33]http://england.shelter.org.uk/__data/assets/pdf_file/0003/1039530/FINAL_SAFE_AND_DECENT_HOMES_REPORT-_USE_FOR_LAUNCH.pdf

The Energy Act (2011) proposed regulations pertaining to energy efficiency in the Private Rented sector which mean that by April 2018, all rented property will be required to have an EPC rating of at least an E. Given that 4.2 million privately rented homes currently fall below the E rating, this will force landlords to undertake measures to make homes more energy efficient, in turn reducing the likelihood that those households will be in fuel poverty. This was reiterated in the recent Clean Growth Strategy (October, 2017), which went on to state that the Government will look at creating a long term trajectory for energy performance standards across the private rented sector, with the aim of as many private rented homes as possible being upgraded to EPC Band C by 2030, where practical, cost-effective and affordable. The Department for Business Energy and Industrial Strategy (BEIS) will be consulting shortly on these proposals. There are two issues with this policy – firstly, it could be argued that the E rating is still not particularly high, thus this is not an ambitious target, reducing its impact. The average cost of heating a 3-bed semi-detached family house with a current rating of 'E' is still estimated to be between £800 & £900 per year. From a landlords perspective these proposals could also prove problematic, due to having to fund energy efficiency measures in properties. This will be costly, especially if they own multiple properties (many do, with figures revealing that 22% of landlords let out 60% of the stock.) As such, costs may fall on the tenant, in the form of increased rents. According to Homelet's Landlord Market Survey 2017, which surveyed over 3,000 landlords, only 31.1% of landlords do not plan on increasing their rents in the near future.

As of July 2017, the UK average rent was £908 (if we exclude London, this figure is £757,) rent is already expensive in many parts of the UK and increases in rent would push more people into a precarious position.

Further, the government created a process, whereby from April 2016, tenants have been able to request energy efficiency measures to be made, this is convoluted, problematic and places the onus on the tenants as opposed to the landlords who often have the financial means or knowledge of property to better propose such measures.

Moreover, this requires the tenant to firstly be aware of not only this piece of legislation but also of the grants and schemes available to them. Secondly, it relies on them feeling confident enough to put in a request, something which they may not be. Many in the PRS perceive their position to be a precarious one – characterised by concern regarding termination of contracts, increasing rents and bad relationships with a landlord. A study by the Housing and Homelessness charity Shelter (2014) found that one in eight renters (12 per cent) have not asked for repairs to be carried out in their home or challenged a rent increase in the last year because they fear eviction. Whilst the fear of retaliatory eviction is more prevalent than the practice, it does occur. The aforementioned study found that one in 33 renters have

been evicted, served notice or threatened with eviction in the past five years because they complained to their landlord or local council about a problem in their home. That is 324,172 renters a year. Ultimately, this misguided initiative ignores the fact that this is different to a typical customer/provider relationship and tenants are often reticent to make requests through fear of inconveniencing or aggravating the landlord. Shelter found that many people will simply move out of their homes rather than complain. This often means that homes are continuously let in a poor condition to renters for shorter periods, and standards are never improved.

The uncertainty surrounding tenancy is compounded by a range of factors – renters in England typically have short contracts (often only 6 or 12 months) and Shelter found that 30% of private renters worry about their landlord ending the contract before they are ready to move out. Why would a tenant fund energy efficiency in a flat where the lease was only a year maximum, meaning the owner of the property could sell the property/choose not to renew the contract?

Consultations by the government regarding this scheme ultimately found that onus may fall too heavily on tenants to challenge refusals through the tribunal process, resulting in a lower uptake of the regulations among tenants – yet this was not something that has been addressed. Moreover, the consultation stage found that the exemption clause whereby if works would decrease the value of the property they are not undertaken is highly controversial, proving extremely divisive amongst respondents. Further, in this stage, a significant number of respondents emphasised how complex the process was; onerous and requiring of a large amount of preparation. In essence, there are a range of complexities and barriers associated with this process, meaning it is not the solution to the issue of fuel poverty in the private rented sector, the policies are, in essence, built on the assumption that tenants are a lot more empowered than they actually are.

Findings show that schemes with the potential to support those who struggle with cold homes and high heating bills, such as Warm Homes Discount, the Energy Company Obligation and associated Affordable Warmth Grants, do not appear to be reaching PRS tenants and ultimately, it can be concluded that initiatives designed to drive up standards of energy performance, such as EPCs and aspects of the Energy Act are rendered almost irrelevant in the context of a buoyant, rental market.

Action: to alleviate fuel poverty and ensure the sector is more energy efficient, the priority needs to be ensuring all PRS properties have a working decent heating system.

Recommendations

In light of the above, the Energy and Utilities Alliance recommends that the following are at the heart of governmental policy in order to combat the issue of ever increasing fuel poverty.

Advocating a replacement of zombie boilers

Given the previous points regarding old boilers, this is clearly an area that needs to be addressed. A boiler scrappage scheme and ECO refocusing on boilers are highly recommended as means to replace old or inefficient boilers, making households more energy efficient, and reducing heating costs.

Encouraging data sharing between agencies

Due to the multiple disadvantages those in fuel poverty often face, it is vital that information is made available through channels other than online. This means reaching out to health agencies, entities within the social care and education sector and so forth. Further, it means adopting a joined up approach in order to enable fuel poor households to be identified.

Facilitating connections to the gas grid

The simple act of connecting homes to the existing gas grid could serve to save houses an average of £922 per year on their energy bills. With off grid houses far more likely to experience fuel poverty and extensive infrastructure already in place in the UK, gas grid connections serve as one way in which the situation of the fuel poor could be ameliorated.

Recognising how housing stock and types of tenure impact on fuel poverty & legislating on the Private Rented Sector (PRS) to place the onus onto landlords. We advocate that all landlords must be mandated to improve the energy efficiency of their properties. Energy efficiency in the private rented sector needs special attention and tenants must be safeguarded against these costs being placed onto them in the form of inflated rent.

Energy Efficiency as a priority

Domestic energy efficiency is central to our productivity, livelihoods and ultimately our mortality – as such it should be invested in as a priority and the issue of cold and inefficient homes should be deemed more important. With other issues dominating the political sphere at present, we urge the government to consider the impact of the aforementioned issues on people's lives – and put in place the policies to combat fuel poverty before we have another winter characterised by excess winter deaths, and people being cold and miserable within their own homes.

The Formation of a joint unit on fuel poverty

Finally, given all the different strands outlined in this report, and the multiple complexities associated with, and range of vulnerable groups impacted by, fuel poverty; it is paramount that a unifying body is formed which sits across all of the strands and is truly representative of the sectors which can, together, combat fuel poverty. The unit should comprise of the Department for Business, Energy and Industrial Strategy (BEIS), the Department for Health, the Minister of State for Disabled People, Health and Work, representatives from the Heating industry and energy sector, housing associations, Disability rights activists, groups that represent ESOL individuals, the elderly and children and Mental Health charities, amongst others. Joined up thinking, collaborative work and truly informed policy are key to reducing the UK's endemic fuel poverty.

Despite the fact that various measures to alleviate fuel poverty have been introduced, the issue is one that is worsening in the United Kingdom, with England experiencing the second highest rates of fuel poverty in Europe.

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