

Consultation on the Fuel Poverty Strategy for England

Citizens Advice response
September 2019



Contents

About Citizens Advice	3
Summary	4
Context	6
Answers to consultation questions	9

About Citizens Advice

The Citizens Advice service is a network of nearly 300 independent advice centres that provide free, impartial advice from more than 2,900 locations in England and Wales, including GPs' surgeries, hospitals, community centres, county courts and magistrates courts, and mobile services both in rural areas and to serve particular dispersed groups.

In 2018, Citizens Advice Service helped fix 174,000 energy problems through our local network and 39,000 through our Consumer Service Helpline. Our Extra Help Unit specialist case handling unit resolved 7,600 cases on behalf of consumers in vulnerable circumstances.

Since April 2012 we have also operated the Citizens Advice Consumer Service, formerly run as Consumer Direct by the Office for Fair Trading (OFT). This telephone helpline covers Great Britain and provides free, confidential and impartial advice on all consumer issues.

Summary

Citizens Advice welcomes this consultation and review of the Fuel Poverty Strategy. A refreshed strategy should give much-needed impetus to reducing fuel poverty in England, a problem that impacts the quality of life of millions of households.

We welcome the proposed new fuel poverty indicator. It is clearer than the current indicator and should make it easier to benchmark progress toward, and ultimately meet, the overall target fuel poverty target. The indicator should not take into account receipt of the Warm Home Discount (WHD). This would make the indicator less useful and could potentially skew the delivery of energy efficiency measures.

The government must also provide further clarity on the principles underlying the strategy and take action to ensure the principles are reflected in the design of policy. There is limited evidence that the existing principles have significantly guided government policy since 2015. Unless the revised principles are clarified further, they are unlikely to have much impact in future.

We are pleased to see the inclusion of a new principle on aligning the fuel poverty strategy with wider government strategies, particularly the Clean Growth Strategy. Citizens Advice also recommends the introduction of a fifth principle, that the strategy should be consumer-friendly.

Citizens Advice supports the government's targets for fuel poverty. However, both the overall target and interim milestones are only useful if they drive government action. The government needs to provide much more support for delivery if they are to be achieved.

In the 4 years since the introduction of the Fuel Poverty Strategy for England, the government has failed to produce a convincing plan to deliver the strategic targets. In order to achieve the targets, the government must publish and consult on a fully-costed plan on the back of this review. This plan should build on the recommendations of the Committee on Fuel Poverty (CFP), the statutory advisory body on fuel poverty.

England is the only nation in Great Britain without a public fuel poverty scheme alongside the Energy Company Obligation (ECO). To meet the fuel poverty target the government needs to increase funding from the £640m provided annually under ECO to the £1.2bn a year (between now and 2030) recommended by the National Infrastructure Commission (NIC).

The current approach of delivering fuel poverty support through targets on energy suppliers leads to poor targeting and provides no guarantee of support

for vulnerable households. Citizens Advice strongly recommends the government consider moving this responsibility to other bodies post-2022, like energy network companies or local authorities, and guaranteeing support to those in most need, through a combination of:

- An area-based delivery scheme
- On demand support for consumers in the greatest need

It should also look to provide automatic data-matched support for low income vulnerable households, rather than the patchy approach of the Warm Home Discount broader group.

To overcome the immediate shortfall in funding and prepare the ground for future schemes, the government should introduce the Fuel Poverty Challenge Fund as recommended by the CFP¹⁰

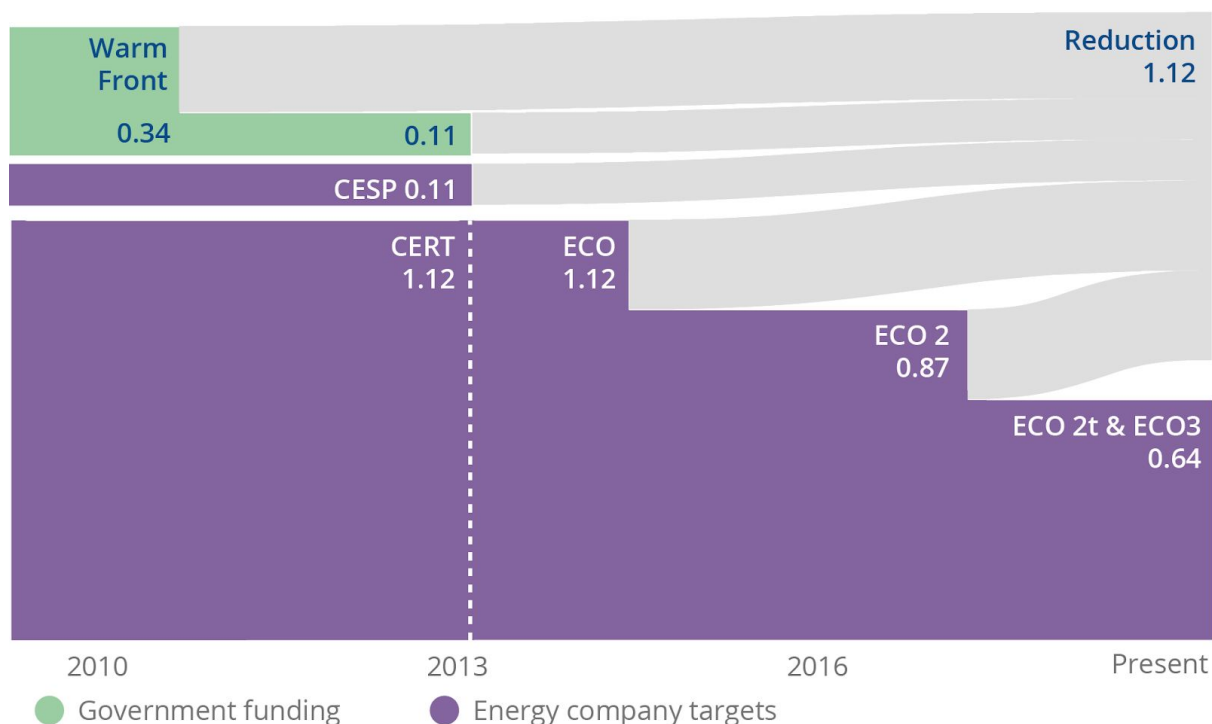
In the private rented sector, the £3,500 cost cap in the minimum energy efficiency standards will leave many renters still living in substandard conditions. Increasing the cost cap, and reintroducing regulation are needed to gradually increase the minimum standard in future.

Context

Despite the introduction of the Fuel Poverty Strategy for England in 2015, spending on energy efficiency support for households in fuel poverty has continued to decrease.

How energy efficiency schemes have reduced since 2010

Annual spending on national energy efficiency schemes (£ billion)¹



The main energy efficiency policy in England is ECO. The size of the scheme has been progressively reduced since 2010. In 2010, the three predecessor schemes to ECO (CERT, CESP and Warm Front) totalled £1.57 billion funding per year. In 2013, ECO replaced them, providing £1.12 billion funding per year. It now provides £0.64 billion funding per year². Currently, funding to help households pay their bills every winter is 4 times that spent on improving the efficiency of homes.

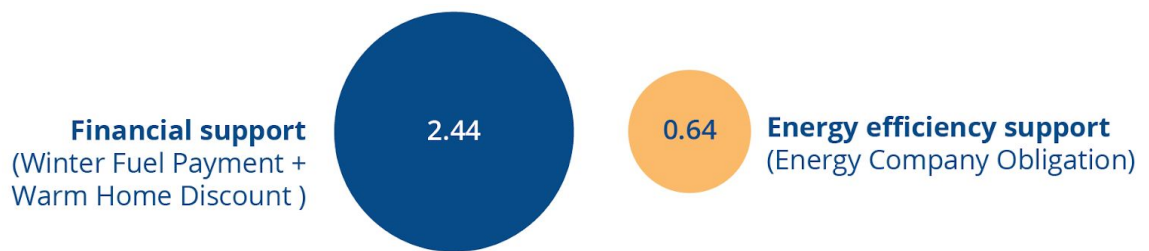
Government policies spend far more helping households with their energy bills every year than we do on improving the energy efficiency of homes.

¹ Citizens Advice analysis based on DECC/BEIS figures and House of Commons Briefings. Does not include spending on Green Deal or by Scottish and Welsh Governments

² Citizens Advice analysis based on figures from the Department of Energy and Climate Change and the Department for Business, Energy and Industrial Strategy. Citizens Advice, [Citizens Advice response to BEIS's consultation on the Energy Company Obligation \(ECO 3\) 2018 to 2020](#), August 2018

Help paying bills greatly outweighs spending on energy efficiency policy

Annual budget (£ billion)

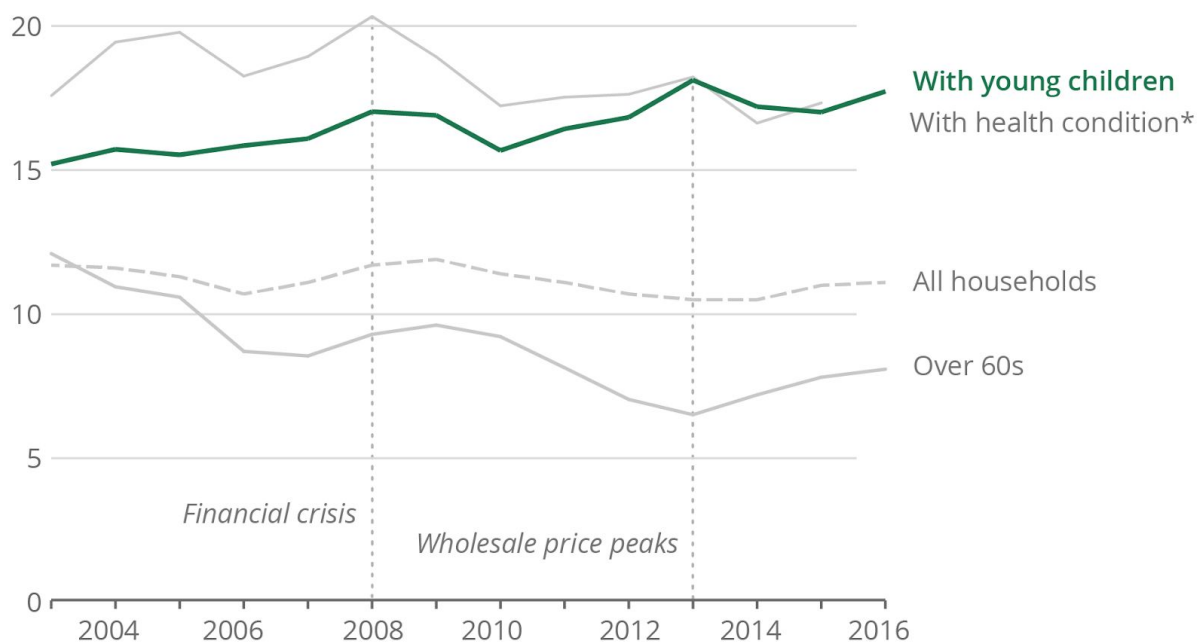


While ECO has been in principle increasingly focused on fuel poverty, it remains poorly targeted. Currently, only around 30% of those eligible for ECO are in fuel poverty³. This hinders the progress this funding can make towards the fuel poverty target.

The characteristics of those in fuel poverty is evolving. 17% of families with children under 5 are in fuel poverty. This is the same rate for working-age people with a long-term health condition, well above the average for all households (11%) and over twice the rate for households with someone over 60 (8%).

Fuel poverty is rising for households with young children

Percent of households in fuel poverty by demographic, 2003-16



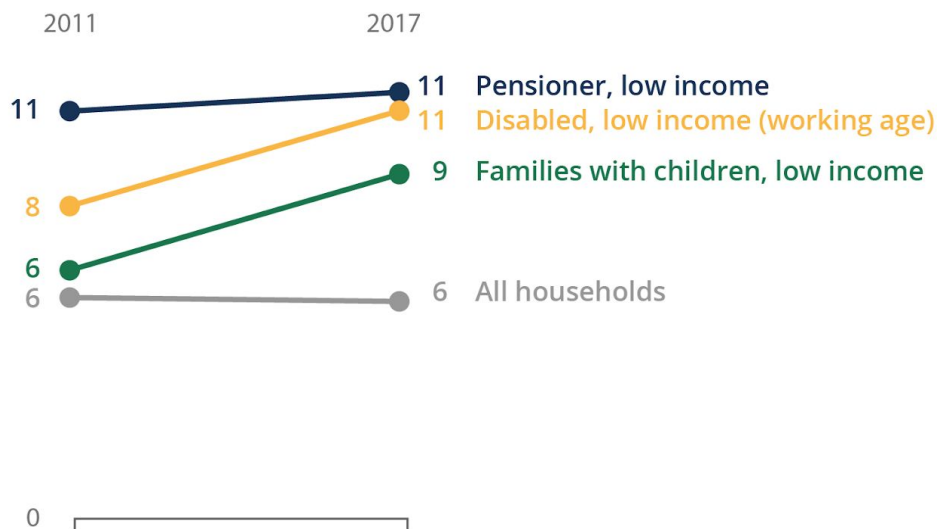
*Working age. Source: Citizens Advice analysis of the [English Housing Survey](#). This uses the current low income high cost definition of fuel poverty.

³ IPPR report for Citizens Advice, [Beyond ECO: the Future of Fuel Poverty Support](#), July 2018.

While fuel poverty rates, using the current definition remain relatively stable, energy costs are putting increasing pressure on the budgets of low income households, particularly those with children or someone with a health condition.

Energy bills are putting increasing pressure on low-income households

Percent of household budget spent on energy, 2011-2017.



Source: Citizens Advice analysis of the [Living Costs and Food Survey](#)

As a result, many households are not able to heat their homes. Across the UK, 1.3 million households cannot afford to heat their home properly⁴. The vast majority of these - around a million households - have children or someone with a disability living in them.

Our recent research found half of all customers with prepayment meters - around 2 million households - found it a daily struggle to keep their meter topped up. The vast majority of these (88%) included a child or someone with a long-term health condition. In the last year, 140,000 households simply could not afford to top up their meter, and self-disconnected⁵. This proportion was unchanged from 2014, when we last carried out this research.

⁴ Our analysis of the [Family Resources Survey 2016/17](#)

⁵ Citizens Advice [Switched On](#) 2018

Response to consultation questions

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

We agree. The proposed indicator is simpler, easier to understand and communicate.

It will better reflect progress toward the fuel poverty target. By showing the impact of investment in energy efficiency on reducing fuel poverty, the metric can demonstrate the need for more action and central government funding.

It will reduce the number of households moving in and out of fuel poverty. This is extensive under the current definition and makes targeting support to households in fuel poverty more difficult.

The new metric also aligns in a clear way with the energy efficiency targets for all households, set out in the Clean Growth Strategy. This should in turn help deliver a comprehensive programme of energy efficiency support that is needed to meet both fuel poverty and climate goals. For example, a local energy efficiency scheme could take an integrated approach to engaging all consumers, but offer different levels of financial support depending on a household's income level.

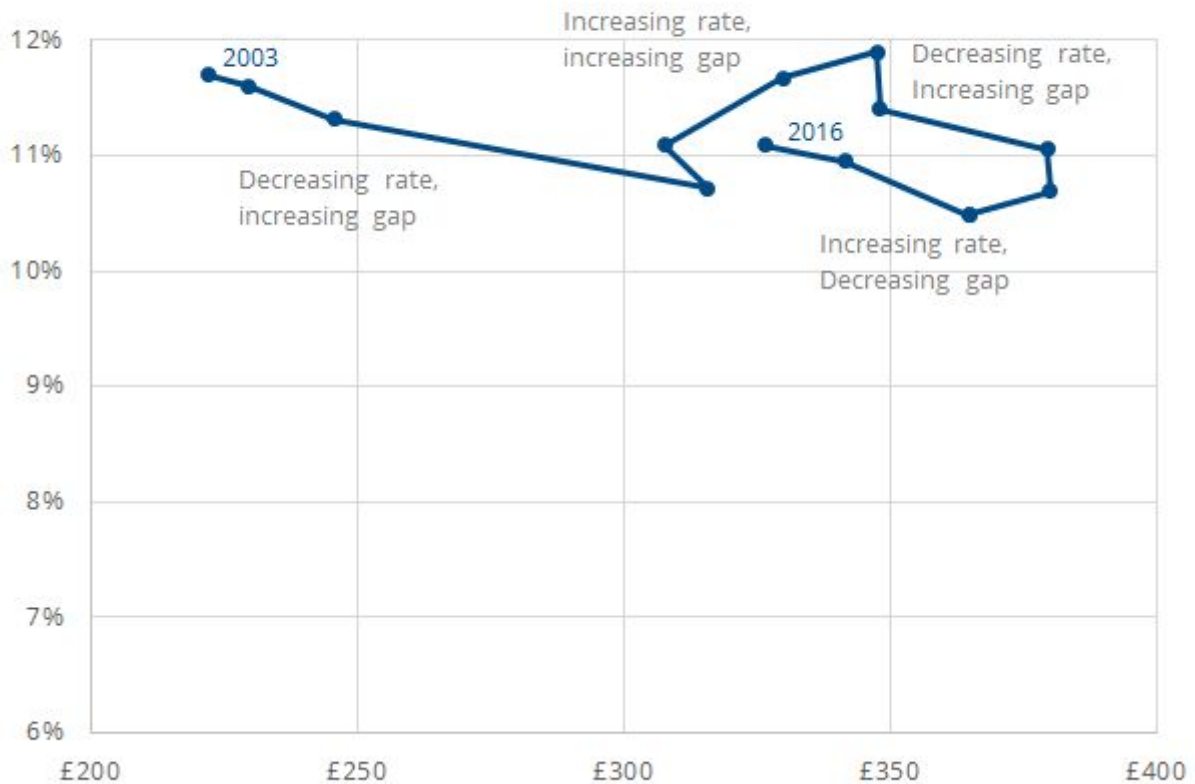
Citizens Advice recommends the government use the EPC based version of the Low Income Low Energy Efficiency rating, rather than the FPEER version, which deducts the Warm Home Discount. Our reasoning for this is set out in response to Question 2.

The current indicator is a relative measure, based on median energy use and relative poverty. As a result, the number of households in fuel poverty it does not change much year on year, hovering around 10-12%, as shown in the following chart. This would remain the case even when progress towards the fuel poverty target was made.

1.7 m households have energy costs within £100 energy costs of being either side of the fuel poverty target, with considerable churn year on year.

The evolution of the fuel poverty rate and gap over time, 2003-16

Fuel poverty rate in England (vertical axis) and average fuel poverty gap (horizontal axis), using the Low Income High Cost measure.



Source: Based on BEIS fuel poverty statistics, 2018 report

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

a. Household energy requirements calculation, including heating regime

We agree that EPCs should provide the basis for the new methodology. However there are some considerations the government needs to take into account in using this measure:

- There is significant variation in the quality of EPC assessments which undermines their role underpinning this and other policies. The

government should take steps to improve the accuracy of EPC assessments as discussed in our response to the recent call for evidence⁶

- A better understanding is needed of whether the heating patterns used in the EPC reflect real world heating patterns, particularly households in fuel poverty. We would welcome clarification from the government on this.
- While heating requirements will not change over time, other energy requirements can change in response to societal changes. This is one reason why a relative definition of energy was used in the original fuel poverty strategy. While overall we support the use of the LILEE metric, the government should consider how it can take into account changing patterns in appliance use in its assessment of fuel poverty over time.

b. Equivalisation factors, for fuel costs and for income

- Citizens Advice supports the equivalisation of income to take account of the size and composition of households. This aligns with the income measurement for fuel poverty with the approach used in all other official statistics relating to the measurement of income and general poverty.
- We also support the use of an After Housing Costs measure of income.

c. Income methodology

- We recommend the use of the Minimum Income Standard (MIS) to more accurately assess a suitable income threshold. As well as being using income after housing costs, it would exclude disability payments, child care costs and different living and transport costs in various urban and rural areas⁷. It is particularly important that disability benefits should not be counted as disposable income, as recommended by the original Hills Report.

d. Fuel prices methodology

- Citizens Advice recommends that fuel prices used in the fuel poverty metric are based on the energy price cap methodology. This will best reflect the median price paid by low-income households.
- Citizens Advice also recommend that Warm Home Discount is not deducted from energy costs in the FPEER. We agree with the BEIS Select Committee that:

Although it is positive that these recipients have their fuel poverty lessened in the short-term, they could be returned to

⁶ Citizens Advice, 2018, [Energy Performance Certificates in Buildings - Citizens Advice response to Call for Evidence from BEIS and MHCLG](#)

⁷ The findings from "Targeting Fuel Poverty", published by JRF, Citizens Advice, NEA and Eaga-CT in 2017

fuel poverty if the payments ceased. Counting these short-term uplifts towards the energy efficiency fuel poverty target means that real progress towards alleviating one of the root causes of fuel poverty is obscured.⁸

Deducting the Warm Home Discount would skew delivery of support away from households receiving the benefit. This is despite the fact:

- there is no guarantee that Warm Home Discount will be extended beyond 2021 (This is dependent on a policy decision from government).
- Households can move in and out of the Warm Home Discount eligible group from year to year. Those eligible for the broad group will only receive support if their supplier has sufficient budget. In this context it is likely to be difficult and administratively complex to confirm which households are receiving WHD in this context.

As a result, including the WHD could undermine the focus of the strategy on energy efficiency and create administrative complexity.

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

Citizens Advice agrees the current target is set at the right level: we welcome the proposal to retain it. According to the NIC, a more ambitious approach may be needed in future, but this depends on decisions related to the rollout of low-carbon heat technology.⁹ For now, the main challenge for the government is putting in place policies to meet these targets.

We support the use of interim milestones rather than a single end goal in 2030. Regular reporting should drive performance and ensure progress is made consistently, rather than being left until the last couple of years before 2030. However, more clarity and detail about the interim milestones will be necessary to ensure they are a meaningful measure of progress. The government should also have to report on progress towards both the overall and interim targets, This is discussed in question 25.

The current interim milestones are not a true reflection of progress towards the overall target. The government could meet them and still not be on course for the 2030 target. This is because there are many more Band D than Band E homes, and many more Band E than Band F & G homes. If the milestones are

⁸[Business, Energy and Industrial Strategy Committee \(2019\) Energy efficiency: building towards net zero](#)

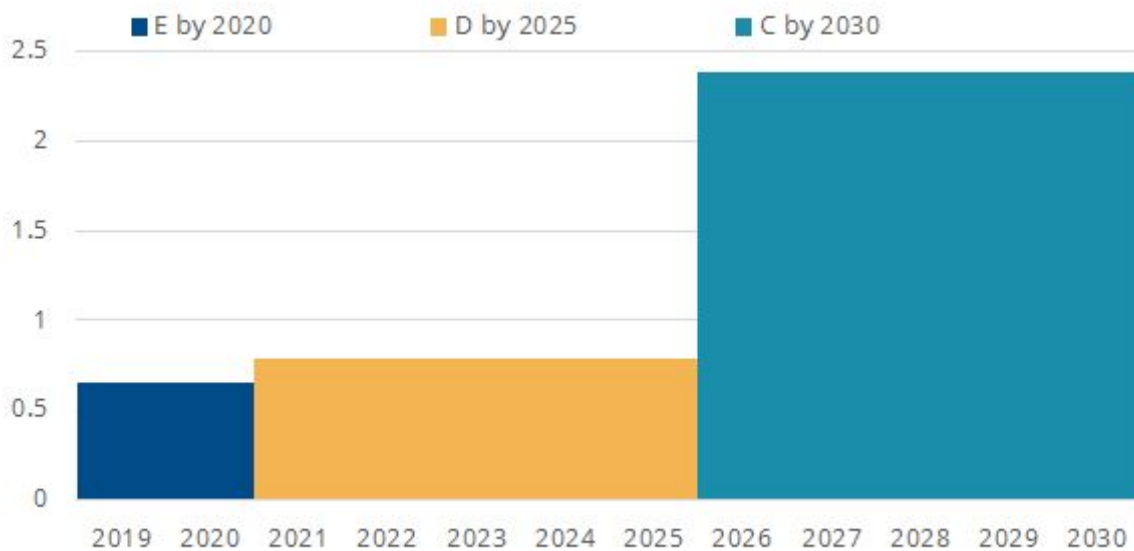
⁹National Infrastructure Commission, [National Infrastructure Assessment 2018](#), July 2018

met sequentially, then funding will be backloaded towards the end of the strategy. Instead the milestones need to be addressed concurrently.

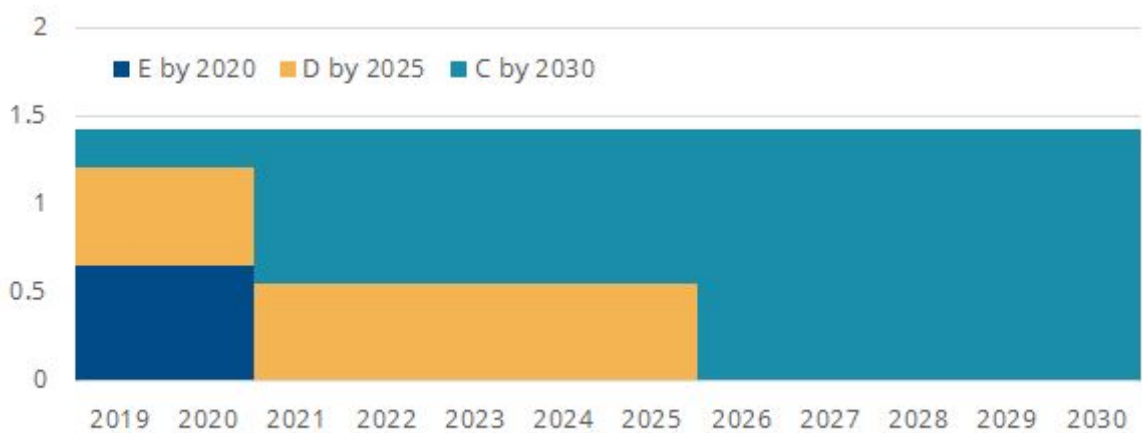
The government should put in place additional milestones that accurately reflect the progress required towards the fuel poverty targets.

Funding required each year if the targets are tackled sequentially¹⁰

Coloured by sub-target



Funding required each year if the targets are tackled concurrently



Both the overall target and interim milestones are only useful if they drive government action. It will be essential to provide much more support for delivery if they are to be achieved. The government must publish a clear and costed delivery plan to set out how it expects the milestones to be delivered.

¹⁰ Costs according to the CFP

The Fuel Poverty Strategy should also make clear the extent to which it intends to support a whole-house approach. An approach narrowly focused on the current milestones could dis-incentivise a whole-house approach. In the current consultation, the picture on whole-house delivery is unclear. . The potential advantages of whole-house delivery include

- the economies of scale this provides for installers
- streamlining consumer engagement, which can be difficult and costly.

However, the CFP has said it is comfortable with a staged approach, as in the absence of evidence on the feasibility of whole-house delivery.

Finally, the milestones will only be effective if the government designs policy to deliver on them. . The government is on track to miss the first fuel poverty strategy milestone of band E by 2020, something it acknowledges in the consultation documents¹¹. It is predicted that in 2020, 160,000 fuel poor households will still be in the lowest F and G EPC bands. The CFP calculates that an extra £1 billion of funding is needed over the next 2 years to meet the milestone.

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

Citizens Advice supports the principle of tackling the worst homes first. We interpret this to mean those in the deepest fuel poverty. The government should clarify further how this principle would work in practice, how it relates to a delivery plan to reach all fuel poor consumers by 2030, and how it can be integrated as part of a cost effective approach to engaging and targeting consumers. The consultation document notes there is a trade-off between prioritising those in most severe fuel poverty and keeping search costs low. Given the difficulties around targeting and engaging households in fuel poverty, may be more cost-effective, and provide a better customer experience, to target all fuel poor households, on the basis of location or eligibility criteria.

However, it is key that this principle remains, to ensure that those in deepest fuel poverty are not left behind other properties. This would not only be unfair but make it more difficult to deliver the fuel poverty strategy in the long-term.

It is also not clear that the worst-first principle has significantly driven policy decisions to date. In particular, in the continuation of supplier-led delivery model, which tends to direct support to the easiest to reach and easiest to treat households.

¹¹ The government acknowledges in the consultation document (page 23) that it is not going to meet the 2020 target

In the future we anticipate that (in line with recommendations of the BEIS Select Committee and the requirements of meeting the fuel poverty strategy), the government may move toward a combination of:

- An area-based delivery scheme
- On demand support for consumers in the greatest need

A clear understanding is needed on how the worst-first principle works within these contexts.

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

Citizens Advice strongly supports the cost-effectiveness principle. It is important that schemes deliver value for money for tax and bill payers. This is especially true is with funding from bills, which has the greatest impact on less well-off consumers. However, the government should:

- clarify further what it means by the cost effectiveness
- do better to ensure this principle is reflected in the design of scheme

Cost-effectiveness should primarily refer to a strategy and supporting policies that meet the fuel poverty target at minimum cost to consumers and society.

We agree that a key part of this is 'who pays'.

- In the private rented sector, landlords should be responsible for paying for energy efficiency improvements. Private landlords are operating a business and should be obligated to provide homes that are affordable to heat, especially when they can benefit from making these improvements, due to increased property value and reduced maintenance cost. Better standards in the private rented sector will reduce the burden on public financing.
- Outside the private rented sector, and potentially for particularly hard to treat properties within it, public funding will be required¹². By definition, fuel poor households are unlikely to be able to afford to fund energy efficiency improvements. It would be unreasonable and counter-productive to ask them to contribute to costs. Improvements in the social housing sector, as well as for owner-occupiers, will also require government funding

¹³.

The principle of cost-effectiveness has not been embedded well-enough in existing schemes, notably the PRS regulations and ECO. The CFP has

¹² Even if the supplier obligation was (more) effectively targeted.

¹³ National Infrastructure Commission, [National Infrastructure Assessment 2018](#), July 2018

demonstrated that shortcomings in the design of these two schemes increases the requirement for public funding to meet the fuel poverty target¹⁴.

In ECO, suppliers' incentives are not well-aligned with the delivery of an energy efficiency scheme. The National Audit Office (NAO) think this could either increase the costs of delivering the fuel poverty targets and/or reduce the chance of meeting them¹⁵. The supplier delivery approach has led to a volatile market. Over the course of ECO2, ECO brokerage prices under ECO2 ranged from 7p to 24p for the same unit of work¹⁶. Suppliers understandably want a wide pool of eligible households to target, to limit the time and cost of searching for specific households. But this leads to poor levels of targeting that cannot be sustained if the government is to achieve the fuel poverty target cost-effectively.

The consultation also uses cost-effectiveness to address whether some properties are too costly to improve to Band C. In the wording of the fuel poverty target, properties it is not reasonably practicable to improve. Though related to the definition of cost-effectiveness already discussed, it is distinct and should be set out separately in the strategy. It should take into account the co-benefits of improving these homes in terms of health and carbon reduction, and the cost of ongoing financial support. The strategy should start from the principle that no low income household should be shut out of support because their property is too difficult to improve. Where a home cannot be improved, through energy efficiency improvements, the government will need to provide ongoing financial support to alleviate the fuel poverty gap they face.

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

We support this principle. In particular it should seek to ensure:

- vulnerable fuel poor consumers are equally able to access fuel poverty support as other households in fuel poverty and are not left behind
- fuel poverty schemes meet the customer service needs of vulnerable consumers

However, more clarity is needed on the proposed principle and how it would work in practice.

It is important that fuel poverty schemes provides appropriate support for consumers consumers in vulnerable situations, for example those with a

¹⁴ Committee on Fuel Poverty, [Committee on Fuel Poverty Annual report 2018](#), November 2018

¹⁵ National Audit Office, [Green Deal and Energy Company Obligation](#), 2016

¹⁶ Department of Business, [Energy and Industrial Strategy, Energy Companies Obligation \(ECO\) brokerage results](#), 2013-2019. The fluctuation may have been added to by the changing role of the brokerage with ECO.

disability or long-term health condition. These households often have higher than average energy costs¹⁷. They also often need enhanced support, as discussed in question 17.

The principle, should not lead to specifically targeting fuel poverty support only to vulnerable households. Given 74% of households in fuel poverty are classified as vulnerable in some way¹⁸, sub-targeting on this basis will unnecessarily complicate the delivery of fuel poverty strategy. However, vulnerable households should be prioritised for financial support and on-demand support with affordable heating, through a national safety net.

Likewise, this principle, should not lead to providing energy efficiency support to vulnerable households who are not on a low income or likely to be in fuel poverty. Extending support to vulnerable groups without an income threshold would weaken delivery of the fuel poverty strategy and reduce the proportion of those receiving help who are in fuel poverty. This would lead to

- households in the most need missing out on support, including those who are vulnerable and on a low income
- the fuel poverty strategy not being met cost effectively.

A support scheme that reflects this principle is likely to require a move beyond a supplier obligation, which encourages suppliers to pursue lower cost installations, to one designed around the needs of vulnerable consumers. This is likely to require enhanced support, for example in-home advice and repeat visits from local support bodies, as well as guaranteed assistance with energy efficiency measures themselves.

7. Do you agree with our proposal to create a fourth principle on aligning fuel poverty strategy with current and future Government priorities? Do you have views or evidence that may be useful in creating this principle?

We welcome alignment between the fuel poverty strategy and different government strategies. Not only should the fuel poverty strategy align with other strategies, other strategies should also be charged with specifically contributing to tackling fuel poverty.

¹⁷ Harriet Thomson, Carolyn Snell and Mark Bevan, [Fuel Poverty and Disability: a statistical analysis of the English Housing Survey](#) (2013)

¹⁸ Latest figures (2017), BEIS 2019 [Annual fuel poverty statistics report: 2019](#)

It is accepted by the government, as well as the Committee on Climate Change¹⁹ and BEIS Select Committee²⁰ that improving the energy efficiency of homes is essential to meeting our carbon and air quality targets. The recent report by CSE for the CFP highlights the tensions and synergies between tackling fuel poverty and carbon reduction policies²¹.

Key initiatives in this area that the fuel poverty strategy should be coordinated closely with include:

- The new 2050 net zero target
- the Clean Growth Strategy²²
- the forthcoming strategy on the future of heat
- future proposals on energy efficiency for households not in fuel poverty

To be most effective, energy efficiency support schemes for fuel poverty and for households not in fuel policy should be coordinated, for example through an integrated area-based approach²³.

A strategy on the future of heat is urgently needed to inform major decisions that have to be made in the mid 2020s, and will also inform the delivery of the fuel poverty strategy. The sooner this strategy is delivered the better that policy decisions can be made in an integrated way²⁴.

In the short or medium term some support may be required to help struggling households that does not also contribute to climate goals. The strategy should recognise that households in fuel poverty often require short-term help ensure they can meet their basic heat needs, like getting broken-down boilers replaced, as well as long-term improvements to improve their EPC rating. For example, for households off the gas grid, the government's long-term ambition is to move away from oil boilers. However, in the nearer-term oil boilers are the only feasible heating option for many low income rural households. Low-carbon alternatives are currently often unaffordable or unsuitable for these households.

¹⁹Committee on Climate Change (2019) [Reducing UK emissions – 2019 Progress Report to Parliament](#)

²⁰ [Business, Energy and Industrial Strategy Committee \(2019\) Energy efficiency: building towards net zero](#)

²¹CSE report for the Committee on Fuel Poverty (2019) [Tackling fuel poverty, reducing carbon emissions and keeping household bills down: tensions and synergies](#)

²² For all homes to reach Band C by 2035
<https://www.gov.uk/government/publications/clean-growth-strategy>

²³IPPR,(2014) [Help to Heat](#)

²⁴ Citizens Advice (2019) [Keeping Warm: The future of Heat](#)

Boiler replacement can make a substantial contribution to the comfort, affordability of warmth and health for off-gas households in the medium-term²⁵. Other policy areas that should be reflected in the fuel poverty strategy, and vice versa, include health and education. There is considerable evidence of the impact of cold homes on the health of those with a disability or long-term illness, and hospital admissions and related costs²⁶. For children, chronic cold conditions not only lead to greater prevalence to asthma and respiratory diseases but also impair child cognitive development and educational attainment²⁷.

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

Yes. There should be a principle that the strategy and related policies should be consumer-friendly. Delivering the fuel poverty target will require consumer engagement on a massive scale. In previous schemes, the costs of targeting and attracting consumers have been significant²⁸. These costs are likely to increase further unless schemes are reconfigured, as the strategy will have to increasingly deliver to hard-to-reach households. Schemes to be designed to meet the needs of consumers and other stakeholders

- to be cost-effective
- to ensure support gets to those who need it

This principle also reflects wider work by BEIS to ensure policies reflect consumer needs and behaviour.

This should particularly be reflected in the design of the fuel poverty scheme or schemes that will follow ECO. The current ECO approach can lead to a poor customer journey:

- Eligibility does not mean entitlement to help if it does not align with a supplier's delivery plan. Even if they are referred into the scheme because of a health condition, consumers are not guaranteed support.
- There is a lack of transparency over what help is available, and what client contributions, if any, are required²⁹
- The type and levels of help available can change dramatically over time

²⁵ [ECO 3: 2018 to 2020 Citizens Advice response to BEIS's consultation on the future of the Energy Company Obligation](#)

²⁶ Public Health England, [Local action on health inequalities: Fuel poverty and cold home-related health problems](#)

²⁷ The National Children's Bureau (NCB) [Fuel poverty What it means for young parents and their families](#)

²⁸ National Audit Office, 2016, [Green Deal and Energy Company Obligation: Final Report](#)

²⁹ Feedback from bodies delivering ECO collected by NEA on behalf of Citizens Advice, see [Citizens Advice response to the Help to Heat consultation](#), 2016

- The scheme lacks a clear public interface and there is little client awareness of the scheme.³⁰
- Quality of assessments and installations have often fallen short,^{31 32} and there is no clear route for consumers to get redress for these problems.³³

Case Study

The client has long term health problems and receives Personal Independence Payment (PIP). He pays for energy via a prepayment meter. Client approached his housing association landlord because of the poor level of loft insulation in his home. He was subsequently contacted by an energy supplier who asked for a contribution of more than £180 towards the work. Client was unable to afford this and no work has been done.

Although he would meet the qualifying criteria for the Warm Home Discount Broader Group, he cannot apply because his supplier's funds for this year have been exhausted.

Client at a local Citizens Advice office

It is unsurprising therefore that consumers who access the scheme have told us they found it complicated and difficult to engage with³⁴. In a survey of our local advice offices³⁵, we found that over half of advisers (54%) who had helped clients with ECO in the past year had experienced problems with the scheme. Among these, 41% said clients had found the application process too complicated, while 11% reported clients having their applications rejected.

These problems put consumers and other stakeholders off engaging with the scheme and will continue to make it more difficult to engage households in the

³⁰ Among those who have had measures installed just over one in ten households were able to explicitly identify ECO. Department of Energy and Climate Change, [Energy Companies Obligation \(ECO\) customer journey research, 2015](#)

³¹ Consumer Futures, [Green Deal watching brief part 2: Written evidence submitted by Consumer Futures \(GRE0026\)](#), 2014

³² Pye Tait Consulting for Citizens Advice, [Research into quality assurance in energy efficiency and low carbon schemes in the domestic market](#), 2014

³³ If assessment and installation standards fall short, energy and carbon savings - the fundamental rationale for these policies - are also risked.

³⁴ Feedback from bodies delivering ECO collected by NEA on behalf of Citizens Advice, see [Citizens Advice response to the Help to Heat consultation](#), 2016

³⁵ This is an online survey of our local citizen advice offices, that have signed up to take a monthly panel. We usually receive 300 - 400 individual responses per survey and the survey took place at the end of August 2018.

future. An efficient and effective fuel poverty scheme should be designed with the consumer at its heart and to reflect how people actually think and behave.

- It should provide clear, simple and credible offers to consumers, that can be tailored to individual circumstances.
- Within the current ECO model, suppliers should work with third-parties to simplify, streamline and improve the customer journey to ensure that consumers can easily engage with the scheme and receive high quality work.
- Many of these issues stem from the supplier obligation approach, which encourages suppliers to deliver at the lowest possible cost. Addressing these issues is likely to require moving away from a supplier obligation as the primary way to deliver fuel poverty support.
- This will become particularly key as the fuel poverty target increasingly demands helping hard-to-reach customers and installing complex and expensive measures like solid wall insulation.
- Lack of quality and redress could fundamentally undermine delivery of Fuel Poverty Strategy. This should be addressed through the Each Home Counts process, but is a prerequisite for delivering the strategy.
- Citizens Advice recommends that more should be done to understand the customer journey in fuel poverty schemes. This is discussed in question 23.

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

As the CFP has shown, the government is currently off track to meet the fuel poverty target³⁶. As part of this strategic review the government should produce a fully-costed policy plan for meeting the target. This should involve:

- public funding to support energy efficiency for fuel poor households delivered through:
 - a locally-led area based scheme
 - A national safety net scheme
- better regulation on energy efficiency standards for private rented households
- Better support to engage fuel poor households in energy efficiency

³⁶ Committee on Fuel Poverty, [Committee on Fuel Poverty Annual report 2018](#), November 2018

In its latest annual report, the CFP estimated that an extra £8.1 billion funding is needed between now and 2030 to meet the target³⁷. Better targeting of ECO and more effective private rented sector regulations would decrease this gap. In its 2017 report the CFP gave a £3.8 billion gap, based on the assumption that stronger policies would be introduced in these areas in early 2018³⁸. According to research by IPPR, carried out for Citizens Advice, relying on the current take-up rate of ECO would result in meeting the current 2030 fuel poverty targets over 60 years late³⁹. For low income households in fuel poverty, England is the only nation without a public fuel poverty scheme alongside the Energy Company Obligation (ECO). The government needs to increase funding from the £640m provided annually under ECO to the £1.2bn a year to 2030 recommended by the NIC.

In the context of the wider decentralisation agenda, the design of energy efficiency schemes should provide for locally-led and area-based delivery of home energy efficiency programmes. This has been the approach in Scotland since 2009-10.

This can help deliver the coordinated street-by-street approach often required with measures like solid-wall insulation. It can also help better engage and target households in fuel poverty⁴⁰. Unlike ECO, locally delivered schemes allow delivery to be prioritised on need, rather than those with the lowest-cost installations.

Energy networks and local authorities would be better suited to deliver support than energy supply companies⁴¹. Energy efficiency aligns well with network companies' incentive to reduce demand on their network and with councils' wider aims in health and regeneration. Many councils run referral services for those vulnerable to the health effects of a cold home⁴². Both have a geographic remit.

It is important that there is also a national safety net to provide a basic level of affordable heat for vulnerable households, through energy efficiency improvements and boiler repair, particularly for those in locations that are not prioritised through an area-based delivery approach. We recognise the importance of Wales' Nest and Scotland's Warm Homes schemes in providing a

³⁷ Committee on Fuel Poverty, [Committee on Fuel Poverty Annual report 2018](#), November 2018

³⁸ Committee on Fuel Poverty, [Committee on Fuel Poverty Annual report 2017](#), October 2017

³⁹ IPPR report for Citizens Advice, [Beyond ECO: the Future of Fuel Poverty Support](#), July 2018,

⁴⁰ PPR,(2014) [Help to Heat](#)

⁴¹ Citizens Advice blog in Utility Week, [What Next for ECO?](#), 2018

⁴² Citizens Advice and Cornwall Council, [Cold Homes Toolkit](#), 2018

safety net of national funding that fuel poor homes can apply to. We recommend the Government establishes a central national fund to provide access to assistance for all low-income, vulnerable and fuel poor homes.

For privately-rented housing, the government should progressively tighten the Minimum Energy Efficiency Standards (MEES) for landlords in England and Wales. From 1 April 2018, landlords have to bring their properties to EPC Band E or above. Government has set out its intention to tighten this over time. It must now put forward a timetable to deliver this. This should align with the Fuel Poverty target of Band C by 2030. It must also look to tighten the current cost-cap for landlords, which means that around half of landlords in substandard properties do not have to meet the minimum standard.

Enforcement of the private rented sector regulations would be improved by wider measures to tackle problems with disrepair and rogue landlords in this sector. The CFP recommends that the government consults on developing a nationwide landlord licensing scheme⁴³. Other measures we recommend include

- giving local authorities the power to ban landlords who repeatedly fail to fix disrepair
- requiring certification of properties against all national minimum standards before they can let out
- following other consumer sectors, introduce Alternative Dispute Resolution (ADR) for disputes between landlords and tenants in the private rented sector
- if their landlord fails to uphold their legal responsibilities, allow tenants to leave a fixed-term contract early without a penalty.

In the near-term, the government is on track to miss the first fuel poverty strategy milestone of band E by 2020. It is predicted that in 2020, 160,000 fuel poor households will still be in the lowest F and G EPC bands. The CFP calculates that an extra £1 billion of funding is needed over the next 2 years to meet the milestone. We support the CFP's recent recommendation for a new £1 billion Clean Growth challenge fund⁴⁵. We agree with the Committee that this is required to deliver the first fuel poverty milestone between now and 2020. This

⁴³ Committee on Fuel Poverty, [Committee on Fuel Poverty annual report 2017](#), October 2017

⁴⁴ Citizens Advice, [It's broke let's fix it](#), July 2017

⁴⁵ Committee on Fuel Poverty, [Committee on Fuel Poverty Annual report 2018](#), November 2018

fund could help trial innovative ways of delivering support, as an alternative to the supplier obligation approach.

Finally, the government should consider making energy efficiency an infrastructure priority. A report by Frontier Economics for E3G, a think-tank, shows that energy efficiency meets the criteria of an infrastructure priority, including return on investment⁴⁶. However, designating energy efficiency as an infrastructure priority will only be significant insofar as it brings tangible benefits, for example through access to funding or lower-cost finance.

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

Many commitments from the 2015 strategy have not been acted on and remain relevant. For example the 2015 strategy commits the government to:

focus any future energy efficiency subsidy where it can make the most impact, in order to ensure that we are helping those most in need and least able to pay⁴⁷

However, research has shown that ECO is not well targeted toward households in fuel poverty. This is discussed in question 13.

As well as ensuring it meets these existing commitments, the commitments should go further. The government should commit to:

bring forward a fully-costed policy plan to deliver the fuel poverty target and milestones

There is an existing commitment to:

monitor the delivery patterns of fuel poverty schemes against the action that could be required to make progress against the target and interim milestones, to identify where delivery is at lower than expected levels or where there are gaps not expected or anticipated in the design phase

This should go further to require the government to bring forward an updated policy plan, on an ongoing basis, in response to any identified shortfalls. The CFP has a key role in monitoring the government's progress in this area. This is discussed in question 25.

⁴⁶Frontier Economics for E3G, [Energy efficiency: An infrastructure priority](#), September 2015

⁴⁷ HM Government, [Cutting the cost of keeping warm – a fuel poverty strategy for England](#), 2015, page 64

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

Partnership working should be supported by better schemes, particularly more transparent and stable funding. The lack of consistency and reliability of and current policies, particularly ECO and WHD, increase the difficulty of partnership work. A more consistent policy and funding framework would help to foster a partnership-friendly environment, where organisations can work together to find solutions and meet the fuel poverty targets.

In terms of learning, ECO is opaque and lacks appropriate feedback mechanisms. For example, it does not collect data on the proportion of households helped by the scheme who are in fuel poverty, the depth of that fuel poverty, or sufficient data on consumer experience of the scheme. Our response to this is discussed in our responses to questions 23 on improving the evidence base, and 25 on reviewing and scrutinising fuel poverty policy.

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

The commitments in the 2015 strategy are appropriate but there has been insufficient action to deliver them. There should be a renewed commitment to reflect the needs and preferences of stakeholders in policy design, particularly with respect to schemes following ECO in 2022. This should include stakeholders in the health sector as well as local organisations working with low income and vulnerable households. Ongoing feedback and learning should be built into schemes.

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

Current policies are ineffective in targeting support:

- Only around 30% of the ECO eligible group are in fuel poverty⁴⁸.
- The vast majority of financial support to help with fuel bills goes to pensioners who are not on a low-income. At the same time, many vulnerable and low-income working-age families miss out on support despite meeting eligibility criteria

Citizens Advice has for some time called for better data sharing to target fuel poverty support. In 2015 we published a report on how improved data use by

⁴⁸ IPPR report for Citizens Advice, [Beyond ECO: the Future of Fuel Poverty Support](#), July 2018,

energy suppliers and other organisations could improve the targeting and effectiveness of fuel poverty initiatives⁴⁹.

Effective targeting will increase in importance for energy efficiency schemes as we move towards the fuel poverty target deadlines and as the pool of easy-to-treat households and easy-to-treat measures gets smaller.

Automatic targeting through data matching should be expanded, particularly for financial support. In the Warm Home Discount, the scope for this is currently restricted by the scheme's limited budget, which is distributed to working-age vulnerable households on a first-come, first-served basis. We think the scheme should be reformed to provide guaranteed support for all households who are low-income and vulnerable, as discussed in question 19. This could then be delivered more effectively and cost-effectively through data matching.

Energy efficiency improvements, unlike financial support, requires the consumer to actively engage with an offer of support, rather than passively receiving a financial payment. Automatic targeting based on data matching can still play a part of this. Where consumers are identified as both low-income and vulnerable, and also living in a cold home, they should automatically be offered energy efficiency support, alongside financial support. However, energy efficiency support schemes also need to be designed to encourage consumer engagement, for example, through a clear and tangible offer of support and a hassle-free customer journey.

Currently, under the supplier led-delivery model of ECO, it is hard for consumers to understand if they are eligible and what support is on offer. This complex and uncertain customer journey makes it harder to engage consumers in support. In future, support should be made easier to engage with through:

- providing guaranteed support to consumers in meeting certain criteria who are likely to be in fuel poverty (those on a low-income, vulnerable and in a cold home)
- area-based delivery and partnerships involving local organisations who are close to consumers, and are well placed to identify and engage those in fuel poverty

We welcome the proposal in the ECO 2018-22 consultation for BEIS to use DWP data to create a mapping tool to help identify households in fuel poverty. Combined with local flexibility, the proposed mapping tool could help local bodies to deliver more effective local area-based delivery schemes, both under ECO and beyond it.

⁴⁹ Citizens Advice, 2014, [Data Sharing to Target Fuel Poverty](#)

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

No answer

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

This theme covers both:

- homes that have high energy costs, notably off-gas homes
- homes that are costly or difficult to improve,

These are often correlated. Homes with high energy costs tend to be more costly or difficult to improve. For example, improving homes off the gas grid tends to be more expensive because:

- of the diversity of building types and their geographical dispersion
- they are more likely to require more expensive measures like solid wall insulation and renewable heating systems.

For park homes and Homes of Multiple Occupation (HMOs), there are other barriers that make delivering support difficult.

These types of properties tend to be less likely to receive support under the supplier obligation. Delivering to rural and off-gas households tends to be more expensive and difficult, suppliers have incentives to make improvements where they are cheapest and easiest to deliver.

ECO has generally delivered proportionally more to urban areas (not including London) and accessible rural areas, despite remote rural and off-gas households having higher rates of fuel poverty⁵⁰. In ECO 3, just 2% of measures are expected to go to households using oil heating, who make up 8% of the population at large, and an even greater proportion of those in fuel poverty⁵¹.

Within the supplier obligation, the rural definition should be tightened to better reflect the unique characteristics of rural areas and better target off-gas properties, as recently recommended by the BEIS Select Committee.⁵² The definition currently used in ECO is likely to promote delivery to accessible rural areas, many of which are on the gas grid, rather than remote rural areas.

⁵⁰ Citizens Advice, [Citizens Advice response to BEIS's consultation on the Energy Company Obligation \(ECO 3\) 2018 to 2020](#), August 2018.

⁵¹ Department for Business, Energy and Industrial Strategy, [Final Stage Impact Assessment: ECO3](#), October 2018.

⁵² [Business, Energy and Industrial Strategy Committee \(2019\) Energy efficiency: building towards net zero](#)

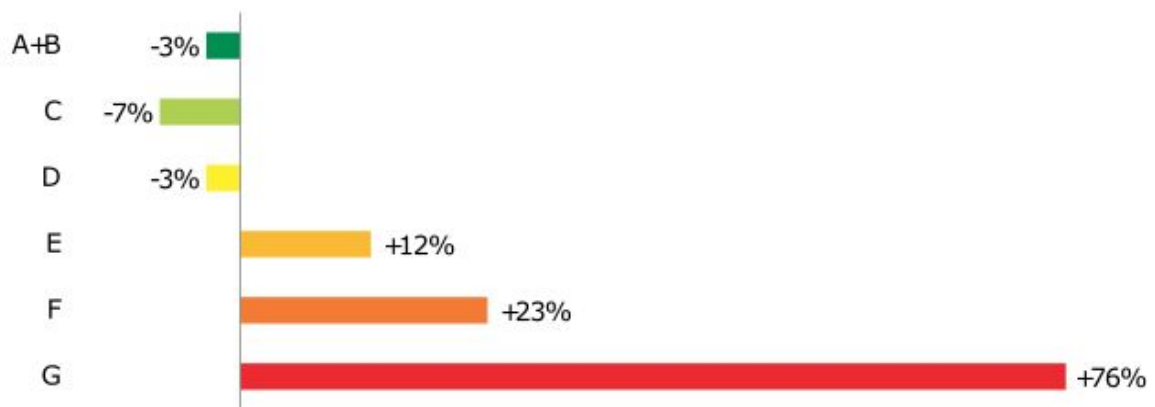
In the longer term, energy efficiency support for households in fuel poverty should move away from a supplier obligation, with its focus on lowest cost delivery. A publically-funded fuel poverty scheme would address this more by removing the incentive to avoid high cost homes. The CFPs proposed challenge fund could be a valuable way to trial innovative alternative approaches to improve delivery in rural areas⁵³.

The government should address the imbalance between urban and rural areas by providing more support for solid wall insulation in future support poverty schemes. The current ECO scheme reduces support for solid wall insulation to only 17,000 per year⁵⁴. Rural consumers and those in the deepest fuel poverty are more likely than average to live in a solid-walled property⁵⁵. Support for innovation in products and processes should give priority to solid wall insulation⁵⁶.

There is a greater prevalence of hard-to-heat homes in the private-rented sector. However, the current cost-cap on the PRS energy efficiency regulations means high-cost homes specifically are likely to be left behind.

Private-rented properties are more likely to be hard to heat

The proportion of PRS properties in each energy efficiency band, compared to the general population.



Source: English Housing Survey 2015-16⁵⁷

⁵³ CFP (2019) [Committee on Fuel Poverty's 'Challenge Fund' proposal for the period 2020 to 2022](#)

⁵⁴ Department for Business, Energy and Industrial Strategy, [Final Stage Impact Assessment: ECO3](#), October 2018.

⁵⁵ Citizens Advice, [Citizens Advice response to BEIS's consultation on the Energy Company Obligation \(ECO 3\) 2018 to 2020](#), August 2018.

⁵⁶ National Infrastructure Commission, [National Infrastructure Assessment 2018](#), July 2018

⁵⁷ DCLG, [English Housing Survey 2015 to 2016: private rented sector](#), July 2017

More effective PRS standards are needed to play a key role in improving the energy efficiency of high-cost fuel poor homes.

More action is needed to address the specific barriers that affect HMOs. A prerequisite for this is to close the loophole requiring them to have an Energy Performance Certificate (EPC).

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

The government should set out plans to address these high cost homes, within its wider policy plan for delivering the fuel poverty strategy.

It should commit to changing the EPC regulations (and therefore the PRRS standards) to include HMOs.

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

Households with a long-term health condition or disability, who are likely to be most vulnerable to the health effects of a cold home, are more likely to be harder to reach, have multiple needs and require more structured support⁵⁸.

Current support is not well designed to meet these needs. For example, in ECO, even if a consumer is referred into the scheme because of a health condition they are not guaranteed support. This can reduce engagement from stakeholders, including health professionals, who would otherwise refer households into the scheme⁵⁹.

An effective support programme for these households should include:

- A move away from a low cost supplier obligation model. This would improve the chances of these households getting support
- guaranteed energy efficiency for these households with a long term health condition, in terms of both energy efficiency measures and financial support.
- banning householder contributions, which have often been required for boilers in ECO, in order to help consumers in genuine need receive support

⁵⁸ This is noted in the 2015 strategy and the current consultation

⁵⁹ [Citizens Advice response to the Help to Heat consultation](#), 2016

- Effective regulation of minimum energy efficiency private rented sector households, so those in the poorest performing properties are not left behind.
- Enhanced advice and support to meet the needs of these households, for example in-home advice and repeat visits from local support bodies,
- Support for basic heating needs in the medium-term, like getting broken-down boilers replaced, as well as long-term improvements to improve their EPC rating.

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

These commitments need to be delivered on and reflected in policy.

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

Although energy efficiency improvements are the best way to address fuel poverty in the long-term, financial support with bills provides essential help for low income households, especially if they are in a home that is yet to reach Band C.

To provide effective financial support to the fuel poor households who need it the most, the government should:

- extend the Warm Home Discount (WHD) scheme beyond its current end date of 2021
- reform the WHD to provide guaranteed support for all low income households who meet certain vulnerability criteria. This would be fairer than the current ad hoc provision to those in the broader group.

Context

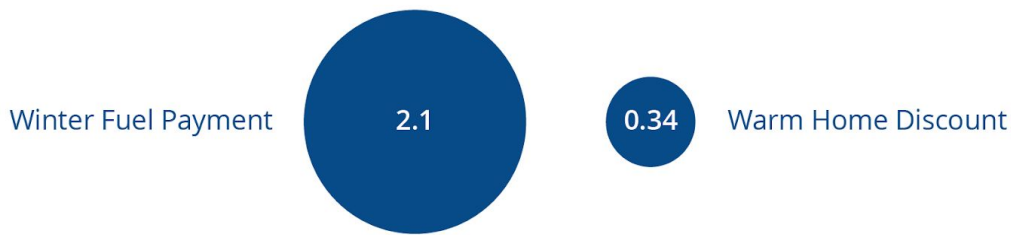
Beyond the energy price caps, the government provides financial support with energy bills through two main policies⁶⁰:

- Warm Home Discount, paid by most energy suppliers to certain customers
- Winter Fuel Payment, paid automatically by government to all pensioners

⁶⁰ There is also a cold weather payment. This pays low income vulnerable households £25 for each 7 consecutive days of sub-zero temperatures they experience. Annual cost depends on how cold the winter is: it can vary from a few thousand pounds to £150m.

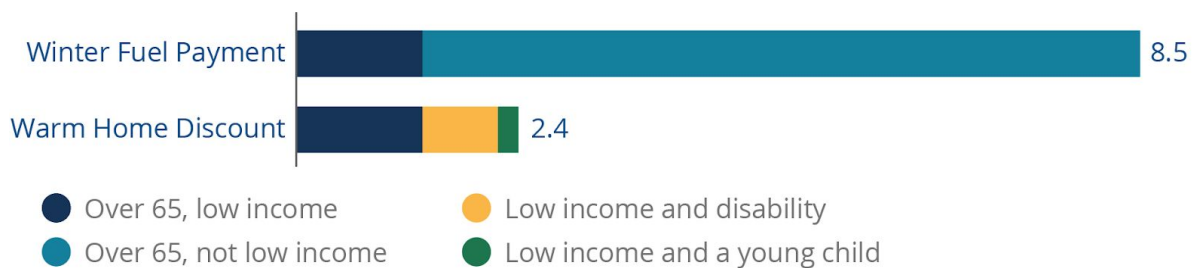
Winter Fuel Payment makes up the vast majority of financial support

Annual budget (£ billion)



Most support goes to pensioners who are not on a low income

Numbers of households getting each benefit, millions



Warm Home Discount (WHD)

The Warm Home Discount provides a discount of £140 towards a household's energy bill.

- It is paid automatically to a core group of low income pensioners (those getting pension credit).
- A broader group of low income and vulnerable working age households can apply for the same discount, but they will only receive help if their supplier has a remaining budget. Each year the scheme only provides budget to give help to less than half of low income and vulnerable working-age households who are eligible.

A survey of our local advice offices found that almost half (43%) of advisers who had helped clients with the Warm Home Discount in the past year had experienced problems with the scheme. Clients' general lack of awareness of the scheme was the most common problem - with two thirds of advisors reporting problems mentioning this. Just under half of advisors (44%) said clients had found the application process too complicated, while around a third (31%) had seen client applications rejected⁶¹.

⁶¹ This is an online survey of our local citizen advice offices, that have signed up to take a monthly panel. We usually receive 300 - 400 individual responses per survey and the survey took place at the end of August 2018.

Case Study

The client has various disabilities and has memory problems. She would normally qualify for Warm Home Discount with her energy supplier but due to not applying in time to the scheme, she has missed out. The client lives in a rural location and has no access to the internet, so finds it difficult to use online forms. She felt that disadvantaged, disabled or elderly customers should be reminded each year that it is time to apply for the next scheme.

Winter Fuel Payment (WFP)

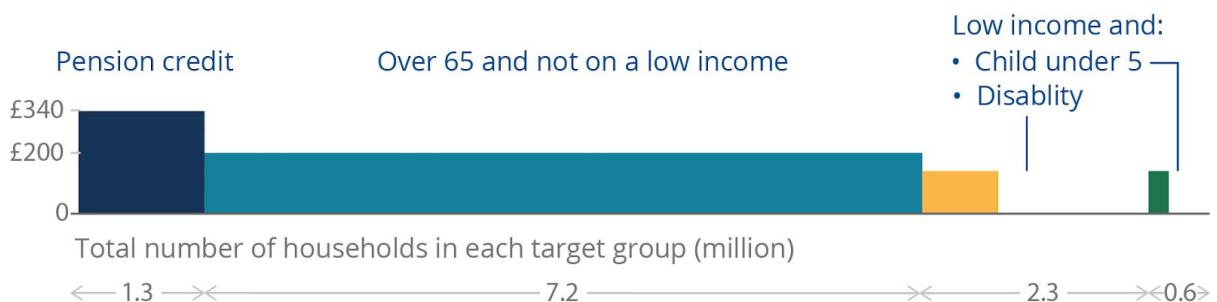
The Winter Fuel Payment is automatically paid to all pensioners, regardless of their income. Households with someone aged over 65 receive £200, while those with someone aged over 80 receive £300.

The vast majority of recipients will not be struggling with their energy costs, so this is an inefficient way of helping households in need.

The following chart shows which groups get what financial support, looking at both Winter Fuel Payment and Warm Home Discount.

Financial support for vulnerable households falls short

The coloured bars show the level of support with energy bills for different groups. The height shows the amount of support each person receives, the width shows the number of households within each group who get help out of the total number in that group.



- For simplification we have not shown the additional £100 received by those over 80.

Between the WHD core group, £2.3bn is spent on helping pensioners with their energy bills compared to £0.12bn for working age households⁶². This is despite

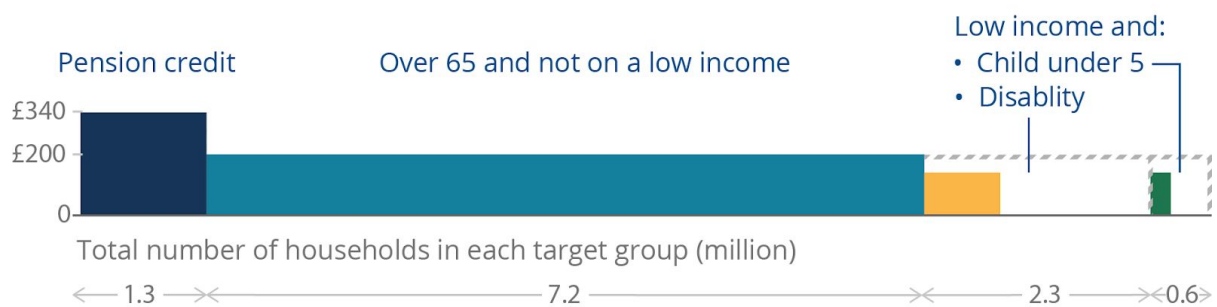
⁶² Working-age vulnerable group is as defined on page 1: Households with young child or disabled person; in receipt of a means-tested (UC or equivalent) or disability (DLA or PIP) benefit and an income of less than £25k

fuel poverty being more likely to affect households with children or someone disabled and working age, as outlined in the introduction.

There should be a guarantee of support for a core group of households who need that help most. This means all households which:

- include someone vulnerable to the cold (an elderly person, a young child or someone with a long-term health condition)
- have a low income (pensioners in receipt of pension credit or other households in receipt of benefits/tax credits with an income of less than £25k).

We estimate that there are around 3 million low-income working-age households with a young child or disabled person⁶³. Existing schemes should be extended or shared to include this group. The following chart shows the current provision of financial support. We want to see guaranteed support for working-age households in the target group, which means filling the gap outlined by the grey dashes:



In a recent survey we commissioned, 8 in 10 people agreed that these working age low income household groups should be guaranteed help with their bills (only 5% disagreed)⁶⁴.

This could be funded in a number of ways including:

- increasing the total pot of funding for these benefits
- sharing the existing pot by reducing the basic payment of the Winter Fuel Payment to equal the Warm Home Discount.

⁶³ Based on figures from the Office of National Statistics and Department of Work and Pensions

⁶⁴ Research carried out by Ipsos Mori for Citizens Advice in September-October 2018 (unpublished)

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

The government has not fully delivered on the 2015 commitments. Building on them, the government should:

- commit to considering how the current financial support budget can better help households most in need and deliver on carbon and fuel poverty targets, without removing support from those who need it, particularly low income pensioners.
- deliver all bill rebates automatically, by making bill support guaranteed for all households in the eligible group.

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

Price cap

The earliest possible date the price cap can be removed is 31 December 2020. The whole market cap should remain in place until there's confidence that the problems that caused it will not simply re-emerge. Wider market reforms, including faster switching and Ofgem's engagement trials, are underway. The regulator's new assessment framework will enable it to make a judgement on its removal.

After the price cap, some form of enduring and more targeted price protection will continue to be needed for consumers in vulnerable situations. At this stage we remain open-minded about the exact form of price protection required. For example, it could be a narrow price cap, a backstop supplier solution, or some other approach. Citizens Advice is contributing to Ofgem's policy development work on this.

The future energy retail market review

The evolution of the future retail market means it is likely that consumers with characteristics not conventionally seen as vulnerable will need assistance in engaging in the market.

We commissioned research⁶⁵ to consider the groups that may face particular barriers, as well as consumer perceptions of the type of future supply model like

⁶⁵ Citizens Advice (2019) [Future for all Making a future retail energy market work for everyone](#)

time of use tariffs, peer to peer trading, and energy as a service, that are likely to be common.

The highest barriers to engagement that also affected the greatest number of people were identified as those financially unable to invest in new technology, the digitally disengaged who would be unable to sign up to and manage digital services, and those that had low trust in the market or were not incentivised to engage. Other characteristics also had a significant bearing though, for example those in the private rented sector who would struggle to convince a landlord to install new equipment, or those nervous about granular energy consumption data being accessed by third parties.

This research makes a number of relevant recommendations. These include:

- One in four (26%) UK adults don't have a saving or investment product. Therefore the government should explore provision of grants and low-interest loans for new energy technologies
- 5.3 million UK adults are non-internet users. Energy service providers should offer non-digital ways of signing up, staying in contact and managing services.
- 186,000 energy issues were raised with local Citizens Advice in the last year. Policymakers and regulators should ensure regardless of how people engage with the energy market there is a level playing field in how they are able to access advice and redress.
- 4.5 million households lived in private rented accommodation in GB in 2017. Innovators should consider how incentives for new energy technologies can be split between tenants and landlords, and regulatory barriers to this should be minimised.
- 51% of respondents in upcoming research were not comfortable sharing near real-time energy usage data. Consumers should retain access to and control over their energy usage data by default

Self-disconnection

Citizens Advice called for an end to self-disconnection as part of Ofgem's vulnerability strategy. We support the action Ofgem is taking on self-disconnection, but recognise there is a limit to the impact it can have. The government has a role in helping tackle acute affordability issues that are outside the scope of what Ofgem can achieve⁶⁶.

⁶⁶ Citizens Advice (2019) [Response to Ofgem's consultation on its draft Consumer Vulnerability Strategy 2025](#)

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

Citizens Advice view on this question is captured in Question 22

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

Government should put in place effective monitoring to understand the customer experience of fuel poverty schemes⁶⁷.

The Warm Front scheme introduced a client survey to get feedback from those in the target group. This kind of feedback can be used to ensure schemes encourage consumer engagement, which will help deliver the fuel poverty strategy. Within the supplier obligation, there should be monitoring of the customer service performance of individual suppliers and their subcontractors, and penalties for poor customer service performance.

It is helpful to understand the experience not just of consumers who have received support under the scheme but those who have been unable to access the scheme. Evidence on this is likely to come from stakeholders who are involved with supporting consumers to access support.

We will also continue to use evidence from the Local Citizens Advice network and national consumer service to help improve our understanding of the scheme, and we will share our findings with the government and key stakeholders.

Other areas where further evidence should be gathered include:

- Better statistical data on the link between health and fuel poverty, and the integration of this evidence in decision-making at the national and local level. A first step in this is the full integration of health costs into the government's impact assessment process.
- Better evidence on the effectiveness of current fuel poverty schemes in tackling fuel poverty. This is discussed in question 25.
- A review of compliance with and enforcement of the PRS energy efficiency regulations
- Better evidence on the reliability of EPCs, through the ongoing call for evidence⁶⁸.

⁶⁷ Department for Energy and Climate Change, [Feasibility study on Green Deal & ECO customer behaviour, 2015](#)

⁶⁸ Citizens Advice, [Energy Performance Certificates in Buildings - Citizens Advice response to Call for Evidence from BEIS and MHCLG](#), October 2018

- BEIS should carry out and publish an analysis of the impact of all its policies on bills, including the distributional impacts
- Monitoring of customer contributions and co-financing of ECO, to better understand the cost and effectiveness of that scheme.

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

The government should commit to address the research areas outlined in question 23 above.

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

No. The government should put in place better scrutiny arrangements to make sure the targets are met, including:

- further supporting the role of the CFP
- report more effectively on progress towards the targets.

The CFP plays a valuable role scrutinising the progress towards the fuel poverty targets. We welcome the Committee's approach, which is more focused and targeted than that of its predecessor, the Fuel Poverty Advisory Group (FPAG). The Committee's role is analogous to that of the Committee of Climate Change, in holding the government to account, and advising it and other stakeholders on what more needs to be done. However, the Committee has limited resources, which limits its reach. The government should ensure the Committee has adequate resources to effectively monitor, and advise on the fuel poverty strategy. Moreover, the CFP will only be effective if the government responds adequately to its advice.

The government should be required to be more explicit in setting out its progress towards the fuel poverty target.

- It should bring forward a clear policy plan to achieve the fuel poverty target
- It should respond in writing to the CFP annual report, outlining how it will act on the CFP's recommendations.
- It should set out the contribution it expects policies to towards the fuel poverty target and benchmark them against this expectation. For example, despite ECO being the main fuel poverty scheme in England, the government does not set out how many homes it expects it to bring out of fuel poverty or monitor performance in terms fuel poor homes reached or

the severity of fuel poverty of those helped. The move to the new fuel poverty metric should help with this kind of benchmarking.

- The government should regularly publish progress against both the overall fuel poverty target and its interim milestones. In our experience this is another crucial way to drive performance.

Within the current ECO scheme, the government should put in place monitoring to understand the effectiveness of local flexibility in delivering the scheme's aims. The main risk of this element of the scheme is that it could simply be used as a way to expand the pool of eligible consumers, and will further reduce the proportion of the scheme going to fuel poor consumers. We recommend the government monitors:

- the profile of customers helped
- the rationale for helping them (fuel poverty, vulnerability, or area-based delivery of external wall insulation)
- and the sub-criteria used to determine this.

We recommend the department evaluates the mechanism centrally, rather than each scheme carrying out an evaluation.

26. Do you have any further views or evidence on how the 2015 fuel poverty strategy should be updated?

No answer.

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We advocate for our clients and consumers on the issues that matter to them.

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