Causes of energy poverty and the impact of policy on citizen involvement

Barry Wyatt
Strategic Head (Development Services)
Stroud District Council
Gloucestershire County
How much fuel poverty is there?

- 2.38 million in fuel poverty in England
- Average of 10.6% of English households
- 1.4% increase between 2013 and 2014
Fuel poverty and average fuel poverty gap by region, 2014
Where is fuel poverty in the county?

**Proportion** of fuel poor homes

<table>
<thead>
<tr>
<th>Area</th>
<th>Proportion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cheltenham</td>
<td>11.4</td>
</tr>
<tr>
<td>Cotswold</td>
<td>14.5</td>
</tr>
<tr>
<td>Forest of Dean</td>
<td>14.1</td>
</tr>
<tr>
<td>Gloucester</td>
<td>9.6</td>
</tr>
<tr>
<td>Stroud</td>
<td>11.1</td>
</tr>
<tr>
<td>Tewkesbury</td>
<td>9.4</td>
</tr>
</tbody>
</table>

**Number** of fuel poor homes

<table>
<thead>
<tr>
<th>Area</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cheltenham</td>
<td>6103</td>
</tr>
<tr>
<td>Cotswold</td>
<td>5544</td>
</tr>
<tr>
<td>Forest of Dean</td>
<td>5066</td>
</tr>
<tr>
<td>Gloucester</td>
<td>5091</td>
</tr>
<tr>
<td>Stroud</td>
<td>5596</td>
</tr>
<tr>
<td>Tewkesbury</td>
<td>3460</td>
</tr>
</tbody>
</table>
Direct cause:
Poor home energy efficiency
Direct cause:
High Energy Costs
Direct cause: Low household income

- Generally median household income has increased but there are smaller rises for lower income groups.

- Not possible to spend the money needed for rent or mortgage on fuel.

- Housing costs in the UK are rising. 5.7% increase between 2013 and 2014.
Direct cause: Under occupancy

- Hard to heat large homes with single occupants
- Difficult for pensioners

BUT.....
Indirect cause: Rising cost of living & benefit cuts

- The price of essential goods and services has risen relatively quickly in recent years, meaning the cost of living has risen faster for those on low incomes.

- Low-income individuals are less likely to be ‘active consumers’ switching suppliers and shopping around.

- If the welfare system negatively impacts the finances of vulnerable people then they could slip into fuel poverty. (e.g. reforms to benefits, under-occupancy charge)
What is the impact of policy on citizen involvement? National Policy

- Part L of the National Building Regulations
- Code for Sustainable Homes 1-6
- PassiveHaus Standard
- Energy Performance Certificates (EPCs) A-G
- Housing Improvement Notices
What is the impact of policy on citizen involvement? National Policy

![Graph showing the impact of policy on citizen involvement over the years 2000 to 2050. The graph compares the number of dwellings before and after 2005, with a significant decrease in the number of pre-2005 dwellings and an increase in post-2005 dwellings. The graph indicates that by 2050, 30% of dwellings will be post-2005 stock and 70% pre-2005 stock.]
What is the impact of policy on citizen involvement? National Policy

- Energy Company Obligation (ECO)
- Green Deal
- Feed in Tariff (FiT)
- Renewable Heat Incentive (RHI)
- Direct payments (e.g. winter fuel payment, cold weather payments, warm homes discount, energy banks)
## ECO1: Did it engage?

<table>
<thead>
<tr>
<th>Element</th>
<th>Carbon Savings</th>
<th>% target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carbon Energy Reduction Programme (CERO)</td>
<td>18.33 Mt</td>
<td>131%</td>
</tr>
<tr>
<td>Carbon Saving Community Obligation (CSCO)</td>
<td>9.87 Mt</td>
<td>145%</td>
</tr>
<tr>
<td>Home Heating Cost Reduction Obligation (HHCRO)</td>
<td>Cost savings: 5.16£Bn</td>
<td>123%</td>
</tr>
</tbody>
</table>
ECO1: Learning points

- Costs were too high to begin with, limiting success. Results significantly improved when legislation was amended in December 2014.
- Cavity wall insulation was the most frequently installed.
- Success was greater in Wales and Scotland where devolved governments provided extra funding.
- The quality of installations was not always good.
- ECO improved communication systems between energy companies and legislators.
- Vulnerable people were not sufficiently targeted.
ECO2: What changed?

- Minimum warranty required for replacement boilers and electric storage heaters.
- Greater targeting towards areas of multiple deprivation (especially in rural areas).
- Changes to ‘qualifying scores’.

ECOt2: From April 2017

- Simplification of qualifying measures
- More targeting at EPC F and G
- More targeting towards vulnerable households – Local Authorities can select criteria.
Green Deal: Did it engage?

- Met 1 million installation target but did not save enough carbon.
- The structure of the scheme did not engage customers.
- High scheme running costs for suppliers. Not worth it!
- Data monitoring was not good enough to track against targets.
- Installers and householders have lost ‘trust’.
Local Policy: The 3 legged stool

Health

£/€

Environment
Local Policy: Local Government Schemes

- Well Insulated Sustainable Energy grants (WISE homes) - the money ran out!
- Revolving Retrofit Guarantee Fund - Availability of low interest rates
- Healthy Homes Loan – Budget pressure
- Free and subsidised energy surveys - Consumer suspicion
- Local construction standards (CO2 reduction from on site renewables) - Became unlawful
Local Policy: Warm & Well

- 80,000 calls since 2001 – now averaging 3,000 p.a.

- >40,000 households assisted with in excess of £30m of home improvements

- Only approx. 10% of this from householder contributions

- Capacity enabling – Our delivery mechanism exists for current and future opportunities to support those in most need.

- Link to Energy – Installers & Suppliers
Why does Warm & Well engage?

- Collaboration between local authorities and health
- Well targeted financing for measures as well as advice
- Social prescribing using trusted referral bodies
- Trusted independent brand
- Best when combined with national policy – e.g. ECO
- Trusted installers
- Development of partnerships
Focus on the needs of individuals

“I have lived and brought up my children here for the last 20 years and have not been able to afford a central heating system or have gas installed. Thanks to you I shall be having a much warmer (and cheaper), more energy efficient winter. I can't tell you what a difference it will make.”

Gloucestershire householder supported via Warm and Well
What can we learn?

Reducing the causes
- Information, signposting to support, hand holding
- Filtering financial assistance for physical improvements especially to those at most risk.
- Providing oven ready solutions to energy suppliers or other funders.
- Celebrating success - open homes

Maximising impact
- Being prepared for short term support programmes - knowledge is power and capacity is King. Knowing where the need is and having the capacity to engaging with potential client groups
- Maximise opportunities by addressing the three legs!