

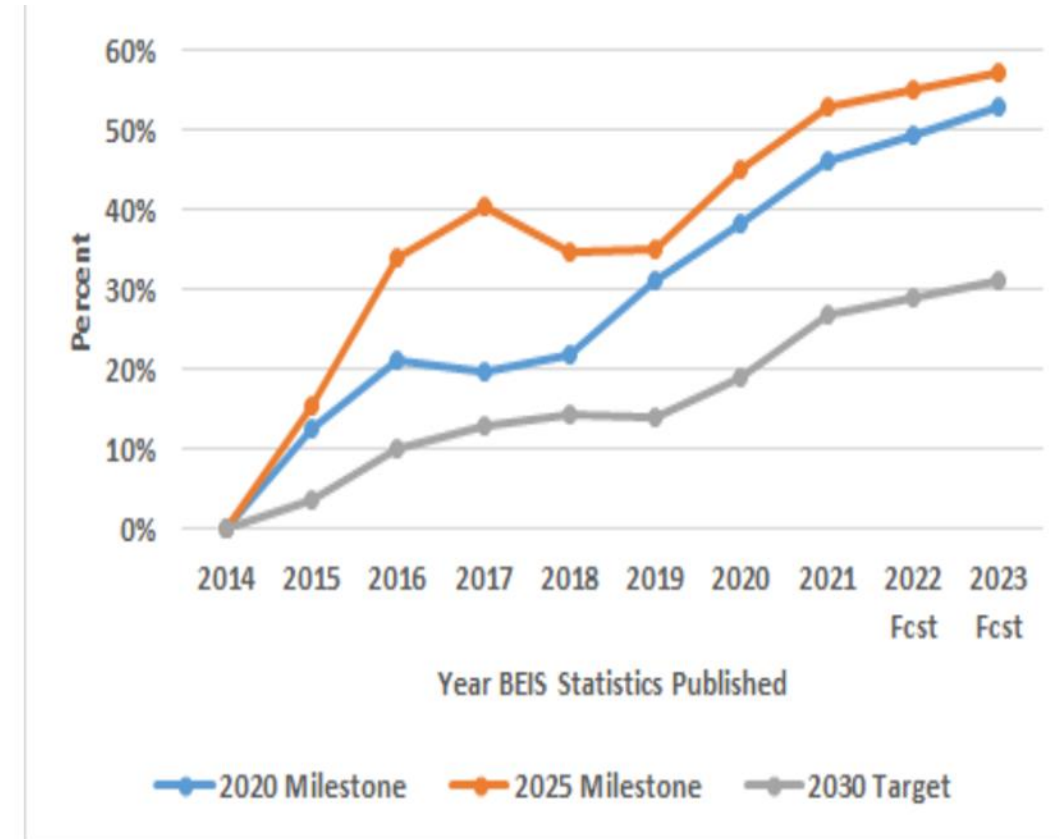
Fuel poverty policy FPRN Manchester conference

William Baker

September 30th 2024

Fuel poverty - context

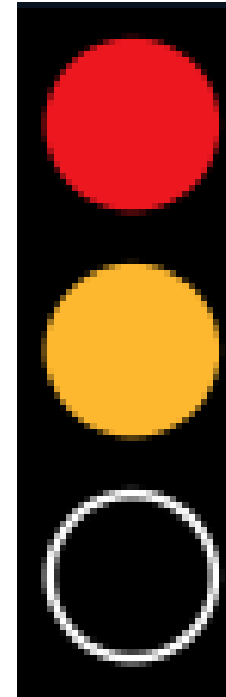
- Fuel poverty & energy efficiency policies are devolved, although important contributing factors are reserved
- Most benefit policy and minimum wage policies are decided at UK government level
- Energy policy and the main energy efficiency programme, ECO, is decided at UK government level
- Statutory target agreed by last UK government:
 - all fuel poor households live in a home at least EPC C by 2030
 - interim milestones: EPC E by 2020, EPC D by 2025
- Graph shows that the previous Government missed the 2020 milestone and was not on track to meeting the 2025 milestone



Source: Committee on Fuel Poverty

Fuel poverty strategy review

- Previous government initiated a review of fuel poverty strategy to address concerns that not track to meet fuel poverty targets.
- The Minister for Energy Consumers & DESNZ officials have stated their intention to review the fuel poverty strategy but have yet to give precise timelines.
- The Minister met a delegation from the End Fuel Poverty Coalition on 4/9/24 to discuss key concerns.



More investment in energy efficiency and warm homes than previous government

Summary

- Green prosperity plan: 1 of 5 missions in Labour manifesto
- Warm Homes Plan: £13.2bn
- Twice the last government's £6.6bn spend on energy efficiency
- New schemes to replace Home Upgrade Grants, Local Authority Retrofit scheme, social housing decarbonisation programme, boiler upgrade scheme
- Further £1bn pa on ECO, funded through consumers' bills
- Labour aims to retrofit up to 5 million homes to a Band C rating over the course of the next parliament

Warm Homes Plan

- Long-term aim is to improve every home below Band C that 'can be practically improved' to at least EPC C by 2035 (this was also the previous government's target).
- Local authorities play a key role in providing energy efficiency and heating measures to households, using area-based delivery and starting in areas with the highest levels of fuel poverty
- Mix of grants and government-backed zero interest loans to fund retrofit and grants for heat pumps
- Work with commercial banks to provide mortgage products that support retrofit

But SF estimate there will still be a gap between what's available and needed to meet the target

- **£18bn of funding** is needed (public & private) to improve 90% of fuel poor homes in England to EPC C target by 2030 (NEA, 2024)
- **Warm Homes Plan** commits £12.2bn public expenditure on energy efficiency in England (£1bn allocated to devolved administrations)
- £3bn of the £12.2bn is allocated to the **boiler upgrade scheme** (BUS), assuming previous government's allocation is doubled (will mainly benefit non-fuel poor households)
- ECO will provide a further £5bn over the next parliament, £1.25bn contributed to fuel poverty (ECO impact assessment)
- Estimated £5bn contributed by private landlords to meet EPC C under MEES
- **£11.75bn of public expenditure is required to meet the fuel poverty target** (£18bn required minus £1.25bn from ECO minus £5bn from private landlords = £11.75bn)
- **However, only £9.2bn available for fuel poverty schemes (£12.2bn minus £3bn for BUS), i.e. £2.55bn shortfall**

Shortfall is likely to be larger in practice because:

- Very **difficult to target schemes at fuel poor households**
- **Many private landlords may not meet their responsibilities** under MEES, particularly if incentives are not provided to encourage this
- **Many local authorities do not have the resources** to effectively enforce MEES
- ECO and publicly funded programmes **are currently not effectively coordinated**, leading to duplication and some wastage
- Potential future energy **price shocks**, similar to those of the early 2020s, would further exacerbate the size of the task.
- **Energy prices will remain higher than consumers are used to** and **costs of decarbonisation** likely increase to prices at least in the short to medium term.

Great British Energy

£8.3bn allocated to setting up – has implications for fuel poverty and energy bill affordability

- New publicly owned company: invest in new renewable energy & nuclear power and support jobs and domestic supply chains
- Reduce the cost of energy by expanding renewable and nuclear and reducing dependence on imported gas
- Support new green energy technologies, such as tidal, offshore floating wind and clean hydrogen, and bring them to market
- Provide long term, assured investment with reliable capital & crowd in private sector investment: 'de-risk' investment in renewable & nuclear

The Local Power Plan may offer opportunities to work with local authorities: £3.3bn of the £8.3bn allocation

- Provide grants and loans to local authorities and community organisations to set up small and medium scale renewable projects, e.g. onshore wind, community and household solar.
- Aims to generate 8.3GWs through municipal and community energy by 2030
- A proportion of profits distributed to local communities to support cost of living expenses, such as discounts on energy bills
- Will play a central role in Labour's aim to decarbonise electricity five years earlier than the current commitment – by 2030
- Draft legislation (the Great British Energy Bill) to set up Great British Energy announced in 2024 Kings Speech

Warm Homes Local grant

Announced at 2024 Labour Party conference

Criteria	
Delivery length	3 – 5 years
Objectives	Primary: Energy bill savings Secondary: Carbon savings
Allocation method	Expression of interest by LAs Allocated to LAs with capacity to deliver
Investment	Unclear: Autumn budget? Spring spending review?
Type of area	Open to all households: gas & non-gas areas
LA technical support	Retrofit, Information, Service & Expertise service; 1:1 support for LAs
Improvement metric	EPCs: overdue improvements announced
Min. requirement	Ambition to upgrade to EPC C, subject to value for money
Household eligibility	<ol style="list-style-type: none"> 1. Households in deciles 1 & 2 on income deprivation indicator (IMD) 2. Receipt of means tested benefit or ECO flex 3. Household income < £36k, plus equivalised income thresholds
Tenure	Owner occupier & PRS (1 home fully funded, 50% l/ord contribution thereafter); some social housing infill
Cost caps	£15k for insulation; £15k for low carbon heat



Adapted from E3G briefing

Other policy announcements

- Consultation on raising minimum EE standards in private rented sector to EPC C
- Consultation on introducing minimum standards, for 1st time, in social housing
- New Warm Homes: Social Housing Fund, to replace social housing decarbonisation programme
- Renters' rights bill
 - Abolition of Section 21 'no faults evictions'
 - Tenants protected from eviction in 1st year
 - All private landlords required to register their properties on a national landlord register
 - Illegal for landlords to refuse tenancy to people claiming benefits and parents
 - Awaab's law applied to the PRS and Decent Homes Standard

BUT:

- Winter fuel payments means tested
- Two child benefit cap and cap on total benefits/household retained at least in short term
- Possible crackdown on sickness benefits?