

Review of the Fuel Poverty Strategy

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fuelpovertyconsultation@energysecurity.gov.uk



Introduction

The Centre for Sustainable Energy (CSE) is a charity (charity 298740) supporting people and organisations across the UK to tackle the climate emergency and end the suffering caused by cold homes. We do this by sharing our knowledge, practical experience, and policy insights. For over 45 years, we have supported people to take effective action on energy in their homes. We help communities and local councils to understand energy issues, set priorities, and put plans into action. Our research and analysis focus on making the energy system greener, smarter, and fairer. Through our freephone advice service, home visits and one to one support, we support around 20,000 people a year to reduce their bills and make their homes more energy efficient.

We deliver fuel poverty services for two of the electricity network operators and six local authorities. Through these services we support thousands of people on low incomes who often have multiple vulnerabilities. They are unable to navigate the energy market without our support. Our support helps them find an amicable solution to their issue which ultimately helps the energy supplier by lowering their unserviceable debt, reducing customer service enquiries, and reducing the number of interventions they face from the ombudsman. Our response here is informed by the experience of the thousands of people we speak to in fuel poverty every year, and our own research exploring fairness in the transition to net zero and ending fuel poverty.

Summary

We welcome the revised fuel poverty strategy, which is needed to address persistent, growing and increasingly severe levels of need.

Targets

To avoid reducing focus and the sense of urgency to address the challenge, we would recommend the retention of the current target. A further target should be adopted to move households to EPC band B as a minimum by 2040 with the introduction of an additional affordability indicator using the 10% definition where income is equivalised after housing costs have been removed.

Principles

We broadly support the principles that have been proposed as part of the fuel poverty strategy. We would welcome a further principle, **fairness**. In particular we think it's important that the transition to a net zero energy system should not exacerbate energy inequality, and those in fuel poverty should be empowered to engage with the cheapest energy tariffs and flexibility where appropriate.

We've made a number of key recommendations throughout our response, but we've summarised the key ones for each principle:

- **Worst first** – targeting the worst first means that many properties often need repair and maintenance before they can be retrofitted. There should be allowances for this in retrofit grant programmes with accompanying low interest loan finance to cover the cost of enabling works.
- **Cost effectiveness** – the quality of work is critical, poor work leads to expensive remediation and an erosion of public trust in insulation schemes. To combat this, we would like to see measured performance targets and improvement to the assessment process i.e. measuring the Heat Transfer Coefficient (HTC) before retrofit work is undertaken can improve targeting, reduce unnecessary insulation, and cut costs by up to 50%.
- **Vulnerability** – we would like to see a greater emphasis on the role of intermediate organisations, like CSE, and multi-agency working to identify people in need of support. In particular, we need to see greater integration of health and energy advice. Fuel poverty is a public health issue that requires joint working between health, social care, and energy sectors.
- **Sustainability** – fuel poverty policies should align with net zero goals. The gap between the cost of gas and electricity needs to be reduced, alongside grant funding programmes like the ECO and the Warm Homes Grant funding gateway technologies (like batteries) and smart controls and chargers for existing technologies (e.g. mobility scooters and hot water tanks). Solar installations should include battery storage and solar diverters as standard to maximise cost savings.
- **Fairness** – the energy market needs to become more equitable, as such we need to reduce the digital divide rather than see the gap between the haves and have nots widen. Current smart energy tariffs and technologies primarily benefit wealthier households with EVs and battery storage, offering them lower rates and greater flexibility. Fuel-poor households, particularly those with prepayment meters, broken smart meters or limited digital access, are excluded, even when they have assets which could be used flexibly.

Achieving the strategies goals

To deliver the strategy in-line with its principles above there's a need for a **national energy advice service** that enables fuel poor households to access free, local, independent and relevant energy advice. This service needs to provide national telephone coverage alongside more in-depth locally embedded support and delivery of measures, funded through the Warm Homes Plan. We'd like to see the following elements:

1. Implementation of the NICE Guidance on Excess winter deaths and illness and the health risks associated with cold homes (NG6), whereby every local council in England has a one stop shop offering universal fuel poverty services to tackle the misery of cold homes.
2. The provision of comprehensive personalised advice that also covers smart energy options. Accompanied by funding to support the upskilling of energy advisors to be able to provide advice on smart energy offers and low carbon technologies.
3. Follow-up advice for all households receiving low carbon technologies as part of grant funded work to ensure they maximise the benefits from their installation. Many fuel-poor

households lack confidence in the market, including energy suppliers, smart meters, installers, and utility companies, preventing them from engaging with new opportunities.

1. Should the 2030 fuel poverty target be retained? Please explain your reasoning.

Yes

No

We acknowledge the scale of challenge in meeting the 2030 target as it is currently defined. As acknowledged in the consultation, insufficient progress has been made towards meeting the target. Our experience as a front-line fuel poverty advice organisation reinforces your summary that a high level of need remains, and that the average fuel poverty gap experienced by people in fuel poverty has deepened.

Our experience is borne out by Citizen's Advice who've developed a National Red Index to understand how many people are facing negative household budgets. According to their data nearly 5 million people are in a negative budget which will lead to them getting into debt. A further 2.35 million are 'living on empty', only escaping a negative budget by cutting their essential spending back to unsafe levels, just to get by. These households are surviving by going hungry, sitting in cold and damp homes and being less socially active than they would like to be.

We agree that it would be beneficial as we approach 2030 to develop ongoing objectives, strategies and support mechanisms beyond 2030, however setting the target date back now would suggest that action on fuel poverty is being de-prioritised. We understand from the consultation that this is not the government's position or intention. We would therefore suggest that the 2030 target be retained to prioritise action, and that a successor target and programme be consulted on for adoption in 2030.

2. What are your views on an alternative fuel poverty target objective and what this objective should be?

There could be an additional objective around affordability linked to any additional indicator to monitor the affordability of energy. For example, if the equivalised income after housing costs (AHC) 10% definition of fuel poverty were used, there could be an objective to target additional bill support (via Warm Homes Discount or a social tariff) on those households in severe fuel poverty (formerly defined as 20% of fuel poverty). This would help focus policy on those households in most need, regardless of the energy efficiency of their home.

3. What are your views on the objective date? We welcome views on the target date for the current 2030 objective and any objective date for any alternative target which could replace or succeed the 2030 target.

To avoid reducing focus and the sense of urgency to address the challenge, we would recommend the retention of the current target. We would also encourage the introduction of further targets for 2035 and 2040, to maintain momentum and a longer term perspective. These targets should seek to move households to EPC band B as a minimum by 2040, they should also be cross-referenced against the retrofit needs outlined in the Committee on Climate Change projections of the activity needed to reach net zero.

4. What are your views on:

a. retaining the Low Income Low Energy Efficiency metric as a measure of structural fuel poverty and as the official measure of progress to the statutory fuel poverty target in England?

b. whether to adopt an additional indicator to monitor the impact of energy prices on the affordability of energy?

c. the form of an energy affordability indicator, including whether this should include an income constraint and considerations on the basis on which to determine unaffordable energy requirements?

(a) The definition should be retained.

(b) We feel that a further indicator of affordability should be introduced.

(c) The original definition of fuel poverty was based on research by Dr Brenda Boardman in 1988 that examined fuel expenditure in the Living Cost and Food Survey (then known as the Expenditure and Food Survey). She found that 30% of UK households with the lowest incomes spent 10% of their weekly income on fuel. The remaining 70% of households spent 4.4% of their income on fuel with the average across everyone being 5.1%. Brenda Boardman therefore proposed using twice the average (10%) as the definition of affordability.

The original 10% definition of fuel poverty did not use the same definition of income as the standard measure of poverty i.e. equivalised after housing costs income. This was disputed by many policy makers, including CSE, who felt that the definition of income should align with that used for standard poverty statistics. We would therefore recommend that the government uses the following as an indicator of energy affordability.

The Government should measure energy affordability as needing to spend more than 10% of their income on fuel costs. Where:

- Fuel costs include heating, light and power.

- Income is after housing costs and equivalised i.e. adjusted for household size and composition.

5. What are your views on adapting or implementing the Worst First principle, in order to maximise the number of fuel poor homes brought to Band C while ensuring that the worst homes are not left behind? Please provide any supporting evidence.

We support the worst first principle.

But we would like to highlight the significant remediation costs needed to address the poor condition of many properties prior to retrofit. Many people in fuel poverty are unable to afford to maintain their homes and as a result there are often significant repairs that need to be done first i.e. pointing, roof repairs and guttering. There should be some spending allowance within retrofit grant programmes for these enabling measures and / or accompanying low interest loans to help meet the costs. CSE currently provides funding from separate sources to help fund enabling work for our clients, but this further complicates retrofit delivery and is piecemeal and geographically limited.

6. What are your views on how we could better define or implement the cost effectiveness principle? Please provide any supporting evidence.

A focus on quality as well as cost effectiveness

Following the Hills Review in 2013, the Government chose to end its exchequer funded Warm Front programme leaving the ECO as the sole energy efficiency programme in England. This decision was based on a view that supplier led schemes are more cost effective:

“One of the arguments for delivering policies through this type of obligation is that Government expects energy companies will wish to minimise the cost of meeting targets, thereby leading to cost-effective delivery of objectives.”

(pg 106, Getting the Measure of Fuel Poverty, Final Report of the Fuel Poverty Review, 2013).

We have recently seen several installers placed into special measures by Trustmark due to poor quality work under the ECO. If work is re-done or remediated it is extremely expensive and not in any way cost effective. We therefore need a clear focus on the quality and effectiveness of installations, rather than solely the cost.

Making schemes more cost effectiveness

One way of improving cost-effectiveness would be to accurately assess the heat demand of the building prior to the Retrofit Coordinator assessing the package of required measures. As part of our involvement with DES NZ Heat Pump Ready (HPR) programme we worked with Veritherm to measure the Heat Transfer Coefficient (HTC) of those homes applying to Bristol HPR. We used the HTC to help more accurately determine the need for insulation and size the homes heat pump. This work revealed that many homes operate more efficiently than anticipated.

Measuring the HTC could potentially substantially reduce the retrofit cost at installation stage i.e. by reducing the need for unnecessary insulation and the associated embodied carbon.

As noted, below (see Q8) we do advocate for a fabric first approach, but this should be where necessary to deliver the required improvement in energy affordability.

Ensuring scheme administration is proportionate and cost effective

We support the cost effectiveness principle, and schemes must be monitored for delivery and quality, but caution must be applied as to how these principles play out on the ground. Scheme administration and cost control must be proportionate and allow the package of measures recommended for a property to be influenced by the energy survey carried out.

Valuing the savings to the health service

We welcome the focus within the consultation on seeing fuel poverty as a health issue and strongly support closer working across departments and referrals for support from health and social care services. As acknowledged in the consultation, poor health arising from cold and damp homes costs the NHS hundreds of millions per year.

There is huge untapped potential for well targeted preventative works to reduce governmental spending as a whole. Any determination of what's "reasonably practicable" see Q10 should account for the health and wider societal benefits associated with retrofit measures.

7. What are your views on how we could better define or implement the vulnerability principle? Please provide any supporting evidence.

We acknowledge that improved definitions and indicators may help better identify people in fuel poverty but would reinforce the role of intermediate organisations and multi-agency working to identify people in need who might otherwise slip through the cracks and refer them for support. To improve the definition and implementation of the vulnerability principle in fuel poverty policies, we suggest the following:

- **Integrating health inequalities and vulnerabilities into fuel poverty policies:** A more coordinated approach between health, social care and energy sectors is essential. Fuel poverty is a public health issue, and we advocate for joint working between energy advice projects, health and social services to better support vulnerable households, and the ability of health professionals, social and care workers to refer vulnerable people for support. We refer to the example of "Keep Warm, Keep Well"¹, a joint project between the fuel poverty charity, Beat the Cold and the North Staffordshire Combined Healthcare. Keep warm, keep well seeks to proactively prevent the exacerbation of childhood asthma among children living in cold homes. Such projects can better target fuel poverty support, avoid ill health and reduce demand on both primary and secondary healthcare services.
- **Government should enable and remove barriers to data sharing across government departments and across sectors to identify and target households that are likely to be fuel poor:** whilst we have worked well with health partners to target people in fuel

¹ www.combined.nhs.uk/news/latest-updates/pioneering-pilot-scheme-to-target-improved-outcomes-in-childhood-asthma/

poverty who have health vulnerabilities, GDPR issues have frequently been a barrier to effective joint working. For example, we received funding to assist individuals with health conditions and high heating costs. We provided GP surgeries with a list of postcodes for low EPC-rated homes and a letter introducing our service, requesting that they send it to any patients who matched both criteria. Despite having carried out the same exercise with a different GP surgery in Wellington, Somerset previously, the GP surgeries declined due to GDPR concerns but were unable to provide further evidence this was the case. We hadn't asked for patient data to be shared with us and any patients who contacted us would be doing so voluntarily. Greater clarity and guidance on GDPR-compliant data-sharing practices would help facilitate such partnerships.

CSE's research² for the Committee on Fuel Poverty showed that increased cross departmental data sharing agreements and wider data assets would enable better identification and targeting of fuel poor households, including data sharing between:

- Department for Work and Pensions
- Ministry of Housing, Communities and Local Government
- Department for Energy Security & Net Zero
- Department of Health & Social Care
- Valuation Office Agency

This could also be facilitated by removing barriers to data sharing, such as: local authority use of council tax data for MEES enforcement; clarification on use of patient data by NHS staff to implement NICE guideline NG6: Excess winter deaths and illness and the health risks associated with cold homes³; making links between existing Priority Service Registers or vulnerability registers.

- **Better targeting of fuel-poor households with vulnerabilities:** Local energy advice organisations are under-utilised and should receive more funding, as they are trusted by their communities and have well-established referral networks. There are examples of energy advice services which have been directly funded by local primary care or public health sources as part of an effective strategy to prevent illness. But provision for local energy advice across England remains patchy. Local advice agencies typically bring a deep understanding of local support services which enables them to be more effective at reaching fuel poor households than larger, national organizations. These local groups also provide home visits, in-person events, and alternative outreach strategies to reach those who may not seek help online or by phone. For example, our advice work in Bristol has identified particularly high levels of need within the Somali community, leading us to employ a native speaker to develop the most effective engagement approach.
- **Expanding the definition of vulnerability:** Language barriers should be recognised as a factor of vulnerability. We see a disproportionate number of clients who do not have

² Understanding the barriers and enablers to supporting fuel poor households achieve net zero - Report for the Committee on Fuel Poverty August 2024
<https://assets.publishing.service.gov.uk/media/66cde72225c035a11941f63b/fuel-poverty-barriers-enablers-net-zero-report.pdf>

³ <https://www.nice.org.uk/guidance/ng6>

English as a first language, as they often struggle to access support independently and are hard to reach. Currently consumer standards do not require energy suppliers to provide translation services for these vulnerable customers or their advocates. Policies should account for this by ensuring resources and services are accessible to non-English speakers.

- **A holistic, multi-agency approach (WHAM⁴ model):** WHAM (Warmer Homes, Advice & Money) supports Bristol, B&NES and North Somerset's most vulnerable residents by giving advice on energy, money, benefits and carrying out home repairs. Through WHAM we have demonstrated that effective fuel poverty intervention requires partnerships across benefits, energy debt support, budgeting advice, small home efficiency improvements, and heating system repairs. This integrated approach ensures that vulnerable households receive comprehensive support tailored to their needs.

8. What are your views on how we could better define or implement the sustainability principle? Please provide any supporting evidence.

We strongly support the sustainability principle. From the perspective of net zero and cost effectiveness, it makes sense that fuel poverty policies and retrofitting initiatives should wherever possible support progress to net zero.

How the transition to net zero can be best implemented for fuel poor households?

Smart systems and energy market inequality

As noted below in Q9, we believe there should be an additional principle covering fairness.

We believe that fuel poor households should be early beneficiaries of the transition to net zero. But provision of grant funding retrofit or low carbon tech in small numbers of low income households is not sufficient to achieve that outcome. At present we're concerned that access to smart energy technologies and their associated tariffs are increasing inequalities.

Smart technologies and tariffs have the potential to help fuel-poor households use energy more flexibly, reducing their bills. However, the benefits offered by the market so far have been modest. Research from CSE's *Smart and Fair*⁵ project shows that existing smart energy technologies and tariffs primarily cater to affluent households with high energy use and expensive low-carbon technologies, offering them greater financial savings.

A key example of this inequality is in time-of-use (ToU) tariffs. Currently, electric vehicle (EV) owners benefit from the lowest unit rates and standing charges across their entire domestic energy supply—rates that non-EV owners cannot access.

⁴ <https://www.cse.org.uk/my-home/advice-projects/wham-warmer-homes-advice-and-money/>

⁵ Insights from Smart and Fair - www.cse.org.uk/news/insights-from-smart-and-fair/

This creates significant disparities: for instance, as shown below, an EV owner using an electric mobility scooter can charge it for half the price of someone without an EV. Similarly, some customers with night storage heaters, who would benefit from EV tariffs, have been refused access.

Table 4: Example of different tariffs currently on offer by a supplier

	Static ToU for EV owners only	Static ToU non-EV owners
Day rate	30.25p/kWh (05:30-23:30)	34.48p/kWh (07:00-00:00)
Night rate	7.50p/kWh (23:30-05:30)	14.45p/kWh (00:00-07:00)
Standing charge	36.54p/day	36.62p/day

Similarly, our analysis also highlights a consistent lack of smart offer options for consumers with prepayment meters, or for those with limited digital technology or skills. Most smart tariffs are incompatible with prepayment meters, and almost all new smart products require smartphone activation.

The *Demand Flexibility Service (DFS)* demonstrated that 1.6 million participants were willing to shift their energy use. However, our evaluation⁶ found that low-income households—who generally use less electricity and contribute little to peak demand—earned lower rewards than wealthier participants.

Without access to high-cost flexibility-enabling technologies like EVs and battery storage which would enable them to move considerable electrical loads, fuel-poor households have seen little benefit from smart energy systems. Even when they own flexible technologies (e.g., mobility scooters, storage heaters), the market has yet to provide tariffs that fairly reward them for shifting their usage. Smart technologies will not automatically deliver fair outcomes—purposeful government action is needed to ensure fair outcomes.

The DFS evaluation showed that those that already use little energy have little potential to benefit from reducing their peak demands. Instead, flexibility services should expand beyond incentivizing high-energy consumers to reduce usage, focusing more on enabling fuel-poor households to *increase* consumption during periods of excess generation and low prices.

Our Smart and Fair work has revealed a steady growth in the number of smart energy offer types on the UK market in the last decade: from almost none to over 30 and increasing technical complexity with a trend for offers to require more capabilities of consumers. For example, people may need certain technologies to be able to benefit from offers, they might need a level of digital literacy or the ability to absorb financial risk.

This market complexity has outpaced the ability of standard energy advice to keep up. Consumers without smart meters, digital skills, or the ability to handle variable bills are at risk of being penalised or excluded from new market offerings. Our research also found a lack of consistent terminology and therefore clarity as to how different smart offers compare.

To address this unfairness, we are calling for:

⁶ <https://www.cse.org.uk/research-consultancy/consultancy-projects/consumer-experiences-of-the-demand-flexibility-service/>

- Investment in independent smart energy advice services and the provision of comprehensive smart energy advice for anyone receiving a low carbon technology (see Q13).
- A requirement for energy suppliers to install smart meters alongside all grant funded work (where the householder consents).
- Inclusion of gateway technologies such as batteries and smart meters in grant funded programmes.
- A requirement for the body delivering the grant (local authority, housing provider or the energy supplier in the case of the ECO) to demonstrate that the householder was shown, and given advice on, the cheapest tariff and signed up to the Smart Export Guarantee Tariff (if appropriate).
- The consideration of a “turn-up” offer within the Demand Flexibility Service, designed to benefit vulnerable customers.
- Development of robust methods to systematically assess the cost and benefit distribution of fuel poverty policies across consumer groups.
- A requirement for energy suppliers to proactively evaluate smart tariff inclusivity, and for energy providers to open smart tariffs up to vulnerable customers who could benefit from using their existing assets flexibly, such as mobility scooters and night storage heaters.
- Mandated standardised consumer information to help consumers compare products.
- Improved monitoring of smart meter functionality, especially for vulnerable customers. Development of robust methods to assess cost and benefit distribution across consumer groups.

Making smart use of grant funding

Grant funding schemes, like ECO4 and HUGS, should broaden eligible measures to include smart technology that allows low-income households—including those in flats—to take advantage of flexible tariffs. This could include devices to control existing technologies which could be used smartly (e.g., night storage heaters, mobility scooters and hot water tanks) with energy price signals or new types of heating such as heat batteries which are able to produce heat at times of day when electricity is cheaper and store it for when the household wants to use it. Where solar photovoltaic panels are installed, batteries and solar diverters should be installed as standard as well as ensuring that where possible the home has a smart meter to make the most of flexible tariffs.

The role of fabric first in alleviating fuel poverty

We largely agree with your characterisation of the role of fabric first retrofit in alleviating fuel poverty and meeting net zero targets. The most critical policy components of achieving net zero include decarbonising the electricity system and electrifying heat generation. While fabric energy efficiency improvements contribute by reducing overall energy demand and easing the challenge of decarbonising electricity, their primary role is to reduce heating costs and improve building health and comfort.

We agree about the need to drive improvements in retrofit standards. The existing quality assurance bodies (MCS and Trustmark) need to perform more rigorous checks on work which include the monitoring of quality during the installation process. We would like to see more random onsite inspections of work, during and post-installation. Companies installing retrofit

work should not be allowed to assess their own installations i.e. the Retrofit Coordinator should work for an independent organisation rather than the installer.

We believe that all grant funded work (Warm Homes Grant, SHDF and ECO) should come with a requirement for performance monitoring via a smart meter or a heat meter. To help drive improvements in quality, our retrofit programmes need clear minimum performance standards (i.e. a minimum coefficient of performance (COP) for air source heat pump installations) and effective measurement of in-situ performance. Measurement will drive improvements in quality.

The role of fossil fuel heating in fuel poverty alleviation

With government plans to decarbonise heat well advanced, public funds should no longer be used to install fossil fuel heating in vulnerable homes, especially when these homes are likely to qualify for funding to replace fossil fuel systems with heat pumps in the near future. Where vulnerable customers lack heating, lifetime cost considerations justify early investment in heat pumps and associated fabric efficiency improvements.

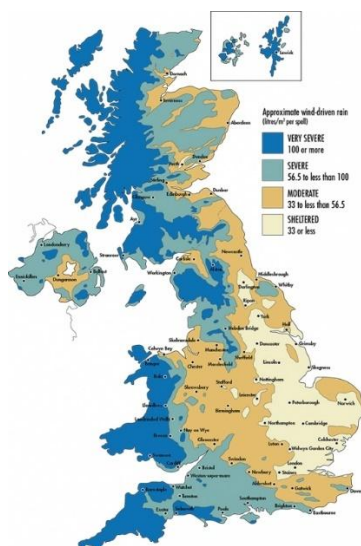
The ‘spark gap’, the cost difference between electricity and gas, is a major barrier to heat pump adoption for fuel-poor households. Currently, while installing a heat pump (along with any necessary fabric retrofits) is the primary pathway to household decarbonisation, gas central heating still results in lower heating bills. Until energy costs are rebalanced, principally by shifting policy charges from electricity to gas or general taxation, it will be difficult for the government to align its fuel poverty and net-zero strategies.

How home retrofit can support climate change adaptation

Whilst home retrofit can support climate change adaptation, for instance through improving indoor thermal comfort and air quality (and using air source heat pumps for cooling), we are concerned that at present home retrofit might make residents more vulnerable to climate impacts.

For instance, research⁷ predicts an increase in wind-driven rain severity due to climate change, heightening the risk of moisture penetration in cavity walls depending on exposure level, topography, and location. [Approved Document C](#) of the Building Regulations highlights where this must be considered (see below), but its mapping, last updated in 1985, needs urgent revision.

⁷ <https://assets.publishing.service.gov.uk/media/672ddd2b4f1735e02b96ae08/projected-wind-driven-rain-in-the-UK.pdf>



Under PAS2035, retrofit assessors are generally expected to refer to the map produced by the BRE in its report ‘Report BR 262 Thermal insulation: avoiding risks’ (which was published in 2002) and categorise a property based on this. No detailed guidance is provided on what the coordinator, designer or installer should do with this information, other than stating that the retrofit design shall ‘provide resilience against rainwater ingress’ and ‘provide resilience of the installed EEM for increased future rainfall’. The new (2023) version of PAS2035 strengthens the need for professional qualifications for retrofit designers, which is welcome, but it’s not clear that this would necessarily equip designers with the knowledge needed to design for future climate risk and relies on guidance they get from their professional body (RICs, CIOB, RIBA, etc) and/or industry bodies such as SWIGA and CIGA. w

Within our owner-funded retrofit service, Futureproof⁸, CSE carries out comprehensive searches whilst designing retrofit packages, including flood risk, air pollution and radon, but we’re unsure whether this is standard across the sector.

Public retrofit programs for cavity wall and external wall insulation must fully account for these risks when designing retrofit packages instead of relying on this out-of-date information

Similarly, climate change is worsening flood risk, widening the extent of areas at risk. It is essential that these risks are fully factored into the design of retrofit packages such as external and cavity wall insulation.

Retrofit measures must be carefully designed to avoid intensifying climate impacts including flooding (from all sources), overheating, wind driven rain, increased humidity. Retrofit programs must integrate climate resilience considerations to prevent unintended harm to vulnerable households. Feedback from our team of retrofit coordinators and assessors is that there is very little understanding or knowledge amongst the retrofit sector about either future climate impacts or their implications for the design of retrofit works.

⁸ www.futureproof.uk.net/

9. Are there any additional principles that you think should be considered for inclusion in the new strategy?

An additional principle should be added around fairness. The sustainability principle encompasses net zero but not fairness. The smart energy transition should not exacerbate the difference between what well off people and those on low incomes spend on energy. Already better off people can afford low carbon technologies and electric vehicles (EV), but they now have better access to cheaper tariffs than those on low incomes can't access. Those in fuel poverty should be empowered to engage with flexibility where appropriate.

As referenced in Q8 above our wider Smart and Fair work has also revealed that this market complexity has outpaced the ability of standard energy advice to keep up. Consumers without smart meters, digital skills, or the ability to handle variable bills are at risk of being penalised or excluded from new market offerings. Our research also found a lack of consistent terminology and therefore clarity as to how different smart offers compare.

We think there also needs to be careful consideration of the impact and opportunities that heat networks offer to fuel poor households. The heat network zoning regulations mean that some consumers will have no practical option other than district heating. Government should monitor the differential impacts of the policy as heat network usage grows, looking at network operating costs.

10. What are your views on the factors set out above which will determine what is 'reasonably practicable' in relation to meeting the fuel poverty target? Are there any additional factors that should be considered in the analysis of the number of homes that can achieve the target level by the target date? Please provide any supporting evidence.

The factors that have been identified provide a useful set of indicators to inform what's practical. But there still needs to be a metric which we can measure reasonably practicable against i.e. a performance indicator that provides some definition of Government effort.

A fuel poverty strategy was introduced under the Warm Homes and Energy Conservation Act 2000 with the stated intention of doing everything "reasonably practicable" to end fuel poverty among vulnerable households in England and Wales by 2010, and in all households by 2016.

The Government failed to meet this target and then faces a legal challenge from Friends of the Earth and Help the Aged who applied for a judicial review in an effort to force the government to meet its targets for helping millions of vulnerable citizens who cannot adequately heat their homes. The judge ruled that government departments were not legally obliged to take action "whatever the cost". Without definition the term "reasonably practical" represents a potential excuse that Government can use to avoid meeting its legal obligations.

The analysis presented shows that 8% of households cannot be upgraded due to physical and planning constraints. A further 1 to 2% can't be upgraded due to the benefit cost ratio (BCR) being below 1.

We would recommend a target for:

All of the remaining fuel poor households (~90%) should be upgraded as these measures provide a net benefit to society.

Targeting of support remains a key issue as only 63% of those living in fuel poverty report receipt of means tested benefits, and the identification of the remaining 37% requires the use of proxies. The use of income data held by HMRC alongside eligibility targeted on cold related illnesses (which place greater burden on the NHS) could help identify the remaining 37% more routinely. There's also a role for the local identification and administration of eligibility using local energy advice providers (see Q 7) and via ECO Flex (see Q14).

11. What are your priority recommendations for an updated plan to improve the energy performance of fuel poor homes?

The Warm Homes Plan (the government retrofit program) should provide a long term (e.g. 10-year commitment) to investing in improving the energy standards of our housing stock. It should provide households in fuel poverty with easy access to a national retrofit programme covering all tenures which addresses both affordability and carbon emissions prioritising the worst performing homes first. Homes should get the measures they need, informed by energy surveys; eligibility criteria need to be simple; and any measures should be accompanied by advice on how to optimise the performance of their home. The retrofit of any home should include measures that support decarbonisation and the flexible, smart use of energy.

To make sure that each retrofit actually improves the energy performance of people's homes, we need to see significant improvements in the quality of installations. To help drive improvements in quality we think it's essential that:

- The existing quality assurance bodies (MCS and Trustmark) perform more rigorous checks on work which include the monitoring of quality during the installation process.
- Companies installing retrofit work should not be allowed to assess their own installations i.e. the Retrofit Coordinator should work for an independent organisation rather than the installer.
- As part of the retrofit assessment process, we would advocate for the measurement of the heat transfer coefficient (HTC) to determine the need for insulation (see Q6 covering cost effectiveness).
- All installations should have effective measurement of in-situ performance and where possible guaranteed performance standards (for instance air source heat pump installations).

Of the measures above we feel that the use of a HTC has the potential to significantly improve the cost effectiveness of the delivery of the fuel poverty strategy.

12. What are your priority recommendations for the design of energy bill support for fuel poor households?

Energy affordability remains an issue for many of the most vulnerable households in the UK. We need Ofgem to implement a series of progressive reforms that ensure that tariffs that are offered to households are accessible, structured in a way that's fair and sold transparently. These

reforms should support energy pricing that's affordable, fair and complimented by targeted bill support. We would like to see:

- Reform to the price support offered to vulnerable customers by widening Warm Homes Discount to include disability benefits.
- The introduction of a social tariff which should make energy available while being funded in the most progressive way possible, focussed on people in need, with the ability for energy advice organisations and suppliers to refer people into it.
- Concerted effort to improve accessibility to smart tariffs, particularly for vulnerable households who often fail to benefit from the cheapest smart tariffs.
- Fundamental reforms to standing charges which distribute system costs progressively across the customer base according to their energy use, encourage people to use less energy and to use energy more flexibly.

13. What do you think are the priorities for government to support fuel poor households in accessing the energy market fairly and effectively?

We would advocate for the following changes:

1. We need a **national energy advice service** that enables fuel poor households to access free, local, independent and relevant energy advice. This service needs to provide national telephone coverage alongside more in-depth locally embedded support and delivery of measures, funded through the Warm Homes Plan. We'd like to see the following elements:
 - Implementation of the NICE Guidance on Excess winter deaths and illness and the health risks associated with cold homes (NG6), whereby every local council in England has a one stop shop offering universal fuel poverty services to tackle the misery of cold homes.
 - The provision of comprehensive personalised advice that also covers smart energy options. Accompanied by funding to support the upskilling of energy advisors to be able to provide advice on smart energy offers and low carbon technologies.
 - Follow-up advice for all households receiving low carbon technologies as part of grant funded work to ensure they maximise the benefits from their installation. Many fuel-poor households lack confidence in the market, including energy suppliers, smart meters, installers, and utility companies, preventing them from engaging with new opportunities.
2. We would like to see **improvements and enhancements to the Priority Service Register (PSR)**. We need a unified PSR which identifies vulnerable people across utilities with minimum standards covering: the support offered; how this is communicated to people; and open reporting of supplier engagement and progress. We would also like PSR customers, or their trusted intermediaries, to have direct access to a specially trained team of customer service agents.

3. We support Ofgem's role and powers being reviewed and revised to reflect the changing market and current policy needs. Ofgem's principal objective should be regulate the sector to **ensure fair outcomes for all** and effective competition, protecting the interests of existing and future consumers and driving up service standards across the energy industry. They should have specific regard to customer vulnerability, net zero targets, security of supply and enabling and supporting innovation. This includes considering where new regulations or protections might be needed e.g. in the provision of demand side response services to ensure fair outcomes. And where existing markets need to be rethought, to allow for example, local intermediaries like community groups or housing providers to act in the market on behalf of those at risk of exclusion or negative outcomes.
4. There are many instances of historic meter-related injustices, and the risk of future market inequalities tied to meter type continues to grow. Ofgem must take decisive action to ensure suppliers **fully complete the smart meter rollout**, promptly repair faulty meters, establish clear performance standards, and implement fair compensation for affected consumers. Smart meters are foundational infrastructure on which a smart and fair energy system depends and should be regulated accordingly.

By addressing these issues, the government can create a fairer energy market where fuel-poor households can engage confidently and benefit from lower energy costs.

14. What are your views on how to improve targeting of fuel poor households? Please provide any supporting evidence. Responses could include views on:

Intermediary organisations

As discussed in response to Q7, we would stress the role of intermediate organisations and multi-agency working to identify people in fuel poverty and refer them for support, including local energy advice providers, home improvement agencies, money and debt support charities, health agencies and professionals. Government should make it simple for health professionals to refer patients with cold-related health conditions to a local single point of contact (as recommended in the NICE guidance) to get a package of support and if eligible for fabric improvements to their homes, funding through the Warm Homes Plan.

As part of our provision of local advice services we do direct targeting of households to promote the ECO. We do this using property data derived from EPCs and Experian data (on license). The Experian data provides information on income and those properties not covered by the EPC register. This has improved uptake of the ECO locally.

The role for local eligibility programmes

CSE has managed ECO Flex eligibility checks on behalf of Wiltshire, Swindon, Bristol and all Somerset Councils for several years; assuming responsibility for checking and verifying declarations and associated evidence supplied by installers on behalf of households.

In our experience ECO flex provides an effective method of targeting the fuel poor because it's based on income and health. This is a more effective way of targeting households via lead

generation companies who will often cold call households until they find someone that meets the eligibility criteria i.e. a much less focussed way of identifying need. In the last year we've processed 1,100 applications that led to install, generating financial benefits of 19m.

15. What else could improve partnership and learning to support the fuel poor?

There is little or no research funding available to support analysis into the effectiveness of fuel poverty policy. As such the effectiveness of policy is only known once a scheme has finished and if it's then evaluated. We'd recommend the government support a more proactive and innovative research programme that welcomed applications whose analysis supported the delivery of the new fuel poverty strategy.

16. How could access to quality advice be improved to support the fuel poor? Where should advice be targeted?

Improving access to quality advice comes back to the need for more consistent local energy advice provision. This means introducing a national energy advice service in England that enables fuel poor households to access free locally relevant energy advice, whilst also supporting the transition to net zero. This service needs to provide national telephone coverage alongside more in-depth locally embedded support, linked to delivery of measures, funded through the Warm Homes Plan. We'd like to see the following elements:

- Implementation of the NICE Guidance on cold homes, whereby every local council in England has a one stop shop offering universal fuel poverty services to tackle the misery of cold homes.
- The provision of comprehensive personalised advice that also covers smart energy options. Accompanied by funding to support the upskilling of energy advisors to be able to provide advice on smart energy offers and low carbon technologies.
- A requirement for energy suppliers to make their services and materials accessible to people whose first language isn't English. At the moment there is not requirement for them to offer translation services and Ofgem refuse to mandate this as they feel the supply license cover it i.e. suppliers should be doing it.

17. How could vulnerable households be supported to access advice? Is there a role for the health and social care workforce or other professional groups supporting vulnerable households?

Yes. As detailed in Q6, Q7 and Q14, a more coordinated approach between health, social and energy sectors is essential. Fuel poverty is a public health issue, and we advocate for joint funding between energy advice projects social and health services to better support vulnerable households, and the ability of health and social service professionals to refer vulnerable people for support.

18. How else can government improve understanding of fuel poverty and its impacts?

See Q15. There is little or no research funding available to help improve understanding of fuel poverty and its impacts.

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

No.

In our report to the Committee on Fuel Poverty on the Barriers and enablers to supporting fuel poor households achieve net zero⁹, we found that the transition of fuel poor households to net zero is a challenging issue, which requires collaboration across a variety of actors to successfully address it. This creates a complex scenario akin to adding another layer to the existing 'energy trilemma' – the need for a balanced response to the sustainability (decarbonisation), security (secure, reliable supplies) and affordability of energy. Efforts to reduce carbon emissions and improve energy efficiency must be balanced with the need to ensure that fuel poor households are not left behind in the transition to net zero.

We identified the following key recommendations:

- Recommendation 1. The intricacies of policy design should not result in undue complexity across the customer journey for fuel poor households.
- Recommendation 1.1. Use cross-sector and cross-department data for more efficient targeting of fuel poor households and to learn from existing programmes.
- Recommendation 1.2. Recognise the role of local authorities and provide the necessary support for targeting fuel poor households and ensure participation across schemes.
- Recommendation 2. Provide end-to-end advice and support, which consider the associated costs of participating in energy efficiency schemes.
- Recommendation 3. Targeted and specific action for the private rented sector.
- Recommendation 4. Harness and empower trusted intermediaries and independent advice providers to support clarity around information.
- Recommendation 5. Enhanced monitoring and evaluation to better understand progress towards reducing fuel poverty as part of scheme delivery and better understand take-up and dropouts across the customer journey.

As noted throughout our submission, Recommendation 2 and 4 are key oversights of this and previous strategies.

20. Do you have any further views or evidence on how the 2021 fuel poverty strategy should be updated?

No.

⁹ <https://www.gov.uk/government/publications/understanding-the-barriers-and-enablers-to-supporting-fuel-poor-households-achieve-net-zero>

We know that for the most vulnerable households it often takes A LOT of 1:1 support to find solutions and identify opportunities to address poverty and find clean heat solutions.

Consistent funding for Community Energy Groups that are working with NHS, Local Authorities etc, in this space

Long term funding

reporting 3. Engage with the Information Commissioners office about trusted personal energy proxies

Local authorities mandated to work with existing services or help set up new ones

There's a real danger that the government thinks a national helpline will mean 'job done' and this will suck funding away from on-the-ground in depth support

Encourage schemes that genuinely make big reductions in energy bills while making homes warmer.

Is there enough understanding amongst health providers that a cold home is a public health issue?

Don't rely on the NHS - they are re-org-ing again and are already too bureaucratic