

POLICIES TO MINIMISE THE IMPACT OF FUEL COSTS ON FAMILIES WITH LOW INCOMES

INTRODUCTION

Fuel poverty has been described as a complex, multi faceted social issue, influenced by a multitude of factors and covering a number of disciplines¹. Government has responded over the last decade by formulating policy and measures to tackle the problem. Other help has come from partner organisations and fuel companies, in conjunction with government or separately. This note briefly summarises the major policies and measures to minimise the impact of fuel costs on vulnerable people, especially families on low incomes.

The UK

A Fuel Poverty Strategy for the UK was published in 2001² which focussed mainly on measures to improve energy efficiency for fuel poor households and measures to reduce the cost of fuel for fuel poor households. (Income issues were to be addressed in longer term wider poverty and social exclusion strategies). In the 2001 strategy the definition of fuel poverty was:

A fuel poor household is one that cannot afford to keep adequately warm at reasonable cost. The most widely accepted definition of a fuel poor household is one which needs to spend more than 10% of its income on all fuel use and to heat its home to an adequate standard of warmth. This is generally defined as 21° C in the living room and 18° C in the other occupied rooms – the temperatures recommended by the World Health Organisation.

The main causes of fuel poverty in government's view are

- Energy efficiency of the home
- Fuel costs
- Household income

The UK strategy set the target of the ending of fuel poverty for vulnerable households by 2010. Targets were set for UK regions – Northern Ireland for instance, by 2006, was to have assisted at least 40,000 households in fuel poverty through the Warm Homes Scheme and partnership programmes.

Government in GB passed the Utilities Act³ in 2000 which introduced new powers and duties relevant to tackling fuel poverty. The Act introduced a new primary duty on

¹ Fuel Poverty Research Study: Scoping study. University of Oxford and NEA. 2005
www.eci.ox.ac.uk/research/energy/downloads/fuelpovscope-report.pdf

² <http://www.berr.gov.uk/files/file16495.pdf>

³ http://www.opsi.gov.uk/Acts/acts2000/ukpga_20000027_en_1

POLICIES TO MINIMISE THE IMPACT OF FUEL COSTS ON LOW INCOME FAMILIES

the Regulator and the Secretary of State to “protect the interests of consumers, wherever appropriate by the promotion of effective competition” and to have regard to the interests of certain vulnerable individuals – older people, people who are disabled or have a long term illness, individuals with low incomes, and people living in rural areas.

Northern Ireland

Ending Fuel Poverty: a Strategy for Northern Ireland⁴ was published in 2004 with the Department for Social Development (DSD) having responsibility for taking it forward. The following year an Inter-departmental Group on Fuel Poverty (IDGFP) was established to ensure effective co-ordination of policies and actions. This group publishes an annual report of progress.

POLICIES, INITIATIVES AND OTHER MEASURES TO TACKLE FUEL POVERTY⁵

This section looks at:

- UK energy company schemes, operated independently or in combination with government departments or agencies
- Other initiatives and measures - from government departments or agencies
- Fuel poverty campaigns
- Fuel poverty policies and initiatives specific to Northern Ireland

UK Energy Company schemes:

A number of energy company schemes are in operation throughout the UK, some of which are delivered through statutory obligation (ie the Energy Efficiency Commitment⁶) or developed by the companies independently. BERR (the Department for Business Enterprise and Regulatory Reform) and DEFRA publishes annually the results of a monitoring exercise to evaluate the effects that schemes and initiatives delivered by gas and electricity companies have on fuel poverty in the UK. See <http://www.affordablewarmth.co.uk/>

Transco – the Affordable Warmth Programme

This programme is led by energy company National Grid and involves government, key agencies, local government and housing associations. The programme aims to

⁴ *Ending Fuel Poverty: a strategy for Northern Ireland* DSD 2004

http://www.dsdni.gov.uk/ending_fuel_poverty_-_a_strategy_for_ni.pdf

⁵ Note: these summaries are mainly from the National Energy Action's website www.nea.org.uk/Glossary

⁶ The Energy Efficiency Commitment (EEC) is the Government's means of fulfilling its duties under the *Electricity and Gas (Energy Efficiency Obligations) Order 2004*. The Energy Efficiency Commitment 2005-2008 is the Government's main policy instrument for improving the energy efficiency of existing households. Domestic energy suppliers are given energy saving targets related to the size of their customer base. EEC funding provides for energy efficiency improvements for householders. Half of all energy savings are to be achieved in properties occupied by members of a priority group – households in receipt of means-tested or disability-related benefits.

POLICIES TO MINIMISE THE IMPACT OF FUEL COSTS ON LOW INCOME FAMILIES

develop area based projects providing efficient heating to households in conjunction with energy efficiency measures and advice. The scheme supports the installation of gas fires, heating systems and insulation to customers through the use of operational leases.

<http://www.affordablewarmth.co.uk/>

TXU – Staywarm

This energy service is available to Powergen customers aged over 60 and aims to help reduce fuel poverty. Customers are offered as much gas or electricity as they need at a fixed annual cost with no reconciliation.

http://www.eonenergy.com/At-Home/Products/See-It-and-Save.htm?CCODE=IC466&WT.mc_id=IC466

Age Concern Energy Services

This is a joint initiative between the company e.on and Age Concern which operates through Age Concern's network of local groups. It offers a number of benefits for customers, including a special tariff package, an energy efficiency survey and advice, a non disconnection policy, and free heating if the temperature falls below 0° C.

<http://www.ageconcern.org.uk/AgeConcern/energy.asp>

Health through Warmth

Funded by Innogy and operated by npower, Health through Warmth trains health professionals to offer energy advice, provide assistance to help the most vulnerable people and provide funding for community projects. It operates through locally based partnerships which seek to help vulnerable people whose health is adversely affected by cold, damp living conditions. This is achieved by facilitating the installation of appropriate energy efficiency and heating, along with the provision of related information and advice.

http://www.npower.com/health_through_warmth/index.htm

Here to Help

British Gas, in partnership with seven major national charities, is aiming to improve the quality of life for families, older people and disabled people in some of Britain's most deprived communities. The Here to Help programme is a three-year, £150 million programme aimed at addressing poverty by providing simple, practical ways to help make 500,000 homes warm, safe and comfortable.

Under the programme, British Gas customers in receipt of income or disability related benefits, or who are over 70 may receive free insulation and other energy saving products as well as free benefit assessments.

<http://www.britishgas.co.uk/energy-efficiency/products/home-insulation/help-on-benefits.html>

The Royal Bank Key Account

This joint initiative between the Royal Bank of Scotland and ScottishPower aims to bring direct debit savings to low income households. The Key Account enables ScottishPower customers, who have not previously held a bank account and who pay bills with cash or pre-payment meter, to benefit from direct debit savings, and other banking facilities.

<http://www.rbs.co.uk/personal/current-accounts/g1/standard-accounts/key.ashx>

Warm Deal

The Warm Deal was introduced in Scotland in 1999 and provides households on benefit with a package of insulation measures up to the value of £500. Warm Deal grants are managed by Scottish Gas in partnership with the Scottish government.

POLICIES TO MINIMISE THE IMPACT OF FUEL COSTS ON LOW INCOME FAMILIES

<http://www.scotland.gov.uk/Topics/People/OlderPeople/Homeimprovements/Warmdeal>

MEASURES AND INITIATIVES: GOVERNMENT DEPARTMENTS / AGENCIES

Fuel Direct

This scheme is operated in GB by the Department for Work and Pensions (DWP) and deducts money from weekly or fortnightly benefit to pay off a fuel debt and/or to cover ongoing fuel consumption. Access to the scheme is restricted to households with an existing fuel debt who receive Income support, Income-based Jobseeker's Allowance or Pension Credit. (Fuel Direct is also available in NI).

http://www.direct.gov.uk/en/MoneyTaxAndBenefits/ManagingDebt/DebtsAndArrears/DG_10025592

Cold Weather Payments

These are weekly payments made during a period of exceptionally severe weather to vulnerable households in receipt of Income support, Income-based Jobseeker's Allowance or Pension Credit. (Cold Weather Payments also apply to NI).

http://www.direct.gov.uk/en/MoneyTaxAndBenefits/BenefitsTaxCreditsAndOtherSupport/Inretirement/DG_10018668

Home Energy Efficiency Scheme (HEES)

HEES is a Welsh Assembly government funded initiative aimed at making homes warmer, healthier and more energy efficient. It was designed to tackle fuel poverty among the most vulnerable by providing grants for comprehensive packages of insulation and heating improvements, including central heating systems. The HEES grant currently provides a package of heating and insulation improvements up to the value of £3,600.

<http://www.heeswales.co.uk/>

Warm Front Team

Warm Front is the new branding for HEES (see above) in England. It advocates a team approach for tackling fuel poverty at the local level and stresses the need for partnerships between government, local authorities, health workers, caring organisations and the energy utility companies to ensure effective delivery of all schemes available to help the fuel poor. The Warm Front Grant provides a package of insulation and/or heating measures up to a value of £2,700 (or £4,000 if oil central heating is involved), less the value of all works previously completed in the property under Warm Front.

<http://www.warmfront.co.uk/>

Warm Zones

This was a GB pilot programme that aimed to draw together local partnerships involving energy utilities, local authorities and voluntary groups in a co-ordinated effort to tackle fuel poverty in defined areas in a systematic way.

http://www.warmzones.co.uk/about_us.html

CAMPAIGNS

Keep Warm Keep Well

This is a joint campaign in GB between the Department of Health, NEA, Age Concern, the Benefits Agency, DEFRA, Help the AGED, Department of Social Security and the Women's Royal Voluntary Service. It comprises the Winter Warmth Advice Line and an information and advice booklet. A resource pack for health professionals is also produced by the campaign.

Providing research and information services to the Northern Ireland Assembly

POLICIES TO MINIMISE THE IMPACT OF FUEL COSTS ON LOW INCOME FAMILIES

http://www.direct.gov.uk/en/groups/dg_digitalassets/@dg/@en/documents/digitalasset/dg_069811.htm

National Right to Fuel Campaign

This was founded in 1975 with the initial priority of ending disconnections. Today the main focus is still on the protection of disadvantaged energy customers in the competitive energy market. The Campaign's steering group included representatives from a wide range of voluntary and not for profit organisations.

<http://www.righttofuel.org.uk/>

INITIATIVES AND MEASURES IN NORTHERN IRELAND

Since the publication of Northern Ireland's fuel poverty strategy in 2004 these have included:

The Warm Homes Scheme (DSD)

This provides insulation measures in the homes of owner-occupiers and private sector tenants who have a child under sixteen and are in receipt of a specified means tested benefit or householders in receipt of a disability benefit.

Warm Homes Plus offers full heating systems – either new systems for those that do not have central heating or replacement systems for those who have a system which is faulty or inefficient – for over 60s in receipt of specific means tested benefits.

http://www.uk-energy-saving.com/warm_homes_scheme.html

Decent Homes (DSD)

In July 2004 government decided the Decent Homes Standard was to be introduced to NI and that all such housing should reach the standard by 2010. The Decent Homes Standard requires all social landlords to ensure that their homes meet specific quality targets by 2010. A decent home is "one which is wind and water tight, warm and has modern facilities." This definition is backed up by a range of technical standards.

http://www.dsdni.gov.uk/index/hdivhousing/registered_housing_associations/ha_guide/hag.pt6/hag.pt6.app4

Energy Efficiency Partnership Schemes (DSD)

These are community based energy efficiency/fuel poverty partnership schemes supported by DSD. The partnership schemes have the potential to lever in funding from other sources. This has helped tackle fuel poverty among households that either do not qualify or do not apply for help under the mainstream programmes.

Tackling Fuel Poverty: the Inter-Departmental Group Report DSD Pages 12 & 13

http://www.dsdni.gov.uk/idg_group_report_fuel_poverty.pdf

Social Housing New Build Programme (DSD)

This provides new energy efficient social houses mainly for low income families where fuel poverty is prevalent.

Tackling Fuel Poverty: the Inter-Departmental Group Report DSD Page 12

http://www.dsdni.gov.uk/idg_group_report_fuel_poverty.pdf

Benefits payments

See arrangements for payment of benefits – including the Winter Fuel Payment and implementation of programmes to encourage benefit uptake.

http://www.dsdni.gov.uk/ssa/benefit_information/az_of_benefits/winter_fuel_payments.htm

POLICIES TO MINIMISE THE IMPACT OF FUEL COSTS ON LOW INCOME FAMILIES

Other Northern Ireland departments have been involved in schemes and programmes which tackle directly, or indirectly, the causes of fuel poverty.

- DHSSPSNI has been engaged in some area based programmes and strategies to identify the extent of fuel poverty on an area basis. Also provided energy and benefit advice to those in fuel poverty. Along with other Departments has provided energy efficiency measures in the homes of the fuel poor.
- DFP Through the revision and development of new Building Regulations, identified energy efficiency as a major issue to be addressed in the construction of new dwellings. Also allocated the funding to the various government departments to enable them to deliver their programmes.
- DETI has sought to influence energy costs, support the development of renewable technologies and develop Northern Ireland's economy thus providing the opportunities for job creation and household income maximisation.
- DOE through its responsibility for air quality and climate change, acts as a facilitator in terms of developing cross-cutting inter-departmental measures to address a range of environmental issues all with positive impact on the causes of fuel poverty.
- DARD has helped maximise farm incomes and assist job creation through its support for the agriculture, fishing, food and forestry sectors.
- OFMDFM has, through its Targeting Social Need and Lifetime Opportunities programme been involved in identifying the causes and extent of poverty in general and encouraging cross cutting inter-Departmental solutions to address this.
- DEL is responsible for third level education training and a range of measures all aimed at giving people the skills and knowledge to enable them to better access work thus improving earning potential.

January 2009