



**end
fuel
poverty**

End Fuel Poverty Coalition
c/o 65 Thornbury Road
London SW2 4DB

3rd June 2011

Hills Fuel Poverty Review
c/o Department of Energy and Climate Change
3 Whitehall Place
London
SW1A 2AW

Dear Mr Baynam Hughes

DECC call for evidence for the Hills Fuel Poverty Review

The End Fuel Poverty Coalition (EFPC) is an alliance of environmental, poverty and consumer organisations. We want energy efficient homes, decent incomes and affordable fuel for low-income households. We consider the achievement of high levels of energy efficiency can help tackle climate change by slashing carbon emissions and help create a vibrant low carbon economy, generating hundreds of thousands of jobs.

The EFPC has considered the terms of reference for the Hills review and has agreed the following statement.

The EFPC notes that the Hills review will “take a fresh look at the fuel poverty target and definition. The Government wishes to focus its available resources where they will be most effective in tackling the problems of underlying fuel poverty”. We also note that the review plans to determine the issues at the core of fuel poverty, including the extent to which fuel poverty is distinct from poverty more generally. The review will also develop possible alternative definitions, if considered necessary, and consider the implications of these for the fuel poverty target, the targeting of resources, the cost effectiveness of different policies and the identification of households requiring support.

Why fuel poverty?

Surveys of the British population consistently find that we place the right to a ‘warm dry home’ at the top of our list of priorities, alongside the right to shelter, food and water¹. Millions of households in Britain do not have this right. They live in cold, damp homes or forgo other essential needs trying to keep their home warm. The term ‘fuel poverty’ essentially encapsulates the combination of low income, poor energy efficiency and high fuel prices. Fuel poverty is closely related to poverty but differs in its acknowledgement of the unique contribution of unaffordable fuel costs – much of which is attributable to Britain’s legacy of poor quality housing.

The Government’s 2001 UK Fuel Poverty Strategy provided a working definition of fuel poverty that was widely accepted by stakeholders. This stated that ‘fuel poverty’ describes the situation of households who need to spend 10 per cent or more of their income on fuel to heat their home adequately and to meet their other energy needs. The use of ‘required fuel costs’, rather than ‘actual fuel costs’, addresses the fact that many fuel-poor households ration their fuel use and consequently suffer cold homes.

¹ For example, Gordon et al (2000), *Poverty and social exclusion in Britain*, Joseph Rowntree



**end
fuel
poverty**

The EFPC recognises that the fuel poverty definition, and consequent targeting, can be improved. Improvements are required, for example, to the treatment of housing costs, fuel costs and household size. Similarly, surveys should measure home temperatures and consumers' actual fuel costs. And, there is considerable potential to improve the effectiveness of fuel poverty policies. However, we are concerned that the review will delay the urgent action required. In 2009, we called for a national programme to retrofit all homes to the energy efficiency standards of homes built today, starting with the homes of the fuel poor. We also called for substantial financial support to make sure all low-income households could afford to pay their fuel bills.

We are aware of the financial constraints facing the Government. However, we continue to emphasise that tackling the country's inefficient housing stock will create thousands of green jobs and make an essential contribution to the Government's climate change commitments. Not tackling fuel poverty also creates unrecognised costs on health and other services.

The End Fuel Poverty Coalition therefore calls upon the review to adopt the following principles:

Fuel poverty policy

1. The review must not delay the urgent action required to tackle the extensive problem of poor quality housing occupied by large numbers of low income, vulnerable households. It is essential that programmes are scaled up now in recognition of the scale of the problem². The EFPC urges the Government to put in place a 'road map' for eliminating fuel poverty in line with the statutory fuel poverty target.
2. The review should examine the extent to which fuel poverty policy is effectively integrated with Government policies on poverty, health inequalities, housing, energy markets and carbon abatement. The review should examine when fuel poverty policy requires a distinct approach and when it should be incorporated within other policy areas.

Effective use of resources

3. The review should consider the negative consequences of fuel poverty on people's health, stress and educational attainment, particularly for the most vulnerable households. The Government currently spends large sums on tackling the symptoms of fuel poverty – resources that could be better spent on tackling the causes.
4. In considering cost effectiveness, the review should examine the wider economic benefits of our call for an ambitious retrofit programme. These include job creation, indirect economic benefits due to increased expenditure on non-fuel items (much of which is spent in the local economies of low-income communities), reduced expenditure on health and care services, and the contribution towards developing Britain's 'green economy'.

Targeting the fuel poor

5. The review should consider the relative merits of a highly targeted approach versus the approach embodied in the EFPC's call for an ambitious programme to improve all housing, starting with the homes of the fuel poor. Our approach would effectively 'fuel poverty proof' the nation's housing stock.
6. Our call is essentially a universal approach. However, policy must initially prioritise the fuel poor, particularly the most vulnerable and those in severest fuel poverty. Policy should therefore prioritise fuel poverty severity and 'distance travelled', as well as total number of households removed from fuel poverty. Programmes must engage with third party organisations to make sure that those needing help most are reached.

² The recent joint report of the All Party Parliamentary Fuel Poverty and Energy Efficiency Group and the Parliamentary Renewable and Sustainable Energy Group, *Inquiry into social justice in the low carbon economy*, recommended that at least £4bn total annual investment should be spent on improving the energy efficiency of the homes of vulnerable low income households.



**end
fuel
poverty**

7. The review should consider a wide range of evidence on who suffers from cold homes and problems in paying fuel bills. This includes general poverty data, surveys of 'self-reported fuel poverty', advice centre case-loads and fuel company records. We contend that a diverse range of household types live in 'fuel poverty'.
8. The review should take into account the importance of fuel poverty programmes in preventing an increase in fuel poverty, as well as tackling existing fuel poverty

Measuring and defining fuel poverty

9. The measurement of income and housing costs within the 'fuel poverty equation' should follow best practice measurement of these factors in other Government statistics. The definition and measurement of fuel poverty should also allow comparison with other forms of poverty, for example child poverty.
10. Surveys of fuel poverty should measure the extent of cold homes and actual fuel costs – this is essential for understanding how fuel poverty affects health and fuel rationing. Any review of temperature standards must take into account people's different needs with respect to age, health, disability etc.
11. The review must involve stakeholders in the development of its thinking on the fuel poverty definition and target. We urge the review to seek agreement on any proposed changes.

The End Fuel Poverty Coalition would welcome the opportunity to discuss our principles. We look forward to meeting Professor Hills and the review team in the near future.

The End Fuel Poverty Charter is supported by:

Association for the Conservation of Energy, Centre for Sustainable Energy, Disability Alliance, Friends of the Earth, Consumer Focus, End Fuel Poverty Coalition, Age UK, Child Poverty Action Group, Federation for Private Residents' Association, Macmillan Cancer Support, National Childbirth Trust, National Energy Action, National Pensioners Convention, Save the Children, National Right to Fuel Campaign, Unison, National Federation of Women's Institutes, UK Public Health Association. TUC



**Disability
alliance**



**CHILD
POVERTY
ACTION
GROUP**



**WE ARE
MACMILLAN.
CANCER SUPPORT**



NPC
NATIONAL
PENSIONERS
CONVENTION



UNISON
the public service union

theWI
INSPIRING WOMEN

ukpha
voice of the public health movement

TUC