

Welcome to the latest edition of the Fuel Poverty Update. This edition highlights new and ongoing initiatives designed to help those in fuel poverty, as well as information on recent events related to fuel poverty. If you would like to contribute to the next edition of the newsletter, due for publication in August 2007, please contact Ian Moody at ian.moody@dti.gsi.gov.uk.

Latest News

Around the UK

England

The Warm Front Scheme

Since the introduction of the Scheme in June 2000 to the end of March 2007, 1.4 million households received assistance. Warm Front continues to carry out Benefit Entitlement Checks for those not eligible for the Scheme at the point of application, or where the provision of measures has not increased the energy efficiency of the property to an agreed level. The average increase in income from a successful Check is around £1,300. Expenditure in 2007 /08 is expected to be around £350 million.

FPAG Annual Report

The Fuel Poverty Advisory Group fifth annual report was published on 17 April. The report points out that the next few months will be critical for fuel poverty and sets out the Group's recommendations. These include the need for further resources, the importance of targeting and finding those most in need and the need for greater pressure on energy prices, especially for households paying by prepayment meter. If you would like a copy of the report please contact the DTI publications orderline on 0845 015 0010 or publications@dti.gsi.gov.uk. Government will formally respond to these recommendations in the Fifth Annual Progress Report. – Later this summer.

£7.5m for Area Based Initiatives

The 2006 Pre-Budget Report announced funding of £7.5m to improve the effectiveness of Energy Efficiency Schemes across the UK. The aim of this funding is to help develop area based projects to identify households and provide the right coordinated set of advice and measures to them. A stakeholder discussion took place on 22

January 2007 and further details are now being considered regarding the delivery of this funding in England

Scotland

The Central Heating Programme and Warm Deal

To date, the Central Heating Programme has installed central heating systems and insulation in 81,000 homes. The Warm Deal programme, which provides insulation measures (primarily loft and cavity wall insulation), energy efficiency advice and a Benefit Entitlement Check, has so far insulated 238,000 homes, bringing the total number of homes insulated in Scotland to 319,000 - around 14% of the housing stock. From January 2007 eligibility for Warm Deal was extended to include households with disabled children. So far, the Scottish Executive has spent over £300m on these two highly successful programmes. As a result, the cost of heating participating homes to an acceptable standard has almost halved.

Wales

The Home Energy Efficiency Scheme

To date, the Home Energy Efficiency Scheme (HEES) has assisted over 70,000 households in Wales by supplying central heating and energy efficiency measures. The Welsh Assembly Government has made significant extra resources available, with HEES receiving a further £5m in both 2006/07 and 2007/08 to assist pensioner households. Since August 2004, all households applying to the Scheme have been offered benefits advice, to ensure that they maximise both the assistance available to them under HEES and access benefits to which they are entitled. This has resulted in £2.26 million in unclaimed benefits being identified.

Northern Ireland

The Warm Homes Scheme

The Warm Homes and the Warm Homes Plus Schemes continue to be the main programme for tackling fuel poverty through the provision of energy efficiency measures in owner-occupied and private sector homes.

Resources of £9.2m were made available through the Environmental and Renewable Energy Fund to the scheme, which increased the available budget to over £20m in the 2006/2007 financial year, allowing the Department for Social Development to increase the

number of households to benefit from the provision of energy efficient measures from 8,250 last year, to 10,000 this year. This funding also assisted the introduction of an aftercare package that will enable a service of the boiler one year after installation and extend the warranty of the system to two years.

In addition, the eligibility criteria for Warm Homes Plus was extended to ensure that the over 60s, in receipt of disability related benefits, will now receive full heating systems as well as insulation measures. A benefit maximisation programme was also introduced in July 2006 to provide a social security benefit health check to all recipients of the scheme.

Environmental and Renewable Energy Fund Update

The Environmental & Renewable Energy Fund, a £13.6m two year package announced by the Secretary of State for Northern Ireland, in February 2006, includes a number of measures that have helped to alleviate fuel poverty and promote the use of renewable technologies.

To date the fund has provided for the installation of hundreds of solar hot water systems as well as innovative community heating including geothermal heating pumps and solar panels in Housing Association developments.

Company News & Initiatives

The material presented below is not a reflection of DTI or Defra policy, though we continue to encourage companies to develop new ideas and initiatives to help vulnerable customers.

British Gas

New Social Tariff

British Gas recently launched what they believe to be the largest social tariff on the UK energy market, aimed at cutting gas and electricity bills for up to 750,000 British Gas customers.

Essentials is British Gas' response to calls to provide additional help to vulnerable customers, particularly those who use prepayment meters. The company believes these customers should be allowed to access lower prices such as direct debit tariffs irrespective of their method of payment. Direct debit is recognised as their cheapest standard rate for energy, but is not accessible to people who don't have a bank account.

The tariff will be targeted at the company's most vulnerable customers, including the 400,000 account holders that currently benefit from the British Gas Winter Rebate scheme. Entitlement to a range of Government benefits such as Pension Credit, Disability Living Allowance or Child Tax Credit, will act as the qualifying

criteria. British Gas will work with its charity partners to help identify the customers who should be offered *Essentials* and expects a significant proportion of its existing prepayment customers to qualify for the new lower rates.

British Gas Managing Director, Phil Bentley said: 'We recognise the impact soaring wholesale energy prices have had on consumers, and we're pleased to be the first supplier to have cut our prices for all our customers. Many of those who already struggle to balance the household bills have an added financial burden because they have not been able to access our cheapest standard energy tariffs – direct debit. Not having access to a bank account has proved an expensive barrier for many and I'm pleased that we are the first company to remove this obstacle on such a large scale.

The move comes on top of the recent extension of British Gas' Winter Rebate scheme, which saw the original 300,000 payments extended by another 100,000 payments of up to £90 to help vulnerable customers with their energy bills through winter 2006/07.

Powergen

New Specialist Team

Powergen has set up a specialist team within its credit management department to assist their most vulnerable customers who are often fuel poor. The team will give advice about what financial assistance is available, help deal with any outstanding balance and will also offer advice about reducing ongoing energy consumption.

These customers are dealt with outside the normal credit management process, avoiding many of the usual debt collection letters that, although necessary, can be distressing and are inappropriate for customers who are in genuine financial difficulty. By close liaison and cooperation with third parties, such as social services, Citizens Advice and Age Concern, the team are able to ensure any payment arrangement is suitable and affordable for the customer's individual circumstances.

Home visits can be arranged during which energy efficiency advice is offered, customers' specific circumstances discussed, account details confirmed and, where possible, an arrangement to pay is made. Direct deductions from benefits (Fuel Direct) are a useful method of payment for many of these customers and the team administer this scheme, ensuring that payments are sufficient to cover consumption.

Caring Energy Scheme

Powergen's CaringEnergy scheme offers vulnerable customers a straightforward route into a range of products, measures and services which can improve the

energy efficiency and income of homes currently in, or at risk of, fuel poverty.

At the end of February the scheme celebrated its first anniversary during which time it has assisted over 40,000 vulnerable customers.

For more information on Powergen's Social Affairs Activity please contact:
Jackie.fairweather@powergen.co.uk

ScottishPower

Energy Action Scotland Conference Sponsorship

ScottishPower was the main sponsor of the Energy Action Scotland (EAS) 2006 Annual Conference: 'What Price Fuel Poverty' – the premier fuel poverty event in Scotland, which took place in November last year. As part of the event, ScottishPower addressed the conference on what they saw as the key challenges in this area. They also contributed to the plenary session, and ran a workshop which looked into the effectiveness of Trust funds as a means of helping remove vulnerable households from fuel poverty.

Warm Inside Mailing

In December 2006, ScottishPower mailed all customers who pay by pre-payment meter or weekly card, who are registered on their Priority Service Register. The mailing provided them with a free thermometer card and 4 free energy efficient light bulbs, a home energy audit, details of free insulation, and a benefit entitlement check to improve their warmth and comfort whilst also maximising their income.

New Customer Charter

In January 2007, ScottishPower launched a new customer charter designed to help customers prevent debt and disconnection. A booklet has been produced that tells people how they can reduce their energy bills; explains what happens if they can't pay; and tells them where to get further advice on energy efficiency, debt counselling and money management. It aims to encourage people to contact ScottishPower at an early stage if they are having payment difficulties – so that they can work with them to prevent the problem from escalating into bad debt or disconnection. ScottishPower is also trialling its use outside the company, by distributing it to Citizens Advice Bureaus and Money Advice Centres.

Energy People Trust Update

The ScottishPower Energy People Trust is an independent charity established to help end fuel poverty. Since December 2005, the Trust has provided funding to 57 projects, helping to ease the effects of fuel poverty on upwards of 56,000 households.

RWE npower

First Step Tariff

The First Step Tariff, npower's cheapest tariff, is available to eligible customers through the First Step Programme, which provides holistic solutions and helps vulnerable customers to effectively manage their long-term energy needs e.g. through one-to-one-account management. Also available are home visits, undertaken by npower's Energy Efficiency Representatives, who visit customers and help them achieve affordable warmth and/or reduced energy bills. This programme, which will be rolled out nationally during 2007 has already seen npower helping a number of customers, including the following two examples:

One elderly customer built up a debt of over £3,000 through a fault with their immersion heater. During a home visit, an experienced Energy Efficiency Representative using an energy measurement device identified the problem. This enabled the customer to reduce their daily energy consumption by two thirds and the customer was referred to First Step for debt to be written off.

A customer with terminal cancer returned from 6 months in hospital to an energy bill he could not afford. His debt has been written off and he was offered the First Step Tariff. He received advice during a home visit which encouraged him to keep the house well heated and insulated to support his health and well being.

Scottish & Southern Energy (SSE)

Pricing Strategy

SSE continues to be the UK's cheapest energy supplier; even after all recently announced price cuts take effect. SSE also harmonised prices for electricity prepayment customers on 1 January 2007, and delayed price increases for social tariff customers.

Leaflet in Pharmacies

In partnership with Energy Action Scotland, SSE has funded a leaflet (currently distributed via 1,157 pharmacies throughout Scotland) targeted at fuel poor customers. The leaflet contains details of specialist organisations that can help the fuel poor.

Energy Efficiency Advice

SSE has extended their energy efficiency training to their Credit Management teams to enable them to provide general energy efficiency advice to customers. This helps with the workload for their energy efficiency advice team allowing them to focus on customers who need specialist advice.

Work in the Field

Energywatch

Are You Missing Out Campaign

After receiving feedback from many older consumers about their fear and confusion in relation to switching supplier, Energywatch's Priority Consumer Team realised the need to provide a much more bespoke switching service to encourage older people to participate in the energy market.

At the end of November 2006 they launched the 'Are You Missing Out Campaign' which provided older people and their families with a direct number to call to speak to a member of the SWAT (Switching Without Any Trouble) Team who took their details and provided comparisons from several suppliers on what is the best deal based on their individual needs. The media coverage was fantastic and highlighted real case studies across the country of people who have switched and saved hundreds of pounds. To date, 1400 referrals have been received.

The campaign's main aim is to ensure that the information provided is accurate, easy for older people to understand and provides all the information they need to take the next step to switch supplier. One member of the public who got in touch following the contact number being mentioned on the Ed Doolan show on Radio WM reduced his monthly payments by half, and was so delighted he was going to get in touch with the show's producers to encourage other people to call the number.

The feedback from consumers has been one of trust; they welcome the fact the 'watchdog' is totally independent and works solely on behalf of consumers. Partners such as The National Pensioners Convention and Age Concern have also welcomed this initiative.

Social Tariffs

2006 saw concerns grow as to whether the diverse range of socially oriented products that had been developed by suppliers and promoted as social tariffs actually lived up to this billing. This prompted energywatch to undertake a consultation exercise which examined the nature of social tariffs in the energy market. The objective of this exercise was to acknowledge these concerns and to open up the debate on how meaningful social tariffs could be defined, developed and delivered.

The consultation document sought views on the form these products should take, the options for determining eligibility and targeting the product, as well as how such an offering could best be funded. A report that takes account of the views that were submitted in the consultation exercise was published on 9 May 2007.

Token Energy Meter Back Charging

energywatch has been campaigning with Citizens Advice to get three major energy suppliers to end the practice of back charging consumers with token prepayment meters. Working closely with politicians at Westminster and in the devolved nations, energywatch has been raising awareness of the consumer detriment caused when suppliers load debt onto token meters following price rises.

The problem of back charging occurs when suppliers fail to manually reset a consumer's token meter quickly enough following a price rise. Many consumers find themselves in debt of hundreds of pounds when suppliers eventually reset their meters to reflect the price rise –or in some cases multiple rises.

Around 760,000 households on token meters are still at risk of falling into debt from back charging and over 100 cross party MPs have already joined energywatch and Citizens Advice in calling for the remaining suppliers and industry regulator Ofgem to put an end to back charging and stop token PPM consumers, many of whom are on benefits and unemployed, being pushed into debt through no fault of their own.

Ofgem

Token Energy Meter Back Charging

Ofgem has taken action on the issue of token meter backcharging, resulting in the three energy suppliers who still operate this practice (ScottishPower, npower and Powergen) promising to do more to avoid customers building up debt. All have made important commitments to improve their response to customers while their token meters are being phased out to be replaced by meters that will be recalibrated automatically, bringing an end to this problem.

Their actions include:

- Accelerating plans to replace token meters with 'smarter' pre-pay meters;
- Targeting replacement to customers who are most in need and have faced delays in getting meters recalibrated;
- Writing off debts that build up in cases of hardship;
- Being much more proactive in contacting customers to get access to meters to recalibrate;
- Offering help to those who may need it;
- Not barring customers who have a debt on their meter from switching away to new suppliers.

National Energy Action – (NEA)

European Fuel Poverty and Energy Efficiency Project
National Energy Action (NEA) – the leading national fuel poverty charity – has become a key partner in a project aiming to tackle fuel poverty in Europe.

NEA has teamed up with organisations from France, Italy, Spain and Belgium to devise a Europe-wide system to define fuel poverty; evaluate the consequences of the problem and introduce measures to improve the energy efficiency of homes in the five European states involved. The project brings together key organisations from across Europe.

NEA specifically brings to the project a wide and deep understanding of the issue of fuel poverty, as well as enabling excellent inroads to key decision makers on Government policy.

NEA Director of Communications, Jenny Saunders who is overseeing the project in the UK said: ‘This is a unique opportunity to bring together partners from across Europe who will seek a common definition of fuel poverty and find ways of tackling it.’

The (EPEE) project, which runs for three years, will also help to provide a pan-European definition of fuel poverty and a comparison of the issue and its economic, social and health implications across the five countries involved.

Award Scheme

NEA is running the **Affordable warmth – Sustainable world** award scheme for a second year after its successful introduction last year. The scheme is organised by NEA in partnership with the Department for Environment, Food and Rural Affairs (Defra) in association with npower.

Nine successful regional organisations received £2,000 each to help deliver an initiative to tackle fuel poverty.

A national winner will be chosen from the nine regions and will receive a prize of £3,000 to further develop their project or to disseminate the findings of their initiative to a wider audience.

The outcomes of the project will be highlighted at a promotional event in each region in October/November 2007 with the national winner being decided by the judging panel on completion of the regional events.

William Gillis, NEA Chief Executive said: ‘NEA estimates that fuel poverty could affect 3 million households in England this year. Sustainable energy can play an important part in finding a solution to fuel poverty and we are very grateful for the support of Defra and npower for the awards scheme’

Multi-Fuel Burning Stoves Grant

Homes that are in fuel poverty in the North East will get a lifeline after NEA won an award to help introduce multi-fuel burning stoves to the region.

NEA has been assisted by a grant from the Northern Rock Foundation to explore whether multi-fuel burning stoves could help alleviate fuel poverty in the North East region. The national charity has scooped more than £25,000 to roll out the project in five homes over a 12-month period beginning in January 2007.

Alex Fowler, Technical Officer at NEA said: ‘This project will help to develop a sustainable wood fuel economy in the North East. Local Councils can spend between £40,000 - £100,000 per year sending waste wood to landfill.’

The five selected households that the project will help will be disadvantaged because of where they live and the lack of accessibility to key services such as mains gas. The plan is to reduce fuel bills for these households by up to 60 per cent.

The Energy Efficiency Partnership for Homes

The Impact of Rising Fuel Prices on Social Housing

The Energy Efficiency Partnership for Homes (EEPH) in the last quarter has completed its research into the impact of rising fuel prices on social housing. This provided estimates for current levels of fuel poverty in the sector and – projecting forward – identified potential levels of fuel poverty in the future given different fuel price scenarios. The research has found that recent fuel price rises have particularly hit social housing tenants: around 17% of properties owned by RSLs or local authorities were too expensive to heat for their residents in late 2006.

In an attempt to tackle this issue, EEPH has produced new guidance for housing managers based on the research. There are two new pieces of guidance: the first is a general introduction to fuel poverty for social housing providers, and the second explains how housing managers can identify and tackle the properties that are most likely to be expensive to heat. Separate research and guidance has been produced for Wales and Scotland and will be launched shortly.

‘Achieving Affordable Warmth through Local Area Agreements’ – an NEA guidance note

Local Area Agreements aim to link local government with central government by agreeing priority outcomes for action at a local level, NEA took forward a scoping study in 2006-07 to identify the extent to which first and second round (LAAs) have incorporated affordable warmth objectives, to explore the mechanisms for influencing such objectives and to define the extent to

which LAAs can contribute to achieving such objectives via the four established 'blocks'.

The guidance note will be of particular use to those developing or 'refreshing' Local Area Agreements and contains examples of good practice and a range of key recommendations for developing LAA affordable warmth commitments. The publication is free and will be available from NEA's website from May 2007. Hard copies of the guidance note are available by calling NEA on 0191 261 5677.

For more information on NEA, please visit our website at www.nea.org.uk

Fuel Poverty and Energy Efficiency Seminar

The EEPH Fuel Poverty Strategy Group joined with the Education and Community Group to stage a seminar for energy suppliers and other organisations managing fuel poverty and energy efficiency schemes. This event looked at how community groups could help scheme managers reach the hard to reach fuel poor. Attendees shared best practice in schemes that have focused on "difficult" target audiences.

Solid-wall and Off-gas Network Fuel Poor Homes

The Hard-to-Treat Homes subgroup has built on its extensive research base to present detailed views on the issues around solid-wall and off-gas network fuel poor homes. It submitted a paper to the Government's Fuel Poverty Advisory Group and has put together a new dissemination programme to raise awareness of the research base in this area.

Government Initiatives

Promoting Winter Warmth

Last November, The Pension Service got together with the Energy Retail Association (ERA) and the major energy suppliers on an exercise to help alleviate fuel poverty amongst poorer pensioners.

The exercise involved a mailing to 100,000 pensioners in receipt of Pension Credit with the offer of free energy efficiency measures for the home, advice on the best tariff and a comprehensive check on entitlement to payment of benefits.

Over 6,000 pensioners responded to the mailing (an excellent response rate for this type of exercise). At the end of January 2007, energy efficiency measures had been identified for over 1,000 pensioners, 454 had been moved to a better tariff by their supplier and 125 pensioners had become entitled to additional benefits, for example Attendance Allowance, Council Tax Benefit.

The exercise has shown the value of a targeted and holistic approach to the challenge of alleviating fuel

poverty. Government and the energy industry are now looking to see how this approach can be developed further.

Winter Fuel Payments 2006-07 from DWP

Winter Fuel Payments are annual lump sum payments made to most people aged 60 or over who are normally living in the UK. They ensure that older people do not have to worry about keeping warm in winter. Amounts vary according to circumstances, but are generally £200 per person (£100 if a person shares a home with another eligible person). Those over 80 receive an extra £100 per person (£50 if they share a home with another eligible person).

During winter (2006-07) around 11.8 million people in the UK received a Winter Fuel Payment. Over 2 million people aged 80 or over received the extra payment.

Warm Homes are Healthy Homes from DH

The Department of Health has been helping develop a more focused and national approach to tackling fuel poverty and has produced a factsheet aimed at improving awareness among health service workers of schemes such as Warm Front, and to increase health-related referrals.

Simon Church who is on a year long secondment from eaga plc has been working on the factsheet and said: 'Communicating the health and winter warmth message right across the health sector is vital. Support at a local level has always been strong. Nationally, however there could be significantly more referrals, which is why we have produced the Health and Winter Warmth factsheet.'

The factsheet offers guidance to empower health professionals across the country to take a more active role. A copy of the factsheet can be obtained by visiting the Energy Efficiency Partnership for Homes website (See Website Links section).

It also provides examples of success, such as West Sussex PCT, where an annual flu-jab campaign ran alongside a Warm Front promotion. The result was a third of all Warm Front health referrals for the last two years came from West Sussex alone.

Simon added: 'The results from West Sussex are excellent. We need to replicate this nationally and generate positive action at every level within PCTs. The factsheet has now been sent out to all the regional directors of public health and I am highly confident productive partnerships will increase'.

Affordable Warmth Network

The London Borough of Islington has contracted Impetus Consulting on behalf of the Islington Strategic Partnership to develop their Affordable Warmth Network, aimed at reducing fuel poverty, especially among older

people in the private sector. The project will establish a Steering Group with representatives from health and social care sectors in the borough as well as community groups

As part of the project, training will be carried out with frontline staff to enable them to recognise signs of fuel poverty among their clients and refer them to Islington's Energy Efficiency Advice Centre, where further assistance will be available.

It is hoped that the Network will enable Islington to reach residents that need assistance but may not know what is available.

If your organisation or group would like to participate in the Network or you would like further information, please contact John Kolm-Murray at john.kolm-murray@islington.gov.uk or Amanda Pearson at amanda@impetusconsult.co.uk.

On the Horizon

The Energy White Paper

The Energy White Paper is due out shortly. In it, Government will set out some of the further steps it is taking to tackle fuel poverty.

The Fifth Annual Fuel Poverty Progress Report

The Fifth Fuel Poverty Progress Report containing the official 2005 fuel poverty statistics and details of fuel poverty activities over the past year will be produced later in the summer.

Local Area Fuel Poverty Indicators

The Fuel Poverty Indicator, a tool to examine fuel poverty in local areas will be launched on 25 May. It is hoped this will prove a valuable tool, enabling local authorities, energy suppliers and others to target areas with the greatest likelihood of fuel poverty. A launch event is being held in London on 25 May. Contact Kirsty Mitchell at kirstym@cse.org.uk for details.

Energy Efficiency Partnership for Homes (EEPH) Annual Conference 26th June - One Whitehall Place, London

The conference looks forward at the initiatives that are driving the increasing pace of change in energy efficient housing. There will be presentations from government on the key developments in policy, regulation and schemes and an opportunity to ask questions. There will also be views presented on emerging technologies. To register your attendance email emily.bacon@eeph.org.uk or visit www.eeph.org.uk for more information.

Website Links

Department of Health

www.DepartmentOfHealth.com

Department for Work and Pensions

www.departmentforworkandpensions.co.uk

British Gas

www.house.co.uk

Eaga Plc

www.eagagroup.com

Edf Energy

www.edfenergy.com

Energy Action Scotland (EAS)

www.eas.org.uk

Energy Efficiency Partnership for Homes (EEPH)

www.eeph.org.uk

Energywatch

www.energywatch.org.uk

Fuel Poverty Advisory Group

<http://www.dti.gov.uk/energy/fuel-poverty/fpag/index.html>

National Energy Action (NEA)

www.nea.org.uk

Npower

www.npower.com

Ofgem

www.ofgem.gov.uk

Powergen

www.powergen.co.uk

ScottishPower

www.scottishpower.co.uk

ScottishPower Energy People Trust

www.energypeopletrust.co.uk

Scottish & Southern Energy

www.scottishandsouthernenergy.com