



the InHouse Policy Consultancy

Review of the Fuel Poverty Advisory Group

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1 Review of the Fuel Poverty Advisory Group

1.1 This Review

1. The first set of appointments to the Fuel Poverty Advisory Group finish at the end of January 2005 (for members of the Group) and at the end of December 2004 (for the Chair). When the Group was set up, a commitment was given to review the Group¹. This work, together with FPAG's own work, fulfils that commitment.
2. IHPC was been asked to:
 - assess how FPAG has delivered against its remit.
 - assess whether the composition, structure, resources, and outputs of the group remain appropriate for future challenges, making recommendations for any improvements.
3. The review was carried out by reading many of FPAG's papers and minutes of meetings and by interviewing members of FPAG, Defra Minister Lord Whitty and relevant officials, often by phone. A list of interviewees is attached at Annex A.

1.2 Background

4. The Fuel Poverty Advisory Group was set up as an Advisory Non-Departmental Public Body sponsored by DTI and Defra in 2002, with a remit to:
 - i. consider and report on the effectiveness of current policies in delivering reductions in fuel poverty and the case for greater co-ordination;
 - ii. identify barriers to the delivery of reductions in fuel poverty and to the development of effective partnerships, and propose solutions;
 - iii. consider and report on any additional policies needed to deliver the Government's targets; and
 - iv. enthuse, and encourage, key players to tackle fuel poverty. To consider and report on the results of the work to monitor fuel poverty.

¹ 'There is no longer a rigid requirement for departments to carry out reviews every five years.... But as these [small] NDPBs remain accountable to their sponsor department and Minister, reviews should be carried out with sufficient frequency to give the department confidence that the NDPB is delivering high quality services, efficiently and effectively and fits appropriately into the department's overall delivery structure.' (**Non Departmental Public Bodies: A Guide for Departments** - Guidance for reviewing NDPBs)

1.3 FPAG's delivery against its remit

1.3.1 Effectiveness of current policies, barriers and partnerships.

5. FPAG is tasked with: *considering and reporting on the effectiveness of current policies in delivering reductions in fuel poverty and the case for greater co-ordination; and Identifying barriers to the delivery of reductions in fuel poverty and to the development of effective partnerships, and proposing solutions;*
6. Over the past 18 months, FPAG has considered papers on a number of issues including the assessment of WarmZones (carried out by NEA for Defra), and of EEC and Warm Front (led by Powergen). FPAG was particularly interested in policy changes which would encourage better coordination of EEC and Warm Front. The work has fed into the recent reviews of EEC and Warm Front. However, whilst the Government accepted FPAG's view that the level of priority EEC should be kept at 50% other, proposals for change have not been adopted.
7. Some members of the Group considered that delivery of EEC and Warm Front could be improved by changes to policy design and also changes at an operational level. However, they point out that whilst there has been some sharing of best practice between Warm Front and Energy Suppliers' schemes this is limited because providers are in competition with one another². Competition, and particularly the need to brand products, also limits the opportunities for voluntary coordination. Members question whether FPAG could make any difference to that overriding commercial necessity.
8. As well as looking at the impact of particular policies, FPAG has also pressed DTI, Defra, and ODPM to carry out some more strategic analysis of the effectiveness of their policies in reaching their fuel poverty targets. This work has been successful with DTI and Defra – less so with ODPM:
 - DTI's work to assess the cost of meeting the fuel poverty targets is widely considered to have been influential in improving the outcome of the spending round for Warm Front.
 - Defra's own Fuel Poverty Action Plan has continued to evolve in part as a result of pressure from the Group.
 - FPAG has pressed ODPM to develop its own fuel poverty plan looking at the private rented sector, but this work has progressed less.

1.3.2 Additional policies

9. FPAG is tasked with: *considering and reporting on any additional policies needed to deliver the Government's targets;*

² This does not seem to be a serious barrier to improvement of the programmes; the competition drives Energy Suppliers to quickly find out if a particular approach is working well through Local Authority contacts. There is little need to rely on FPAG.

10. When the Group was first set up, Government had already identified that people on a low income, who were not connected to the Gas network were more likely to be in fuel poverty. A pilot scheme had been set up by the Design and Demonstration Unit at the DTI to assess the options for such households.
11. FPAG has looked at a number of options for Hard to Treat Homes. Work has concentrated on different aspects of proposals to extend the gas network and the cost of alternative fuel sources. Some of this earlier work has been cited in PracticalHelp – EST's advice service to local authorities.
12. However, despite pressure from FPAG to do so, the Government has not taken further steps to subsidise extension of the gas network.
13. Many FPAG members feel that the Group has done as much as it realistically can about gas extension. The arguments are well versed³ and the decisions now lie with Government. Group members would also appreciate some feedback from Defra and DTI about the extent to which work on other sustainable options is helpful – given the economic drawbacks but good policy fit with other energy policies.

1.3.3 Enthusing and Encouraging Key Players

14. FPAG is tasked with: *enthusing, and encouraging, key players to tackle fuel poverty.*
15. FPAG has been very active in pressing the case for considering fuel poverty when developing other policy strands. Group members have met with senior officials and Ministers in Defra, DTI, ODPM, DWP and DOH. Work has focused on:
 - encouraging Primary Care Trusts to refer the most vulnerable fuel poor to existing programmes;
 - Improving funding for Benefits Entitlement Checks through fuel poverty schemes, and encouraging cross-referral between schemes;
 - Pressing ODPM for more action on the private rented sector and pushing for a better policy fit between the Decent Homes Agenda and fuel poverty.
16. FPAG members have repeatedly praised the energy that the chair, Peter Lehmann has brought to this role. One of the key successes of the group has been to keep fuel poverty within Ministers' sights. This has worked best in DTI and Defra.
17. FPAG's assessment of their effectiveness is that awareness and understanding is improving in DOH and DWP but that this has yet to translate to action. They are also frustrated by what they perceive to be lack of progress in ODPM. However, ODPM has modified the decent homes standard to include - 'a reasonable degree of thermal comfort' in

³ Any further analysis might focus on the barriers which have prevented gas network extension being taken forward on a commercial basis.

the definition. This was due, in part, in response to FPAG's concerns. HHRS will also help address fuel poverty.

1.3.4 Monitoring Fuel Poverty

18. FPAG is tasked with: *considering and reporting on the results of the work to monitor fuel poverty.*
19. The Group has pressed DTI and Defra to move towards outcome-based PSA targets rather than the targets based on number of people helped. It has also encouraged ODPM to use the English House Condition Survey to identify more about the people in social housing who are likely to be fuel poor. The Group itself has contributed to work to look at the characteristics of people in fuel poverty, particularly the private rented sector and underoccupancy.
20. A number of members of the Group would like to see further work to improve the understanding of the different types of situations which lead to fuel poverty and the differing consequences, so that policies can be tailored to meet particular needs. This work would also be of interest to ODPM.
21. The Group also wants to update DTI's work on the cost of achieving the 2010 target to take account of recent increases in fuel prices, and identify the sensitivity to further change.
22. Group members have asked what has happened to the Monitoring and Technical Group on fuel poverty which took forward much of this work. It is not clear whether that group will be reformed. DTI's intention is that this Group will meet again in the New Year.
23. Finally under the Race Relations Act, government has a duty to assess the impact of its policies on Black and Ethnic Minorities. Work is going on by NEA and scheme managers to address any differential impacts by work with Black and Minority Ethnic groups. However, FPAG has yet to consider this area in the round.

1.4 Strengths and Weaknesses

*Active,
Enthusiastic
and Well-
connected*

24. The Group is extremely active. It has met on average every 2 months and published 2 annual reports drawing together conclusions from over 80 papers.ⁱ In addition to these formal meetings, the chair and other members have held meetings with both senior officials and ministers from Defra, DTI, ODPM, DOH and DWP.

*Respected and
Diverse*

25. The Group has well-respected members from a wide range of backgrounds, including energy suppliers and distributors, academia, the administrators of Warm Front, charities with a particular interest in fuel poverty and local government.

26. Officials from Defra and DTI both attend and provide the secretariat. Thus FPAG represents a wide diversity of expertise and commercial interest.

*Improving
communication
on priority
EEC.*

27. It is worth noting here that Energy Suppliers have a multi-million pound legal requirement to deliver the energy efficiency commitment⁴ and the Group enables them to present a common view of any problems with the programme to Ministers.

*Large & a big
commitment*

28. However this diversity means that FPAG is too large. Often over 20 people attend meetings, requiring strong management of the meetings. The Group is also very busy. Communications and attendance are time-consuming. As a result, although attendance of the group has remained high, this is often because substitutes attend rather than the original member. The size of the meetings and length of the agendas means that there is not much chance for thinking outside the box.

⁴ Whilst EEC is not a fuel poverty programme 50% of those helped must be in vulnerable groups. There is a high correlation between these groups and people in fuel poverty.

Un-coordinated with other groups

29. The Group could potentially alleviate this somewhat by drawing on the efforts of other fuel poverty groups. Many group members mentioned that they sit on a number of different fuel poverty groups, often with overlapping membership and aims⁵. Coordinating the work plans between different groups could help reduce the overall time commitment needed.

Unfocused

30. Work planning within the Group has been fairly minimal, the chair identified the broad issues which needed to be considered and, together with the secretariat, identified people who could take the work forwards. There has been little input from policy officials (particularly from officials outside Defra and DTI) into the formal work programme. It would be helpful to delineate more clearly at that stage the time-scales for input and the areas of policy which are under consideration.

31. There is a concern that the Group has taken on too many of the detailed tasks – allowing it to be detracted from asking the right questions and looking at the big picture. This has had a detrimental impact in terms of focus and also membership.

Mismatch of work and resources.

32. There appears to be a lack of clarity about who should take forward the work generated by the Group. Some work has been done by or on behalf of DTI and Defra. However, most of these work areas were taken forward by one member, resulting in papers for discussion and conclusion within the group.

33. There is a concern that this has had an impact on the quality and impartiality of work carried out. Almost all members of FPAG have a clear vested interest and the Group makes no pretence that it is impartial.⁶ Yet, to take an example, work on Hard to Treat Homes was led by TRANSCO, an organisation with a clear commercial interest in the Group's conclusion that extending the gas network is the most cost-effective option.

34. I am not in a position to comment on the quality of that work. However, the lack of impartiality detracts from the Group's authority. Ideally FPAG would act as an informed customer (for example by the inclusion of an FPAG member on a departmental steering group), rather than taking this work forward directly.

Lack of FPAG resources

35. FPAG currently has no research or consultancy budget. A little secretarial support to the Chairman is currently provided by EST. The secretariat is provided by Defra and DTI officials who are also responsible to Ministers for fuel poverty policies. The secretariat has been praised for the quality of their support and the advice they provide the Group with. Their position reduces the Group's independence, and can create problems for the officials concerned. On the other hand the current arrangements for the secretariat promote good easy communication.

36. Some though not all members argue for a research budget of £50-100K. Others do not see FPAG as an operational group with a dedicated budget.

1.5 Conclusions and Recommendations

1.5.1 The Fuel Poverty Advisory Group

37. There is a view within the Group that its job is essentially done: FPAG has achieved a systematic review of the areas as well as an understanding of size of problem, and EEC2 is imminent. The task is now for Government to consider how it will respond to the Group's advice. However, the Group still has work to do: recent increases in fuel prices will increase the number of people in fuel poverty and the extent of problems for people already classified as fuel poor. Many of FPAG's aims are work in progress and its remit remains valid.

1.5.1.1 Recommendation

38. I recommend that FPAG is continued, but that some changes are made to improve its effectiveness.

1.5.2 Make-up of FPAG

39. The Group benefits from having such a diverse membership well connected with Ministers and there is considerable support for the current chair. The connection is less strong in ODPM.

40. There is a sound reason why each of the members should have a strategic input into the Group's work. The size and activity of the Group can be addressed by changing the way the group works rather than seeking to cut membership.

41. A separate review of the Chair's effectiveness is currently being carried out by Defra and DTI.

1.5.2.1 Recommendation

42. That the make-up of Group continues as at present, but that the Group seeks a new member who is well connected with ODPM's decent homes agenda.

43. That, if the Chair is happy with the recommendations below for changing FPAG's mode of operation, (and subject to the further review being carried out) he is invited to stay for a further term.

1.5.3 Outputs

44. FPAG's success to date has been in asking awkward questions, challenging Government departments and improving awareness.

45. The group has been less successful in securing changes to policy as a result of its advice, and has on occasion adopted an approach which is perceived as confrontational.

46. However, it is useful to have such a Group which can quickly offer a consensual view on how EEC impacts on fuel poverty (recognising that it is an energy efficiency rather than fuel poverty programme) and on its interaction with Warm Front. FPAG clearly needs to retain a capacity for proactive scrutiny and comment of government policy.

1.5.3.1 Recommendations

47. That FPAG spends much more of its time at the beginning of each year working collaboratively with officials not just from Defra and DTI but also ODPM and possibly DOH and DWP to identify what opportunities there are to improve fuel poverty policies. In particular this planning should consider the scope and timing of advice most likely to make an impact and the wider policy context within which fuel poverty advice is delivered. The output of this would be a more formal workplan providing a better fit between advice and policy developments, and enabling members to better negotiate the time commitments required.
48. Outputs to date have included a mix of strategic challenge / encouragement, scrutiny, and advice on specific elements of detail. I recommend that this balance is shifted to play more to FPAG's strengths:
- ✓ Continuing with work to raise awareness with key officials and Ministers;
 - ✓ Continuing to ask awkward questions about progress and implementation plans, and scrutinising emerging policy, resulting in a progress report independent of Government.
 - × Reducing work on specific policy issues, by focusing on identifying the questions which need to be answered rather than carrying forward the work themselves or agreeing detailed research.
49. On the question of policy, many of the general issues have now been well aired. The effectiveness of FPAG's further input could be improved by focusing it. In particular it would be helpful to identify:
- What if any further work is useful on coordinating EEC2 and Warm Front, given that decisions on the overall structure of EEC2 have been made?
 - How will work be taken forward on the successors to these programmes?
 - What is the scope of the HECA review (given that the HECA obligation relates to energy conservation rather than fuel poverty) and how FPAG can best feed into that review?
- I also recommend that Defra and DTI officials consider amending FPAG's remit to give it a specific task to consider and report on the differential impact of fuel poverty policies on different races, as part of Government's duties under the Race Relations Act. It is likely that the makeup of the Group would not need to be changed to take this forward.

1.5.4 Sponsorship

- The Fuel Poverty Advisory Group is currently jointly sponsored by DTI and Defra. That position, though clumsy, is needed because of the strong links to EEC and Warm Front (Defra) and because DTI is responsible for sponsoring the Energy Industry more generally.

Additionally the fuel poverty PSA target is shared between DTI and Defra. The links to a range of ODPM's policies are arguably stronger than for DTI (Building regulations, local government, housing/decent homes, social exclusion) but fuel poverty is seen within ODPM as a small part of a much wider debate, whilst I understand DTI Ministers are keen to retain links.

1.5.4.1 Recommendation

- That DTI and Defra remain jointly responsible for FPAG, but that Ministers seek wider interdepartmental support for FPAG's workplan, e.g. through adoption by the Ministerial Group on Fuel Poverty.

1.5.5 Getting the work done

50. It is helpful to have a unified view from FPAG on key proposed policy changes and overall progression, but the Group should aim to radically reduce the number of meetings of the full group: carrying out most of the work through smaller project teams.

51. Clarity about the workplan should mean that the advisory group can act less as an operational group. Instead, it could act more as an umbrella body identifying tasks which can then be spread much more widely amongst actors in the fuel poverty arena. FPAG members are well placed to identify other resources which the Group can draw on. However, such resources will not always be appropriate, since they too will have vested interests.

1.5.5.1 Recommendations

52. That FPAG uses its workplan to identify the skills, independence and resources needed for each task and, where appropriate, identifies resources from existing fuel poverty networks to carry the work forwards. FPAG's role should generally be in steering this work, rather than taking it forward at an operational level.

53. In particular, links should be drawn between FPAG's workplan and that of related groups including the EEPfH's Fuel Poverty Strategy Group.

54. Where use of existing resource is not appropriate or appropriate, FPAG should identify the costs and relative importance of the work, so that it can be fed into Defra and DTI's budget negotiations. I do not recommend that the Group is allocated a generic research budget.

1.5.6 Providing the Secretariat

55. To date some secretarial functions for the chair have been provided by EST, whilst minutes of meetings, agendas etc have been provided by Defra and DTI officials, who also provide advice to FPAG.

- Whilst some additional secretarial support will be needed if Peter Lehmann continues as chair once he has stepped down from EST, there is no compelling argument for changing the arrangements for the secretariat, or for keeping it as it is. The ease of communication

between the secretariat and FPAG appears to be offset by the slight unease this causes in terms of independence.

2 Annex 1 Interviewees

Larry Whitty, Defra Parliamentary Under-Secretary (Lords) with responsibility for fuel poverty

Peter Lehmann, chair and chair of the Energy Savings Trust

John Chesshire, deputy Chair and chair of the Energy Efficiency Partnership for Homes

Mark Clare, deputy chief executive, Centrica Plc

Jill Harrison, head of consumer affairs, Centrica Plc

William Gillis, chief executive, NEA

Andy Duff, CEO RWE Innogy

Gill Owen, chair, Public Utilities Access Forum

Noel Olsen, Public Health Physician, Trustee of the National Heart Forum

Mervyn Kohler, Head of Public Affairs, Help the Aged

Lesley Davies, Policy and Research Director, Energywatch

David Pickles, Local Government Association, Energy Agency Manager Newark and Sherwood District Council

John Clough, Chief Executive, Eaga Partnership Ltd.

Teresa Perchard, Director of Policy, Citizens Advice

Gill Hackman, Pam Wynne and John Mason Energy Efficiency and Fuel Poverty Teams, Defra

Graham White and Peter Matejic, Energy Markets Unit (Social Issues and Information Directorate) DTI

Anne Kirkham, Housing Policy ODPM

¹Information about the Fuel Poverty Advisory Group including their annual reports can be found at their home page at <http://www.defra.gov.uk/environment/energy/fuelpov/fpag/>