

Chapter 8 Energy and the vulnerable

Energy policy raises a range of social issues...

- 8.1 Most of us take for granted being able to turn the lights on and keep our homes warm. But for some people, basic energy needs account for a disproportionate amount of their income. We must ensure that as we address the security, environmental and competitiveness aspects of energy policy we also take account of social impacts, especially on the poorest.

We are making good progress in tackling fuel poverty...

- 8.2 Some households need to spend more than 10% of their income to heat their homes adequately and affordably - the 'fuel poor'¹. Fuel poverty is caused by a combination of factors, including the energy efficiency of the home, fuel costs and household income. So we need better energy efficiency, competitive energy prices and increased incomes. We are committed to eradicating fuel poverty and have a legal obligation under the Warm Homes and Energy Conservation Act 2000 in England and Wales and the Housing (Scotland) Act 2001 in Scotland to specify a target date by which, as far as reasonably practicable, this will be achieved. *The UK Fuel Poverty Strategy*², published in November 2001, sets out policies for ending fuel poverty in vulnerable households in England - older households, families with children and householders who are disabled or have a long-term illness - by 2010.

We reaffirm these commitments and policies.

- 1 Different definitions of fuel poverty apply in each country, though we are working to bring them closer into line. There are also two methods of assessing income - either to include or exclude Housing Benefit and Income Support for Mortgage Interest. The figures quoted include this income. The numbers in fuel poverty are greater if this income is excluded.
- 2 www.dti.gov.uk/energy/consumers/fuel_poverty/strategy.shtml

We aim that as far as reasonably practicable no household in Britain should be living in fuel poverty by 2016-18³.

- 8.3 Encouraging progress is being made. In 1996 there were 5½ million UK households in fuel poverty. Today there are around 3 million. Of these about 2 million are vulnerable households. The 2½ million overall reduction is due mainly to energy price reductions and increased benefits. On current forecasts we might expect economic growth to take about 1 million more households out of fuel poverty by 2010⁴. We will publish our first annual progress report on the UK Fuel Poverty Strategy shortly⁵. This will provide more detail on the progress being made and the programmes in place.
- 8.4 Eradicating fuel poverty sustainably, particularly for the most vulnerable households, requires action in the home - better insulation, more efficient heating systems and minimising draughts. Together with the Devolved Administrations we fund a number of grant schemes to support this - Warm Front in England, Warm Deal and the Central Heating Programme in Scotland, the New Home Energy Efficiency Scheme (HEES) in Wales, and Warm Homes in Northern Ireland⁶. These schemes provide help for people on income or disability benefit. The energy efficiency commitment (EEC) requires half the target energy savings to be achieved in this priority group.

3 In England and Scotland the target date is November 2016. Scotland has an interim target of achieving by 2006 a 30% reduction of people in fuel poverty as shown in the 2002 Scottish House Condition Survey. The Welsh Assembly Government has proposed in their consultation document a target date of 2018. There is no date yet for Northern Ireland.

4 assumes that incomes grow by 2.5% in real terms each year to 2010

5 www.dti.gov.uk/energy/consumers/fuel_poverty/strategy2.pdf

6 www.eaga.co.uk and www.txuwarmfront.co.uk/content/general/default.asp

Our recently published policy on sustainable communities⁷ has an important role to play. Our target of bringing all social housing up to a decent standard will also contribute.

- 8.5 Continuing these initiatives in their current form and at their current levels would remove up to another 1 million vulnerable households from fuel poverty by 2010, though some of these will already have been removed through economic growth.⁸

But we need to do more...

- 8.6 Evaluations of Warm Front in England and a progress report on the first year of the EEC will be completed this year. These will help us assess the impact of the schemes and their contribution to our Fuel Poverty Strategy. The Warm Front review also provides an opportunity for changes to the scheme, looking ahead and ensuring the best use of our resources in fulfilling the Strategy.
- 8.7 **We are also exploring new ways of tackling fuel poverty.** Five pilot Warm Zones were established in 2001 - in Stockton, Sandwell, Hull, the London Borough of Newham, and Northumberland - bringing together the deliverers of Warm Front, energy suppliers, local authorities, health officials and others to provide a co-ordinated approach in a local area⁹.

7 *Sustainable Communities: Building For The Future* www.communities.gov.uk - see chapter 3

8 As with the estimated impact of economic growth, there is considerable uncertainty about the full impact on the numbers in fuel poverty.

9 www.warmzones.co.uk. A summary report evaluating the first year performance of Warm Zones is at www.est.org.uk/est/documents/warm_zones_evaluation_1_summary.pdf

Tackling fuel poverty through partnership

The Dundee Community Energy Partnership brings together Dundee City Council, Transco, the Scottish Executive, and Scottish and Southern Energy, to identify areas of good practice and establish a working model. Partnership workers go door-to-door throughout the city to determine if there is fuel poverty, what measures are needed, and what the best use of funding programmes would be to help the household out of fuel poverty.

- 8.8 To advise on progress and suggest improvements in delivering the fuel poverty strategy, we established the Fuel Poverty Advisory Group in England. A similar group works with the Scottish Executive on progress in tackling fuel poverty in Scotland. We welcome the English Advisory Group's first annual report¹⁰ as a valuable contribution to the challenge of meeting our fuel poverty targets. **We will work with the Group as we consider how its recommendations will be taken forward. In particular we will continue to:**

- **report annually on progress against the fuel poverty targets;**
- **keep under review the resources needed to achieve our targets;**
- **find ways to achieve greater efficiency in delivery, through closer co-ordination between the various initiatives which deliver energy efficiency improvements to the fuel poor;**
- **work across Government to ensure that policies on benefits, health and housing help to alleviate fuel poverty; and**
- **address the need to overcome skills shortages - see Chapter 7.**

10 www.dti.gov.uk/energy/consumers/fuel_poverty/fuel_adv_grp/report1.pdf

There is a need to tackle rural issues...

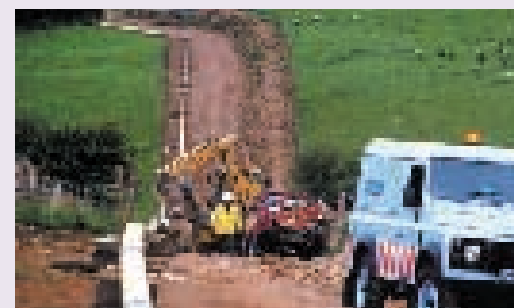
- 8.9 Most people in fuel poverty live in urban areas. But it can be more acute in the countryside, where houses tend to be older, less energy efficient and harder to heat. Also many people in rural areas do not have mains gas. Oil fuel, solid fuel, electric heating or liquefied petroleum gas (LPG) can be more expensive and less convenient. **The DTI is therefore working with Transco to identify areas where extensions of the gas network and connection to energy efficient gas central heating systems might be justified. We will explore options for pilot projects on gas extension.**
- 8.10 People living in rural areas are particularly dependent on cars and can be affected by higher fuel prices and the closure of filling stations. We have set up a taskforce with industry on services for rural motorists to look at issues such as the costs of environmental measures for small filling stations and schemes to support rural filling stations.

And internationally...

- 8.11 International development also has an important part to play in improving energy security in the medium to long term. We will promote economic growth, especially pro-poor growth, stability and good governance in energy-producing countries as part of our international development efforts. At WSSD¹¹ in Johannesburg last year it was agreed that concerted international action is needed for increasing access to sustainable energy

services as a necessary requirement for addressing international development and poverty reduction objectives. The recent DFID issues paper *Energy for the Poor*¹² explains the importance of access to affordable, safe and reliable energy services in the achievement of the international UN Millennium Development Goals.

- 8.12 **We shall strengthen international dialogue on energy and development. We will support and promote two international WSSD follow-up activities aimed at improving access to energy services - the Global Village Energy Partnership (GVEP), whose leading partners include the United Nations Development Programme (UNDP) and the World Bank, and the EU Energy Initiative for Poverty Eradication and Sustainable Development.**



11 World Summit on Sustainable Development - see chapter 4

12 www.dfid.gov.uk Issues and Briefing Notes