



**EVIDENCE FOR THE CONSULTATION ON THE  
FUEL POVERTY STRATEGY FOR ENGLAND**

**Submission from the National Pensioners Convention**

**September 2019**

Fuel Poverty Strategy Team  
Department for Business, Energy and Industrial Strategy  
2nd Floor, Orchard 3  
1 Victoria Street  
London  
SW1H 0ET

16 September 2019

Dear Clerk to the Fuel Poverty Strategy Team

## **NPC EVIDENCE FOR THE CONSULTATION ON THE FUEL POVERTY STRATEGY FOR ENGLAND**

### **Introduction**

The National Pensioners' Convention (NPC) is Britain's biggest independent organisation of older people, representing around one thousand local, regional, and national pensioner groups with a total of 1 million members. We wish to submit views to the Fuel Poverty Strategy Team's Consultation on the Fuel Poverty Strategy for England

The NPC is run by and for pensioners and campaigns for improvements to the income, health and welfare of both today's and tomorrow's pensioners and this response is based on the views and experiences of our members as expressed through discussion by our General Secretary and Information Officer.

We note that the Team wishes to publish an assessment of the implementation of the 2015 fuel poverty strategy so far and to seek views on proposals to update the fuel poverty strategy. There can be little doubt as to the negative consequences of fuel poverty on people's health, stress and general well-being – yet failing to tackle it often creates larger unrecognised costs on health and other public services at a later date.

Official ONS figures showed an estimated 50,100 excess winter deaths occurred in England and Wales between December 2017 and March 2018. This equates to 417 deaths a day or 17 deaths an hour. During the winter months of 2017 to 2018, the number of daily deaths exceeded the daily five-year average for all days except 25 March. Reducing the scale of excess winter deaths must therefore be a priority. Most of these deaths occurred in people aged 75 and over.

### **Causes of fuel poverty**

In recent years we have witnessed a dramatic rise in energy prices, and this is set to continue. Energy and gas prices are already rising more quickly than the state pension, and many older people are struggling to pay their bills. This winter, gas and electricity prices are set to rise by between 12-15%. It is worth noting that previous

studies have found that for every 1% increase in energy bills, a further 40,000 older people fall into fuel poverty.

It is also well known that discounts on energy bills are often given to those paying by direct debit, but up to 1 million older people are without any kind of bank/building society account that would allow them to do that. Pre-payment meters and social tariffs can also be more expensive ways of paying energy bills, than customers realise. These subtle forms of financial exclusion and/or exploitation therefore contribute to the scale of fuel poverty.

Britain also has a significant number of homes which are energy inefficient, and in urgent need of improvement. This could help not only the fuel poor, but the economy as well with the creation of thousands of green jobs, as well as helping meet our climate change commitments.

In particular, the following areas are very worrying:

- The Warm Front Programme was an initiative set up in 2000 which helped 2.3 million households, including those in fuel poverty, benefit from energy efficiency improvements such as home heating and loft insulation measures. However, the funding was heavily reduced from 2010 and subsequently abandoned in 2013.
- The programme's replacement was called the Warm Home Discount. The discount is worth £140 a year off your electricity bill and is awarded automatically to pensioners on low incomes, such as those in receipt of Pension Credit. Other vulnerable people must apply to their energy company for the discount and their eligibility is entirely dependent on the individual companies and excludes many disabled older people.
- In May 2012, the government reduced the Winter Fuel Allowance (WFA) from £400 for the over 80s to £300, and from £250 for the under 80s to £200. When the allowance was originally introduced, it covered around a third of the average bill. Today, it barely covers a sixth. These levels have also been frozen since 2012, despite rising energy prices. Given the continuing scale of excess winter deaths amongst older people and the ongoing increase in fuel bills, the falling value of the winter fuel allowance will continue to force many more into fuel poverty.
- The Department for Energy and Climate Change was scrapped in June 2016, and merged with the Business Department. Subsequently, no policy has been announced by the government to seriously tackle fuel poverty. Whilst they are in the process of passing an Energy Price Cap bill, which will help two-thirds of households, it is only a temporary measure that will last for just two winters. In addition, the cap fails to help those most vulnerable people in society such as those on pre-paid meters.

The real problem is the lack of an active policy to tackle fuel poverty whilst we are facing ever increasing energy costs. For example, in 2016, the average dual fuel bill reached an eye watering £1,135. Compared to in 2004 when an average home paid £565. This absorbs nearly 14% of the income of a single pensioner dependent on the Pension Credit guarantee.

## Currently

- 19.4% of households in the private rented sector are fuel poor – they make up 35.4% of all fuel-poor households. Among social tenants 13.8% of households are fuel poor, while 7.7% of owner occupiers are fuel poor.
- Only 30.1% of all fuel-poor households are eligible for the government's leading fuel poverty programme ECO Affordable Warmth (ECO-AW),
- 82.1% of all fuel-poor households are considered vulnerable, that is one containing children, the elderly, or someone with a long-term illness or disability.

## Consultation

Until recently, the usual definition of fuel poverty was that a household was considered to be in fuel poverty when it needed to spend more than 10% of its income on fuel – or energy as it is often called. However, in June 2013, the Department for Energy and Climate Change (DECC), now defunct, published 'A framework for future action' which set out the Government's intention to adopt a new definition of fuel poverty for England. This new definition states that a household is said to be in fuel poverty if:

*'They have required fuel costs that are above average (the national median level) and were they to spend that amount they would be left with a residual income below the official poverty line'. This also uses a fuel poverty gap - i.e. the difference between a household's 'modelled' (average) bill and what their bill would need to be for them to no longer be fuel poor.*

The NPC believe that the current definition is not fit for purpose. Any definition of fuel poverty must meet certain key principles:

- The cost of fuel required relative to income must be the overall determinant of fuel poverty.
- Required fuel costs are different to actual fuel costs – because many fuel-poor households regularly ration their fuel use in order to save money.
- The merit of any definition lies in its simplicity and the ability of the population as a whole to understand how it is measured.

Furthermore, the NPC believes that the following would help to alleviate fuel poverty:-

- Introduce a national programme to improve the heating and insulation standards of existing homes so that they reach the standards of new homes built today. In particular, the homes of all low income and fuel poor households should be improved to the standard by 2020.
- Legislate to oblige all fuel companies to provide an industry-wide 'social tariff' to low income and fuel poor consumers – that offers a better deal than tariffs offered to more financially secure consumers.

- Ensure that energy companies are obliged to offer payment packages to offline customers that are equal to those available online.
- Many older people assume their loyalty for sticking with their energy provider is rewarded, when in reality those that do not switch are punished for inactivity with higher prices. Competition and choice have clearly failed the poorest customers and it is now time to introduce a real price cap on energy bills that benefits all customers, especially the poorest.
- End the use of pre-payment meters.
- Provide an annual fuel allowance to all vulnerable, older and low-income households set initially at £500 which keeps pace with annual increases in average energy bills.

## **Conclusion**

Given these genuine concerns, the government's approach to this issue seems to be in danger of making the situation even worse. Despite tackling fuel poverty being a legal obligation for the government, little is being done about it. Current arrangements fall well short of being sufficient. Whilst there are still deaths due to fuel poverty it cannot be described as sufficient.

There can be little doubt as to the negative consequences of fuel poverty on people's health, stress and general well-being – yet failing to tackle it often creates larger unrecognised costs on health and other public services at a later date. We therefore recommend that the government undertake an urgent programme of action; i.e.

The focus must be on the poorest in society and to ensure that people can remain in their own homes which are energy efficient and not just prioritise new builds, which will only help to widen socio-economic divisions. Helping those in the most need first is entirely appropriate and progress on fuel poverty should take place by 2020 for Band E properties and action on Band D should be achieved before the target date of 2025. In 2017, 19.1% of homes were Band E or below.

Cost-effectiveness can be at odds with the principle of helping those 'worst first'. But if properties aren't cost effective, would vulnerable people with no means to either improve the efficiency of their home or pay for the higher costs of running an energy inefficient home be left out of the scope of the fuel poverty strategy?

There must be a commitment to remove fossil fuel supplies from fuel poor older properties without cost to the owner or tenant.

Yours sincerely

**Jan Shortt**  
**NPC General Secretary**

## References

Energy Inefficient Dwellings

<https://www.gov.uk/government/statistical-data-sets/energy-inefficient-dwellings>

Winter Death Figures

<https://www.ons.gov.uk/peoplepopulationandcommunity/birthsdeathsandmarriages/deaths/bulletins/excesswintermortalityinenglandandwales/2017to2018provisionaland2016to2017final>

Reducing Fuel Poverty

[https://www.ageuk.org.uk/Documents/EN-GB/For-professionals/Consumer-issues/reducing\\_fuel\\_poverty\\_report.pdf?dtrk=true](https://www.ageuk.org.uk/Documents/EN-GB/For-professionals/Consumer-issues/reducing_fuel_poverty_report.pdf?dtrk=true)

Age UK

[https://www.ageuk.org.uk/Documents/EN-GB/For-professionals/Consumer-issues/reducing\\_fuel\\_poverty\\_report.pdf?dtrk=true](https://www.ageuk.org.uk/Documents/EN-GB/For-professionals/Consumer-issues/reducing_fuel_poverty_report.pdf?dtrk=true)

Fuel Poverty Action

<https://www.nea.org.uk/about-nea/fuel-poverty-statistics/>

**National Pensioners Convention  
Marchmont Community Centre  
62 Marchmont Street  
London  
WC1N 1AB**