



Department
of Energy &
Climate Change

Fuel Poverty - recent developments and next steps

13th November 2013



Recent developments

Announcement on definition

- Fuel Poverty – Changing the Framework for Measurement: Government response

Steps to amend the fuel poverty target

- Amendments to the Energy Bill

The Strategic Framework

- Fuel Poverty: a Framework for Future Action

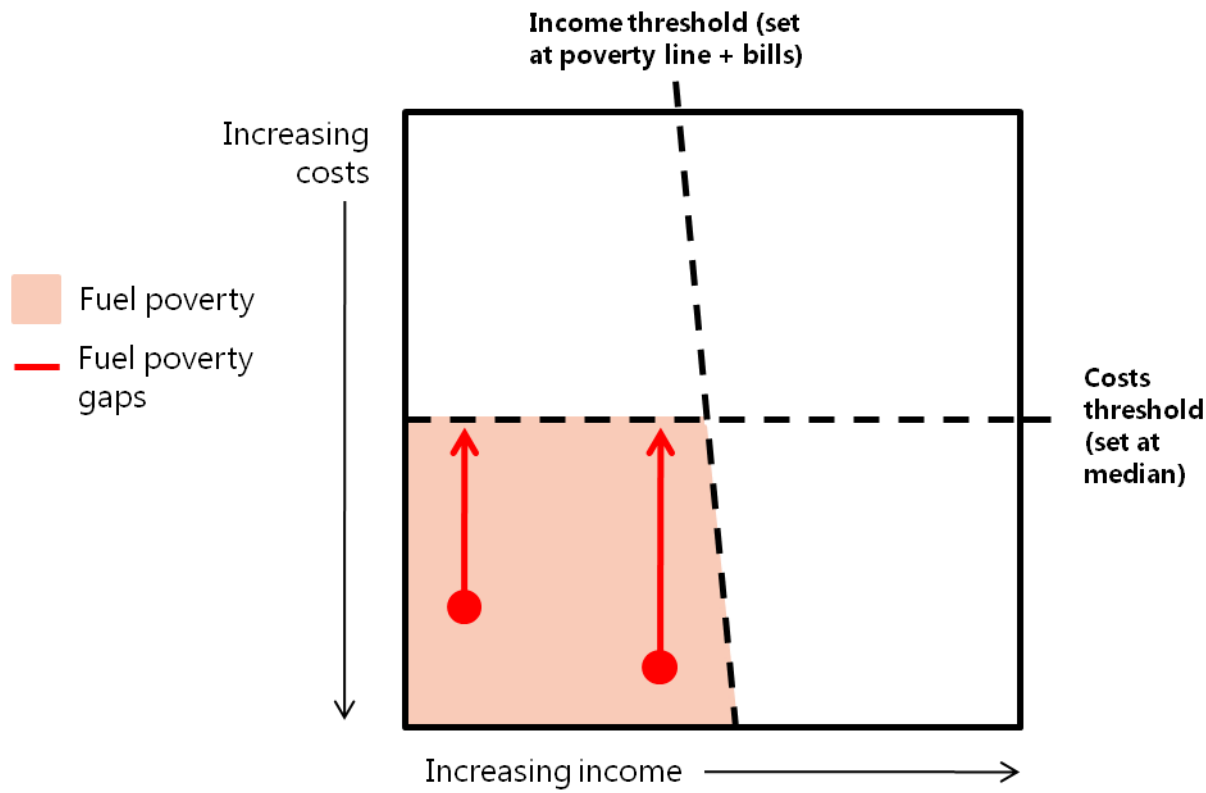


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Announcement on definition

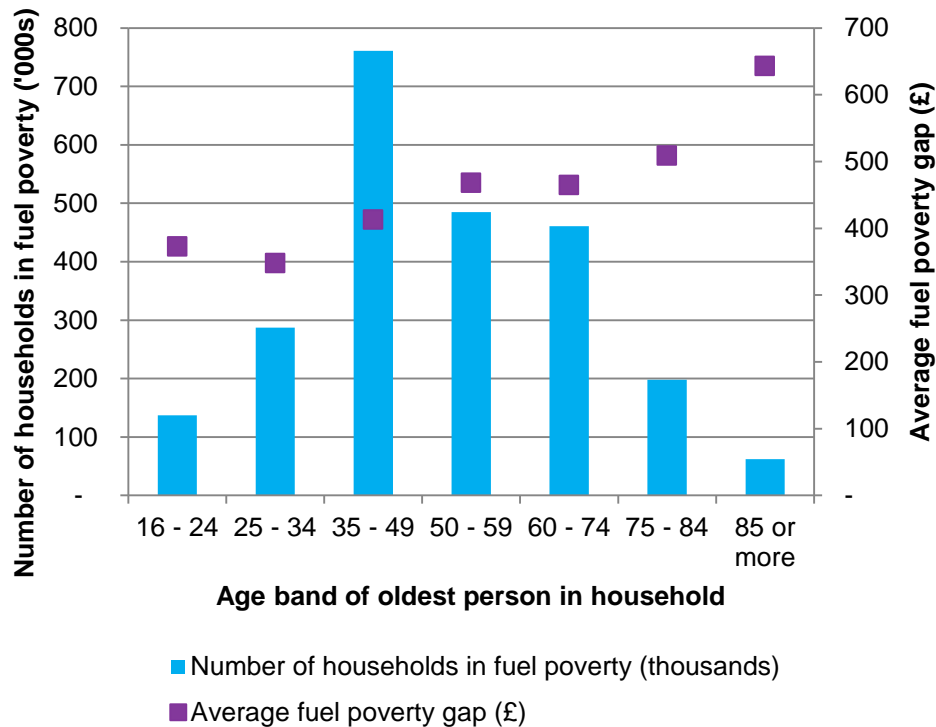


The Low Income High Costs Indicator





What does this mean for older households?



- Fewer older households – income calculated after housing costs:
- Older households in more severe fuel poverty – energy costs adjusted for hours in the home



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Steps to amend the fuel poverty target



The legislative framework

- Current fuel poverty target enshrined in the Warm Homes and Energy Conservation Act 2000 - eradicate fuel poverty in England by 2016, as far as reasonably practicable
- Amendments to the Energy Bill:
 - Updates WHECA so that a new fuel poverty target can be established through secondary legislation;
 - That new target will be supported by a statutory strategy.
- We will consult on the form, date and level of this new target after Royal Assent. In principle, we intend to frame a target around the energy efficiency standards in fuel poor homes.



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The strategic framework



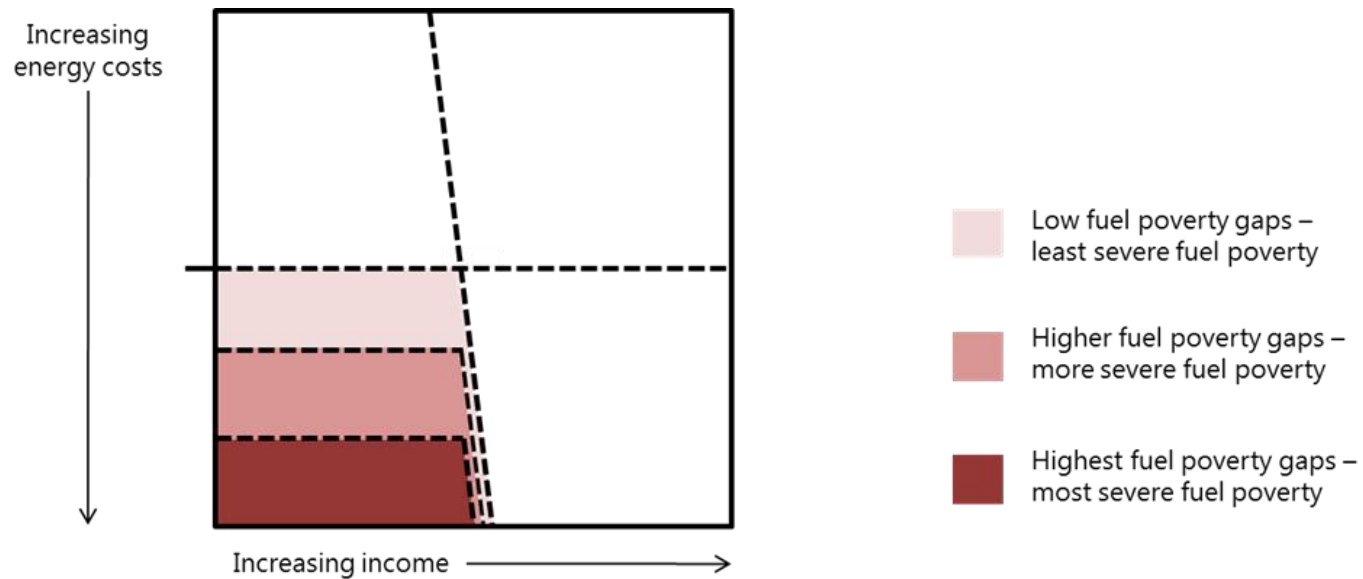
Guiding principles

The LIHC definition helps us identify ‘guiding principles’ to assess the effectiveness of existing, and shape the development of future fuel poverty policy

- **Prioritising households that are suffering from the most severe problem:** what are the factors that are driving fuel poverty (and severe fuel poverty);
- **Supporting priority households through cost-effective policies:** identify both cost effective action to support fuel poor households, and the trade-offs of prioritising more ‘hard to treat’ households who typically require more costly measures; and
- **Ensuring vulnerability is reflected in fuel poverty policies:** take account of households containing older people, children or long-term sick or disabled people – for support under fuel poverty policies

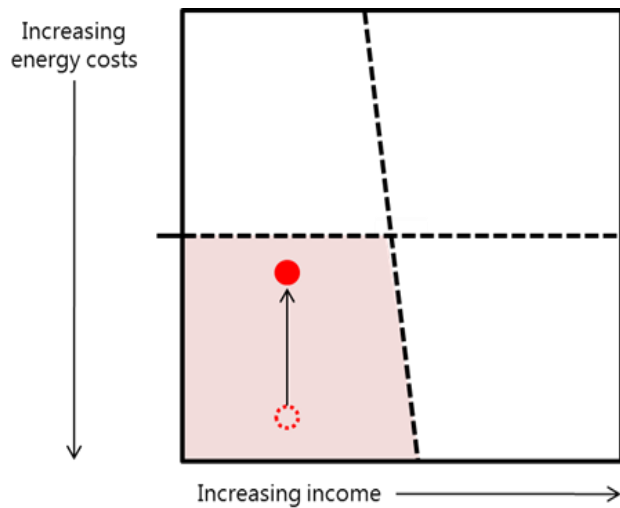


Who should we prioritise for support?



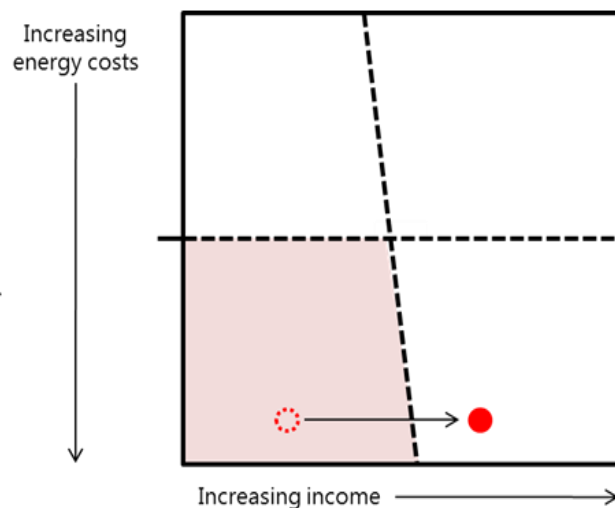


How should we support those households



Policies to reduce energy costs:

1. Energy efficiency
2. Energy bill rebate
3. Switching to lower cost tariff

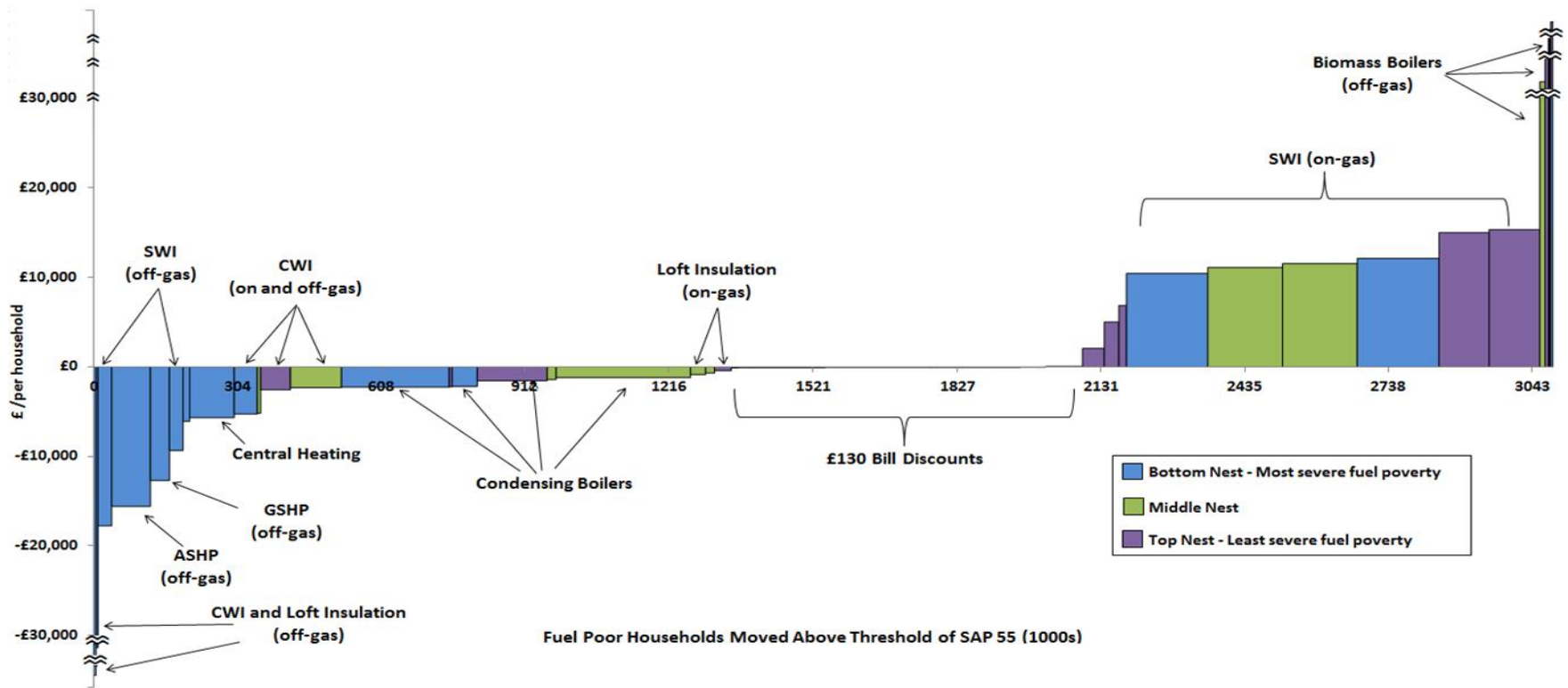


Policies to increase incomes:

1. Benefits
2. Improved access to benefits



How should we support fuel poor households





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Next steps



Using the new framework to develop the new strategy

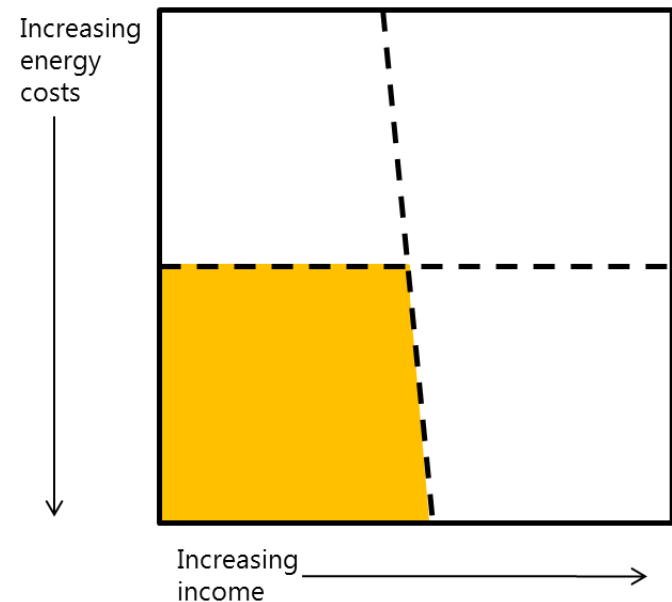
Government has a package of measures across the ‘three drivers’ to deliver support to many severely fuel poor households.

Efficiency: building regulations, Green Deal, PRS regulation, heat strategy

Prices: assistance to switch to a better deal, smart meters, Warm Home Discount

Incomes: Universal Credit, WFP, CWP

It is important to understand how effectively our policies support fuel poor and severely fuel poor households.





The max timetable will be set in statute. We envisage consulting on our target proposals and strategy simultaneously

Sep Oct Nov Dec Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec Jan Feb Mar

Energy Bill considered in Parliament

Lords Report
Royal Assent

Commencement

Backstop for proposals on target

Backstop for strategy 6 months from the regulations being agreed

Working with stakeholders and internally to prepare target and strategy

FPAG workshop

Consultation on target and strategy

This is a provisional timetable