



# Draft response to the DESNZ Fuel Poverty Strategy Consultation March 2025

## 1. Should the 2030 fuel poverty target be retained? Please explain your reasoning.

Yes

The target is challenging but still realistic and should be retained for several key reasons:

**Critical continuity in policy direction:** Abandoning or significantly altering the established framework would risk disrupting the momentum that has built towards hitting the target and creating confusion among stakeholders who have aligned their strategies with this timeline.

**Tackling fuel poverty is relevant and necessary:** over 3 million households are suffering and facing stark choices between heating their homes and other essentials. The recent energy crisis has only deepened this problem, and maintaining the target acknowledges the urgency of this ongoing challenge.

**It complements broader government priorities.** Alleviating fuel poverty directly supports the missions to kickstart economic growth through green jobs in retrofitting, make Britain a clean energy superpower, break down barriers to opportunity for vulnerable children, and build an NHS fit for the future by reducing the multi-billion pound cost to the NHS from cold homes.

**It is a measurable and verifiable goal:** the 2030 target is not a perfect mechanism for alleviating fuel poverty, but it is objective and relatively easy to understand and communicate. Energy efficiency improvements provide permanent bill reductions that protect vulnerable households from future price volatility, unlike temporary bill support measures.

Rather than altering this target, the government should focus on accelerating progress through enhanced funding, improved delivery, and better targeting of support.

## 2. What are your views on an alternative fuel poverty target objective and what this objective should be?

Fuel poverty in the UK is driven by three key factors: low household income, high energy prices, and poor energy efficiency in homes. Government is attempting to reduce energy prices through the Clean Power Plan and electricity market reform but this is effectively outside of the scope of the fuel poverty strategy. Therefore, the obvious alternative to the existing focus on energy efficiency is to enhance energy affordability through targeted support, such as social tariffs or an increase in the Warm Home Discount.

Whilst this is a short-term fix in helping more people to heat their homes effectively it is not a sustainable solution. Households will remain vulnerable to energy price fluctuations and attempting to achieve a fixed affordability objective would expose the Treasury to significant risk.

Focusing on affordability also reduces the incentive for households to reduce their energy use, which is incompatible with the UK's climate goals. Only by addressing building inefficiency will fuel poverty be effectively dealt with. Retrofitting homes permanently improves energy efficiency and helps create good jobs and economic growth across the country, especially in more deprived areas. And the whole



house focus that the PAS standard achieves means that homes will not only be warmer, but better ventilated, improving health and wellbeing outcomes and ultimately saving money for the NHS. Of course, it would be possible to create a more effective measure of efficiency than achieving EPC Band C – for example, by measuring actual thermal efficiency. But for the sake of simplicity the EPC remains the most effective route. All key stakeholders to this consultation will be aware of the flaws in the current RdSAP software and the wide variation in quality of surveys being undertaken, and the prompt action by the Government to consult on and amend the EPC regime is vital.

**3. What are your views on the objective date? We welcome views on the target date for the current 2030 objective and any objective date for any alternative target which could replace or succeed the 2030 target.**

There are good arguments for retaining the 2030 date.

It's true that the current rate of progress the country will not meet a reasonable interpretation of the words 'as reasonably practicable'. (We might assume a figure of 95% here, based on the recent clarification of the Government's clean power objective). It is positive that the Government recognises this and has pledged to address the blockers to retrofit, such as lack of funding and the necessary supply chain.

Extending the deadline would send the wrong signal to industry, landlords and investors, as well as condemning millions of households to suffer and to die in cold homes. The 2030 target is still achievable if the Government is willing to keep the promises that it made in the 2024 general election campaign, and by delivering on the fuel poverty objective it will reap the reward in terms of better health outcomes, an increase in skilled jobs, support for climate objectives and a platform for the retrofit of all private homes during the 2030s.

**4. What are your views on:**

- a. retaining the Low Income Low Energy Efficiency metric as a measure of structural fuel poverty and as the official measure of progress to the statutory fuel poverty target in England?**
- b. whether to adopt an additional indicator to monitor the impact of energy prices on the affordability of energy?**
- c. the form of an energy affordability indicator, including whether this should include an income constraint and considerations on the basis on which to determine unaffordable energy requirements?**

**Please provide any supporting evidence.**

The LILEE metric should be retained as the key indicator of whether the fuel poverty strategy is working.

An additional official energy affordability indicator would help us understand the impact of high energy prices on low-income households that are in energy efficient properties. It would also help reduce the confusion caused by the dissemination of unofficial calculations of fuel poverty e.g. based around the 10% of income after housing costs. But the most effective method of protecting fuel-poor households from energy price volatility are energy efficiency improvements.

**5. What are your views on adapting or implementing the Worst First principle, in order to maximise the number of fuel poor homes brought to Band C while ensuring that the worst homes are not left behind? Please provide any supporting evidence.**



Adapting the Worst First principle is a sensible adjustment following a number of years of focus on properties with a SAP rating of E, F and G. Whilst this has helped address households living in the worst conditions, it has meant the number of homes being improved annually has reduced over time. With only 5.9% of fuel poor households now living in properties with these ratings we have effectively reached a reasonable cut-off point – as noted above, the Government’s Clean Power plan uses a 95% figure to define success.

A new, more cost-effective approach can now be implemented to achieve modest increases in energy efficiency to a large number of low-income households in Band D properties to ensure they meet the target. Such households have been overlooked for a significant period and our experience in engaging with these households for our Connected for Warmth insulation scheme is that they are keen to participate in energy efficiency opportunities for their homes.

Continuing improvements in technology e.g. with high temperature heat pumps, reductions in battery prices, etc may mean that the rump of E, F and G properties can be revisited in a few years when retrofit is more practical and affordable.

**6. What are your views on how we could better define or implement the cost effectiveness principle? Please provide any supporting evidence.**

It is entirely reasonable to have cost effectiveness as a guiding principle. We agree with the assessment that a single measure of cost effectiveness would be too blunt and could disadvantage households that need support, so there is a strong argument for different schemes to set out how they will achieve it in the context of their overall objective.

Clearly the ambition to achieve better targeting of funds towards fuel poor households could significantly enhance cost effectiveness, as would a continued expectation on landlords to contribute towards the retrofit of their properties.

A key problem to overcome is the government’s outdated input in its framework for modelling cost-effectiveness – for example the ECO4 and GBIS Impact Assessments. The government must take a more dynamic approach to assess the cost of interventions, a mechanism to dynamically update real-time energy costs, combined with simplifying its policies to avoid hidden, unknown costs – for example the search costs and economic rent prevalent in ECO.

**7. What are your views on how we could better define or implement the vulnerability principle? Please provide any supporting evidence.**

Responses could include views on:

- **How to better incorporate consideration of health inequalities and vulnerabilities into fuel poverty policies**
- **How to better target fuel poor households who are vulnerable**
- **How to better track the rates and impacts of fuel poverty on households with specific vulnerabilities**

Consumer vulnerability is a complex issue and the current definition of what constitutes vulnerability in the context of fuel poverty is so broad as to be rather meaningless. As the consultation notes there



are many hidden vulnerabilities that might make a household more susceptible to the cold that are not as salient as age or physical disability.

Improved data sharing with health services and frontline organisations may help to identify households that are in need of priority support, and they could be supported by the expansion of the opportunity to offer some flexibility and discretion in eligibility e.g. with sign-off from medical professionals or local authority staff, as is currently done with ECO flex. A further consideration is the amount of funding available to an organisation such as a local authority – if it has confidence in the magnitude and duration of funding it might be more willing to invest in initiatives that target harder-to-engage vulnerable households.

With regard to tracking outcomes, we support the principle of monitoring and follow-up – investing a bit extra to ensure that these households are experiencing the benefits that we would expect post-retrofit, and dealing with any issues arising – whether that means adjustments to the works undertaken or improving customer habits, behaviours and understanding of the new technology in their homes.

#### **8. What are your views on how we could better define or implement the sustainability principle? Please provide any supporting evidence.**

**Responses could include views on:**

- **How the transition to net zero can be best implemented for fuel poor households**
- **The role of fabric first in alleviating fuel poverty**
- **The role of fossil fuels within government schemes addressing fuel poverty**
- **How smart technologies could be used to support fuel poor homes**
- **How home retrofit can support climate change adaptation**

It is sensible to align the fuel poverty strategy with wider sustainability goals, and in many cases there is complete alignment – for example, with insulation and micro-renewables. In instances where it is not – particularly the use of gas central heating - it is important to remember that fuel poor households, which are likely to be underheating their homes, are contributing fewer greenhouse emissions than more affluent households, the majority of which use fossil fuel heating.

AgilityEco supports many hundreds of households on low incomes to repair and replace gas boilers, both via the ECO scheme and the Warm Home Discount scheme. We also support the installation of hundreds of heat pumps and other efficient electrical heating systems via ECO, local authority schemes and our Connected for Warmth programme. In all cases we are balancing what is the most appropriate solution for the household with the need to minimise fossil fuel heating.

As the consultation notes we are not at the stage in the transition where we can be confident that clean heating is the correct heating solution for all households. We therefore urge the Government to allow some flexibility going forward on the use of fossil fuel heating and to prioritise the needs of fuel poor households.

We also think that consistency in policy will be important in helping to achieve long-term sustainability goals. The supply chain and end consumers need to be certain that the 2050 net zero target is set in stone and that investing in clean heating is the right thing to do. As technology and policy progress we



hope to see that more homes will be suitable for sustainable heating solutions, and that the cost of operating them will be certain to be lower than that of the equivalent fossil fuel system.

**9. Are there any additional principles that you think should be considered for inclusion in the new strategy?**

It may not be a principle in its own right but AgilityEco is keen to ensure that fuel poor households receive sufficient wraparound care to ensure that the benefits of any retrofit activity are maximised. Enormous sums of public money are rightly being spent to try and end fuel poverty, and we are concerned that in some cases a narrow focus on property (i.e. achieving an increase in the SAP rating) misses out the ‘people’ element.

AgilityEco’s Local Energy Advice Partnership (LEAP) programme, funded through the Warm Home Discount Industry Initiative scheme, supports many thousands of low-income households with bespoke advice around behaviour change, use of heating controls, income maximisation and the installation of small energy saving measures, alongside referral into larger retrofit schemes. In almost every case there are multiple interventions that we can make for households of all tenures that help them to reduce their bills and stay warm.

A focus on ensuring that households receive all the support that they are entitled to, and are confident and happy with their new heating system, smart controls, ventilation, etc, will go a long way to ensuring that expected outcomes of retrofit are actually achieved.

Finally, as noted in previous responses, consistency in policy and scheme design should also be a key principle in the delivery of the new strategy.

**10. What are your views on the factors set out above which will determine what is ‘reasonably practicable’ in relation to meeting the fuel poverty target? Are there any additional factors that should be considered in the analysis of the number of homes that can achieve the target level by the target date? Please provide any supporting evidence.**

This expression is deliberately vague, and we believe it would make sense to set a quantitative target e.g. 95% of homes which is easily understood and would achieve general consensus. The 95% figure has the advantage of matching the figure agreed for what constitutes low carbon power generation.

**11. What are your priority recommendations for an updated plan to improve the energy performance of fuel poor homes?**

AgilityEco is heavily involved in the delivery of both supplier obligations and local authority retrofit schemes. We support the Government’s ambition of a unified warm homes plan that recognises the various policies and schemes that will help improve the energy efficiency of fuel poor homes.

Perhaps the most important recommendation is to provide consistency. ECO, GBIS, HUG and other schemes are constantly stopped, started and tinkered with – and each time a change is made a cost is incurred in momentum whilst the supply chain responds. Other schemes have been launched and quickly dropped (e.g. the Green Homes Grant voucher scheme), giving the supply chain no time to make the investment in staff, equipment and customer engagement that is required.

With that in mind, AgilityEco welcomes the intention to run the Local Grant for at least three years and potentially longer, but sufficient funding needs to be provided in year one to ensure that councils can invest in the staff necessary to administer the scheme.



We also urge the Government to act quickly on the future of ECO and announce an extension that will allow a successor scheme to be effectively implemented without the usual hiatus in delivery. In order to meet the 2030 target ECO must be firing on all cylinders.

Government can also radically improve the targeting and engagement of fuel poor homes by ensuring that relevant public agencies are sharing data. Too many fuel poor households are not engaging with the traditional methods used in the sector and there is a lot of distrust following a raft of well-publicised retrofit mistakes and scandals.

Our final recommendation follows on from that and is a plea to continue the improvement in follow-up activity, both in the technical monitoring of installations and the education and support of residents, in order to confirm that the actual performance is living up to expectations.

## **12. What are your priority recommendations for the design of energy bill support for fuel poor households?**

Responses could include views on:

- **who should receive support**
- **what form that support should take**
- **any additional policies which would contribute to the updated fuel poverty strategy to support fuel poor households with the cost of energy**

AgilityEco recognises that energy bill support is an effective means of providing immediate relief to vulnerable households that are struggling to afford to heat their homes. But it must be coupled with sound advice and practical action to lower bills for the long term. We work with suppliers to discharge their Warm Home Discount Industry Initiative obligations via our Local Energy Advice Partnership (LEAP) programme. LEAP achieves a significant return on investment because it empowers households to make long-term changes to their behaviour and explores all avenues of income maximisation.

## **13. What do you think are the priorities for government to support fuel poor households in accessing the energy market fairly and effectively?**

Fuel poor households need access to straightforward and impartial advice to ensure they are on the right tariff, have a smart meter installed, etc. The Government and Ofgem can take a lead in this area with strong national campaigns with clear messaging and a straightforward call to action. But there must also be support for trusted organisations to offer impartial assistance where necessary.

## **14. What are your views on how to improve targeting of fuel poor households? Please provide any supporting evidence.**

Responses could include views on:

- **Alternative ways to set criteria to verify the eligibility of fuel poor households**
- **Views on tools that can support better targeting of fuel poor households**
- **How to improve the targeting of support for children and people with health conditions**



- **The role of referrals to help reach vulnerable households**
- **How to target support schemes to hard to reach, or treat, properties**

Verifying household eligibility is a time consuming and inexact process, which is why the use of proxies such as receipt of means-tested benefits, or council tax band (for GBIS) can be helpful to give clarity to households and the agencies that refer them as to whether they will be accepted.

Better targeting of households could be achieved through:

- **Better use of smart meter data:** Identifying low energy usage in cold months as a sign of self-disconnection.
- **Local authority and health service records:** Cross-referencing NHS and council tax data to pinpoint low-income or health-vulnerable households.
- **AI-driven modelling:** Using machine learning to predict which homes are most at risk based on energy usage patterns, financial stress indicators, and property characteristics.

In all cases referral via trusted agencies to installers/scheme managers is likely to achieve a better take-up than direct engagement with households.

#### **15. What else could improve partnership and learning to support the fuel poor?**

AgilityEco is supportive of all of proposed actions in this area.

#### **16. How could access to quality advice be improved to support the fuel poor? Where should advice be targeted?**

Additional capacity building for local authorities to coordinate and promote the advice available would be effective.

#### **17. How could vulnerable households be supported to access advice? Is there a role for the health and social care workforce or other professional groups supporting vulnerable households?**

Health and social care staff are ideal referrers for advice services that support fuel poor households – they are trusted, have the household’s interest at heart, and understand the impact that cold homes have on health. The key issue is that their capacity is stretched, so offering them a very straightforward referral process (such as the one at [www.applyforleap.org.uk/apply](http://www.applyforleap.org.uk/apply)) will assist them in securing the necessary support for their clients.

#### **18. How else can government improve understanding of fuel poverty and its impacts?**

Responses could include views on:

- **Any evidence gaps which need to be filled to improve our collective understanding of fuel poverty and its impacts**
- **Examples of best practice which could improve our understanding of fuel poverty**





AgilityEco has published some key statistics about its LEAP service at <https://www.agilityeco.co.uk/our-services/local-energy-advice-partnership/> and some client feedback at <https://applyforleap.org.uk/reviews/>

**19. Are existing arrangements sufficient to meet our commitments to review and scrutinise Government action on fuel poverty?**

AgilityEco believe that the existing arrangements are sufficient.

**20. Do you have any further views or evidence on how the 2021 fuel poverty strategy should be updated?**

No further views