

Solving Fuel Poverty through Green Deal & Localisation: what is needed

The Green Deal is a major opportunity to reduce fuel poverty. Our recommendations for achieving this are based on a comprehensive review of past, recent and current initiatives to reduce fuel poverty, improve household energy efficiency and owner-occupied housing and to address the health, educational and other impacts of being fuel poor.



However we consider that the emerging model will largely miss this opportunity. Given that the Green Deal will be subsidised through charges on fuel bills, those in fuel poverty will pay a larger proportion of their income to fund the scheme, it will be a 'double whammy' if they then receive a disproportionately smaller amount of the benefits.

Currently the details of the Green Deal are being finalised. This is therefore the crucial time to take on board the concerns and recommendations contained in our report, [Solving Fuel Poverty, Green Deal and Localisation](#).

Many of the issues we raise (particularly the more technical ones that impact on all potential Green Deal customers) are now under active consideration by the Government. But some remain unaddressed and the following 'asks' will help organisations and individuals to influence the agenda towards a socially just and inclusive Green Deal.

1. The emerging approach appears fundamentally based on seeking to minimise delivery costs, through a relatively standardised model suited to the business structures of the national organisations that the Government sees as the core delivery agents. Such organisations (e.g. supermarket and DIY chains) may be cost-effective in selling to their market; but this market does not include the majority of the fuel poor. The fuel poor are more likely to live in 'hard to treat' property, or to be 'harder to reach' by virtue of living in private rented housing or difficulty of engagement. All these will either not be reached by the standardised approach or be much more expensive to deal with.

To address this the Government must recognise that:

- a) nationally standardised approaches will only be cost effective for small parts of the markets and that a **variety of approaches is needed**.
- b) organisations with **greater experience of dealing with the fuel poor** and low income tenants and owner occupiers need to be **lead delivery agents** for major projects.
- c) Having lead agencies with a commitment to reducing fuel poverty is **more effective than having targets**.
- d) Delivery schemes need **the flexibility to be able to respond to the wide variety of needs and conditions** that exist. This requires locally controlled schemes with short enough management chains to be able to respond to the variety of circumstances

2. Because the fuel poor usually under-heat their homes, energy measures may create less uncomfortable household conditions but not lower bills, so the "golden rule" of covering loan payments from savings will fail under current proposals. To address this:

- a) There will need to be **extra funding for delivery to the hardest groups** including the fuel poor. If used effectively this will save costs elsewhere in Government budgets. Relevant funds including winter fuel payments could be reviewed to improve their targeting of fuel poverty and CO² savings. Forthcoming Energy Company Obligation funding needs to be set at an appropriate level to permanently lift low-income households out of fuel poverty, by allowing for the more expensive 'whole house' and 'Factor Four' (see below) approaches and ensuring that targets encourage help for those in fuel poverty.

b) The government should require assessment of homes for Green Deal to be based on actual consumption of energy rather than simply modelled consumption: computerised models for assessing homes have been found often woefully inaccurate. Assessments should also involve **more substantial property surveys** – which requires funding. The govt should require **Green Deal delivery agents to share information about the real-life performance of energy-saving measures** so that Green Deal assessors can prescribe more accurately.

3. Green Deal should be tailored to encourage multi-stranded ('Factor 4') approaches that include energy advice, billing advice (a high proportion of the fuel poor do not have access to the internet) money advice and improvements to energy efficiency. Past experience clearly shows that these strands work far more effectively in combination than separately.

4. Green Deal should be **designed to facilitate delivery by trusted individuals:** Just using community groups and local authorities to endorse schemes will have little impact. Frontline staff have to gain and keep the trust of households: for this they need to be perceived as working to help them not to sell them a product. Where local community groups or local authorities are involved they need have an active role in assessing and improving of the quality of any service they recommend and not just be working for a finders' fee. Green Deal should also **engage with other trusted groups such as GPs and advice workers** who will be engaging with the fuel poor on the effects of fuel poverty.

5. Health workers should be involved in referring individuals to Green Deal providers for those in ill health caused by fuel poverty – giving significant health cost savings.

6. Green Deal delivery should be **designed to create hundreds of thousands of jobs and stronger local economies.** There have been effective schemes that have enabled such jobs to go to the long term unemployed (including many of the fuel poor). This is most likely to work through locally based schemes run by organisations with a commitment to reducing unemployment amongst deprived groups.

7. Tariff reform is needed to ensure that cost/benefit implications are not too complex to understand and that there is some future certainty for risk-averse households: either simplification or the requirement that Green Deal providers provide the advice and support necessary to ensure that the household tariff is at least as good as the assumed tariff in their Golden Rule calculations and that it will continue to be so for at least five years.

8. The Government needs to **recognise the key role of local authorities** (who have the most relevant experience) in facilitating multi-effective Green Deal delivery: developing local partnerships, reaching those most in need of support, delivering multi-stranded, integrated, whole house and locally-appropriate schemes, and maximising benefits to local economy.

9. The Green Deal will have to **take a more effective approach to marketing** as it is a harder sell than the current loft and cavity wall programmes in which the measures have often been free. Direct face to face interaction with knowledgeable and trusted individuals will be essential.

Conclusion

With rising fuel prices and the existing definition, the Government cannot remove fuel poverty within the foreseeable future. But we can seek to ensure that actions on agendas such as CO² reduction, energy security and health are integrated to help reduce fuel poverty, rather than worsen it. Those with a fuel poverty agenda need to hold central and local Government, utilities and regulators to account for what they could achieve.

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http://localisewestmidlands.org.uk/activities/fuelpoverty_greendeal/

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