Fuel Poverty and health: brief summary of presentation for NICE

As both the 2001 strategy and our work since have noted, fuel poverty is a particular concern because of the health impacts of living in cold homes particularly for some more vulnerable groups. We therefore welcome NICE's work in this area.

Fuel poverty definition

Last year the Government announced a change to the official definition of fuel poverty, following the Hills Review of fuel poverty. In his review, Professor John Hills concluded that the old definition of fuel poverty[1] that had been used to date was misleading. Instead he proposed a definition which finds a household to be fuel poor if they are below the official poverty line and have higher than typical energy costs.

As was the case with the old definition, the new one is based on modelled energy requirements for each household, rather than actual spending. This is important in order to be able to pick up those households who remain cold, rather than use their heating.

The new definition gives us a much clearer picture of the factors driving a household to be fuel poor. As such it can help in identifying these households in order to deliver support. However neither this, nor the previous definition, reflect a person's specific vulnerability to the impacts of living in a cold home, which are more a function of their age and underlying health conditions.

It is worth noting that in 2011 35% of those in fuel poverty have a long term illness or disability. Also in 2011, 30% of fuel poor households had a person over 60 living in them.

For these reasons, we continue to consider vulnerability separately from the definition. Nonetheless it remains a real priority to be able to identify the most vulnerable. In that context there is a particular role for health professionals including GPs in helping to identify and signpost patients to appropriate support. A logical extension of this would be health based referrals for Government schemes. There are a number of local level pilots and programmes taking this approach and it is one we would like to explore more in the future. In the meantime we continue to work closely with the Department of Health in order to identify opportunities for raising awareness, and improving the evidence base on the ill effects of living in cold homes.

On targeting policies more generally, different policies take different approaches. Targeting fuel poor households is complex because knowing whether a household is fuel poor requires us to know detailed information about both household energy costs and income. This holds true under the old definition and the new one. Typically targeting has been through either benefit proxies or area based criteria. The development of systems to match and share data between different parties has played a major role in delivery of policy to support fuel poor for many and reducing costs of delivering support to vulnerable households.

[1] A fuel poor household is one whose modelled energy requirements are more than 10% of income.

We will be using the opportunity of the fuel poverty strategy, due to be published for consultation shortly, to consider how we can better target our policies, and in particular the role of data sharing in doing so.

Warm Front

The Warm Front programme ran from 2002 to 2013, with changes made in 2011 that saw energy efficiency standards introduced for the first time. The Scheme offered a package of heating and insulation measures to people who rented or owned their own homes and were on certain income related benefits. Since 2000 the scheme has helped around 2.3 million households across England vulnerable to fuel poverty.

An evaluation of the Warm Front scheme is due to be published shortly.

Warm Home Discount

The Warm Home Discount commenced in 2012 and provides direct support with energy bills. It currently provides help to around 2 million low income and vulnerable households annually. In 2012/13 this included around 1.5 million rebates of £130 paid to low income households including 1.16 million low-income pensioners. Many of these households receive their WHD automatically through the sharing of data between energy companies and DWP.

ECO (Affordable Warmth)

The ECO was introduced in January 2013 to reduce the UK's energy consumption and support people living in fuel poverty.

The affordable warmth element of ECO – worth about £350m in 2011 prices – provides heating and insulation measures to consumers living in private tenure properties that receive particular means-tested benefits. This obligation supports low-income consumers that are vulnerable to the impact of living in cold homes, including the elderly, disabled and families.

The ECO funds efficient boilers and insulation measures. Initial estimates were that the policy would reach some 230,000 low income and vulnerable households each year to 2017. In its first year, ECO delivered over 335,000 measures to 290,000 low income and vulnerable households – 50,000 more households than originally estimated.