



## Association for the Conservation of Energy

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# The impact on the fuel poor of the reduction in fuel poverty budgets in England

*A report commissioned by the Energy Bill Revolution and written by Antonia Jansz and Pedro Guertler*

## Summary

This briefing, commissioned by the Energy Bill Revolution campaign, assesses the impact of the reduction in the Government's budget for tackling fuel poverty. It does so for England only due to data availability and compares budgets in 2009 with 2013.

It assesses all of the Government's centrally funded policies for tackling fuel poverty and reducing energy bills, divided into income, energy price and energy efficiency support. It then estimates how much of the budgets actually reach the fuel poor.

Overall the budgets to tackle fuel poverty and bring down energy bills were found to decline by 31%, from £3.912 billion to £2.689 billion. Breaking these budgets down by the type of support provided: energy efficiency budgets will fall by 52% from £1.034 billion to £501 million; income support will fall by more than 29%, mainly owing to the changes to Winter Fuel Payments, from £2.747 billion to £1.951 billion; and energy price support will increase by nearly 80% in 2013 compared to 2009/10, from £132 million to £237 million owing to the greater commitments under the Warm Homes Discount.

There are four major implications of these changes for the level of support fuel poor households are likely to receive next year:

- Firstly, we find that the total budget likely to be reaching the fuel poor in England falls from £1.191 billion in 2009 to £879 million in 2013. This is a reduction of 26%.
- Secondly, we find that of the total budget reaching the fuel poor, the energy efficiency budget in England declines from £376 million in 2009 to £209 million in 2013, a reduction of 44%. This is despite the fact that energy efficiency support is the most effective way to tackle fuel poverty because it tackles the root of the problem, reducing how much energy consumers need to buy to keep warm.

- Thirdly, we estimate that of this total energy efficiency budget reaching the fuel poor, the number of households in England receiving energy efficiency measures declines from 150,000 households – already just 3.8% of fuel poor households – to 100,000 households, an even smaller 2.6% of households projected by DECC to be fuel poor in 2013. This is a reduction of 33% from a base that was already too low. One of the main reasons for this decline is the elimination of the Warm Front programme in 2013, the only centrally funded Government programme to make fuel poor homes more energy efficient. Furthermore, the fact that the number of fuel poor households reached falls proportionately less (33%) than the corresponding budgets do (44%) highlights how the level of support *per household* is also falling.
- Fourthly, we find that although the programmes are slightly better targeted in 2013, the proportion of fuel poor households in England actually receiving support from the total budget increases from only 31% to 33%. This means that two thirds (or 67%) of the total budget to help households bring down their energy bills does not reach the fuel poor. This is partly because the budgets are designed to help more households than just the fuel poor and partly because of the difficulty the Government finds in targeting the fuel poor effectively.

Energy bills have risen again recently<sup>1</sup> and if gas prices rise as the Government expects it is estimated by the Energy Bill Revolution campaign that there will be as many as nine million households in fuel poverty across the UK by 2016 – the deadline for the Government’s duty to eradicate fuel poverty as far as is reasonably practicable.

However, at the same time the Government has cut overall financial support reaching the fuel poor in England by 26% and cut the energy efficiency budget reaching fuel poor homes, the most effective long-term solution for tackling fuel poverty, by 44%. As a result it is very likely that the number of households in fuel poverty will continue to go up.

To see the number of households supported by the relevant programmes falling to such a low casts extreme doubt on the Government’s seriousness of intention to deal with fuel poverty, and makes ever more urgent the need to take remedial action.

These findings strongly support the argument of the Energy Bill Revolution campaign that the Government should recycle carbon taxes to make the homes of the fuel poor highly energy efficient. A centrally funded Government energy efficiency programme is the least regressive and ‘most cost-effective means of making sustained reductions’<sup>2</sup> in the number of households in fuel poverty. The Energy Bill Revolution calculates there is enough carbon tax revenue to deliver energy efficiency measures to over half a million fuel poor homes every year, to bring nine out of ten homes out of fuel poverty and in time make every home in the UK highly energy efficient.

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<sup>1</sup> (British Gas 2012; npower 2012)

<sup>2</sup> (Hills 2012)

## 1 Introduction

ACE's briefing on '[National fuel poverty budgets](#)'<sup>3</sup>, published in May 2012, examined the change in budgets to tackle fuel poverty and reduce energy bills. They are divided into income, energy price and energy efficiency support across Britain. It reported that overall these budgets are being cut by a quarter (or by £1.1 billion) to 2013, compared to 2009/10.

This briefing assesses the implications of this cut for the number of fuel poor households actually receiving support, comparing 2009/10 to the calendar year of 2013. It does so for England only<sup>4</sup>.

## 2 Background and methodology

In determining policy expenditure on fuel poor households in 2009/10, it was necessary to determine which households in the English Housing Survey (EHS) 2009/10 were eligible for policy support. This was done by reviewing the eligibility criteria for each fuel poverty programme, and then determining which households are eligible for the various programmes by using data collected by the survey on SAP rating, household income, benefits and demographics<sup>5</sup>.

In order to do the same for 2013, we used the latest available EHS (2010/11), and modelled changes in energy efficiency, income and fuel prices – producing a prediction of fuel poverty – to bring the survey up to the start of 2013. It was not necessary to simulate most of the eligibility criteria as this latest survey now contains a variable indicating households eligible for Priority Group, Super Priority Group, Affordable Warmth, and Warm Front (pre- and post-2011) support.

The programmes considered in this briefing are limited to those described by Government as tackling fuel poverty, and limited to those available nation-wide in England. These are presented in Table 1, along with their associated budgets (pro-rated for England).

**Table 1: Budgets contributing to supporting fuel poor households, by programme, 2009/10 and 2013**

	Programmes 2009/10	Budget [£m]	Programmes 2013	Budget [£m]
Energy efficiency support	Warm Front pre-2011 eligibility	369	Warm Front post September 2012, ending completely in March 2013 <sup>6</sup>	35
	CERT/CERT Extension Priority Group	564	ECO Affordable Warmth	302
	CESP	101	ECO Carbon Saving Communities Obligation	164
Income support	Winter Fuel Payments	2,497	Winter Fuel Payments	1,723
	Cold Weather Payments	250	Cold Weather Payments	228
Energy price support	Voluntary price support	132	Warm Homes Discount	237
<b>Total</b>		<b>3,912</b>		<b>2,689</b>

<sup>3</sup> <http://goo.gl/Ckc3o>

<sup>4</sup> This is because the analysis is based on English Housing Survey data only. Inclusion of the Devolved Nations' housing surveys was beyond the scope of this briefing.

<sup>5</sup> For full details on eligibility criteria and budgets, see Appendix I. For the methodology used to model household eligibility of each sample case in the EHS, see Appendix II.

<sup>6</sup> Eligibility criteria for the post-March 2011 Warm Front programme were loosened in September 2012 following the realisation that Warm Front was under-spending owing to difficulties finding eligible households.

Using official evaluations (for 2009/10) and predictions (for 2013) of the number of households assisted by each programme, it is then possible to work out the number of fuel poor households that are likely to have received, and are likely to receive, support. This can be estimated because we know who is eligible to receive support under the different programmes, and because we know what proportions of households receiving support are in fuel poverty. Furthermore, we take into account the probability of one household receiving support from multiple programmes. We then compare:

- The support provided in 2009/10 (based on the EHS 2009/10)
- With the number of fuel poor households likely to receive support in 2013 (based on the EHS 2010/11, as updated to the start of 2013)

We contrast the aggregate effect of all policies, as well as make a direct comparison of energy efficiency programmes for fuel poor households in 2009/10 with their equivalents in 2013. These results are presented in the next section.

### 3 Results

#### 3.1 Fuel poverty

It has been estimated that there currently are six million households in fuel poverty across the UK<sup>7</sup>. The EHS reports the number of households in fuel poverty in England to have been 3.96 million in 2009/10. The latest available official estimate for England, projected for the end of this year by the Department of Energy and Climate Change (DECC), is 3.9 million households<sup>8</sup>. We model this number to be very nearly the same at 3.87 million households, as we have attempted to mirror DECC's assumptions<sup>9</sup>.

Whilst gas and electricity prices have again risen in October (after DECC's 3.9 million projection was made in May), it is not easy to discern the extent to which DECC had modelled at least some of this increase at the time. It was therefore deemed sensible to assess the impact of the fuel poverty budgets based on a number of fuel poor households which is consistent with the last available official projection prior to 2013.

Were the estimate of households in fuel poverty to be higher, on the basis of using higher gas and electricity prices than DECC has assumed, the results would show that a smaller proportion of fuel poor households would receive support. However, it would have no effect on the total number of households helped by the programmes, as the latter's budgets would of course remain the same.

#### 3.2 Fuel poverty-related programme budgets and targeting

The changes to individual fuel poverty-related programme budgets between 2009/10 and 2013 have been presented in Table 1. Figure 1 summarises these changes by the three programme categories of energy efficiency support, income support and energy price support.

<sup>7</sup> (Camco 2012) – there is no official UK-wide estimate for 2012, though there is for England.

<sup>8</sup> (DECC 2012a)

<sup>9</sup> Our estimate (based on updating the EHS 2010/11) is similar as we have made the same assumptions regarding fuel prices and incomes as DECC, although we have modelled energy efficiency improvements based on the number of measures likely to be / have been installed in homes by the various energy efficiency programmes<sup>9</sup>. DECC instead project energy efficiency improvements based on historical trends observed in the EHS.

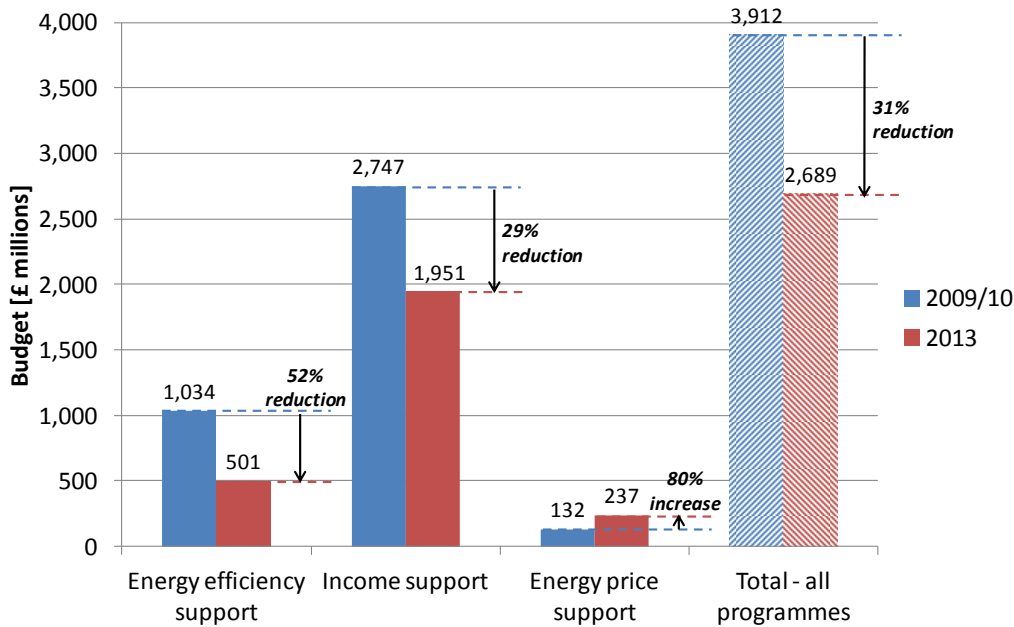


Figure 1: Budgets contributing to supporting fuel poor households, by programme category, 2009/10 and 2013

Overall, these programmes’ expenditure to tackle fuel poverty and bring down energy bills will have fallen by 31% in 2013, compared to 2009/10. Looking at each expenditure category in turn:

- Energy efficiency support to targeted households will fall by 52%
- Income support will have fallen by more than 29%, mainly owing to the changes to Winter Fuel Payments<sup>10</sup>
- Energy price support will increase by nearly 80% in 2013 compared to 2009/10, owing to the greater commitments under the Warm Homes Discount

At the same time, eligibility requirements for the successors to 2009/10’s programmes will become slightly more targeted (as shown in Table 2).

Table 2: Budgets contributing to supporting fuel poor households, by programme, 2009/10 and 2013

	Programmes 2009/10	becomes	Programmes 2013	Eligibility
Energy efficiency support	Warm Front pre-2011 eligibility	➔	Warm Front post September 2012 <sup>11</sup>	More tightly defined
	CERT/CERT Extension Priority Group	➔	ECO Affordable Warmth	More tightly defined
	CESP	➔	ECO Carbon Saving Communities Obligation	Less tightly defined
Income support	Winter Fuel Payments	➔	Winter Fuel Payments	No change
	Cold Weather Payments	➔	Cold Weather Payments	No change
Energy price support	Voluntary price support	➔	Warm Homes Discount	More tightly defined
Net effect	2009/10 suite of programmes	➔	2013 suite of programmes	More tightly defined

<sup>10</sup> In 2009/10, there was an additional one-off payment of £50 for 60-79 year olds, and £100 for those aged 80 or over.

<sup>11</sup> Eligibility criteria for the post-March 2011 Warm Front programme were loosened in September 2012 following the realisation that Warm Front was under-spending owing to the difficulty in finding eligible households.

### 3.3 Expenditure on, and proportion and number of, fuel poor households reached

Table 3 shows the likely total share of the programme budgets received by fuel poor households. It confirms that the eligibility criteria for receiving support are a slightly better match in 2013 than in 2009/10 as the share going to fuel poor households is likely to be 33%, compared to 30%. However, this still means that two thirds of the budget to bring down energy bills is not reaching the fuel poor. Also, the marginal increase in the *share* of the budgets going to the fuel poor is outweighed by the significant reduction in budgets. Fuel poor households are likely to receive £879 million of energy efficiency, income and energy price support in 2013 compared to £1,191 million in 2009/10. This is a drop of 26%.

Table 3: Total budgets to bring down energy bills and proportion reaching fuel poor households

	2009/10	2013
Total spend (£m)	3,912	2,689
Spend reaching fuel poor (£m)	1,191	879
Share for households in fuel poverty	30%	33%

For additional clarity, these headline results are presented graphically in Figure 2.

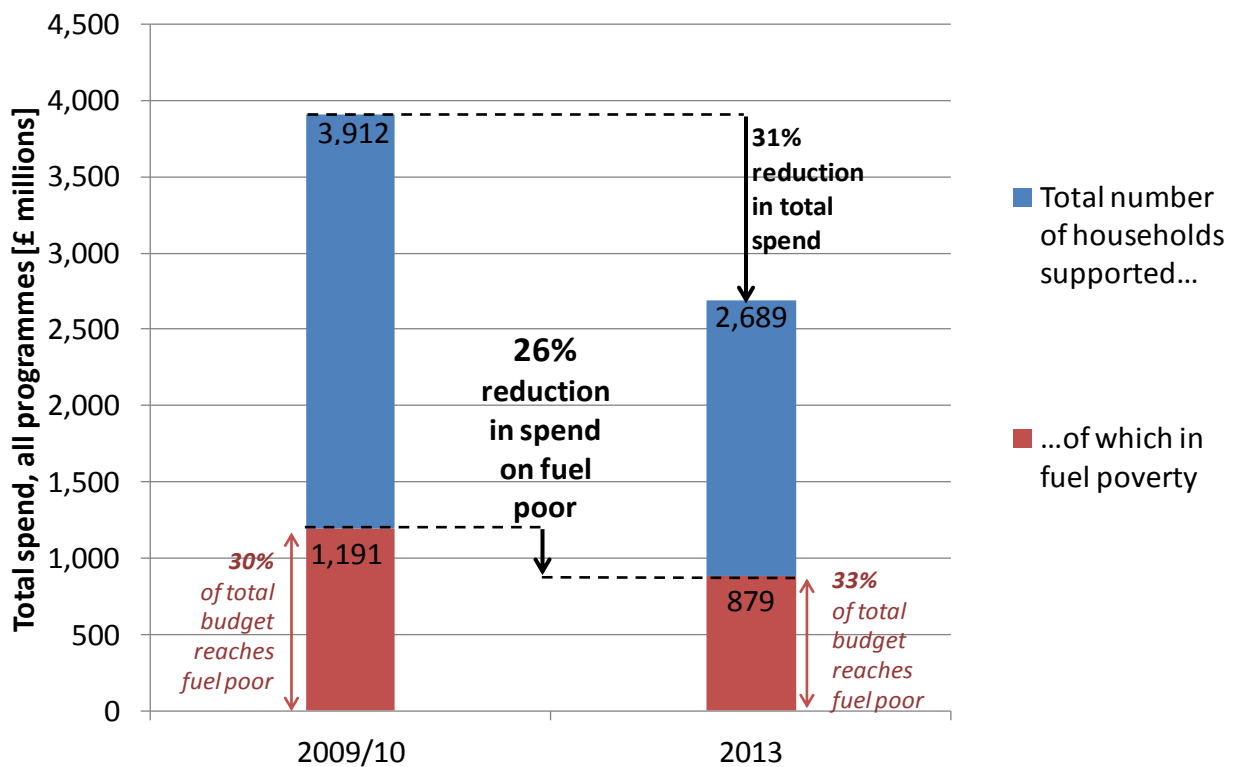


Figure 2: Total budgets to bring down energy bills and proportion reaching fuel poor households in 2009/10 and 2013

The proportion of households receiving support under each individual programme that are fuel poor, and the amounts they receive, are presented in Table 4 and Table 5, for 2009/10 and 2013 respectively.

Table 4: Analysis of 2009/10 fuel poor spend by programme

	Energy efficiency programmes			Income support programmes		Energy price support
	<i>Warm Front (pre-2011)</i>	<i>CERT Priority Group</i>	<i>CESP</i>	<i>Winter Fuel Payment</i>	<i>Cold Weather Payments</i>	<i>Voluntary price support</i>
Total spend (£m)	369	564	101	2497	250	132
Spend on FP (£m)	165	186	26	660	108	46
% recipients that are FP	45%	33%	25%	26%	43%	35%
% FP population supported	2.4%	2.4%	0.1%	73.0%	35.9%	7.7%

Table 5: Analysis of 2013 fuel poor spend by programme

	Energy efficiency programmes			Income support programmes		Energy price support
	<i>Warm Front (final 3 months)</i>	<i>Affordable Warmth</i>	<i>Carbon Saving Community Obligation</i>	<i>Winter Fuel Payment</i>	<i>Cold Weather Payments</i>	<i>Warm Homes Discount</i>
Total spend (£m)	35	302	164	1723	228	237
Spend on FP (£m)	22	154	33	463	99	108
% recipients that are FP	62%	51%	20%	27%	43%	46%
% FP population supported	0.3%	1.9%	0.4%	73.9%	36.8%	21.3%

These tables confirm that while the proportion of recipients of support that are fuel poor increases slightly for all programmes (apart from the Carbon Saving Communities Organisation) in 2013 – highlighted in green – the percentage of the fuel poor population that is likely to receive energy efficiency support falls dramatically – despite the incidence of fuel poverty being virtually the same in 2013 as in 2009/10. The reach of the energy efficiency support programmes into (fuel poor) households is shown in Figure 3.

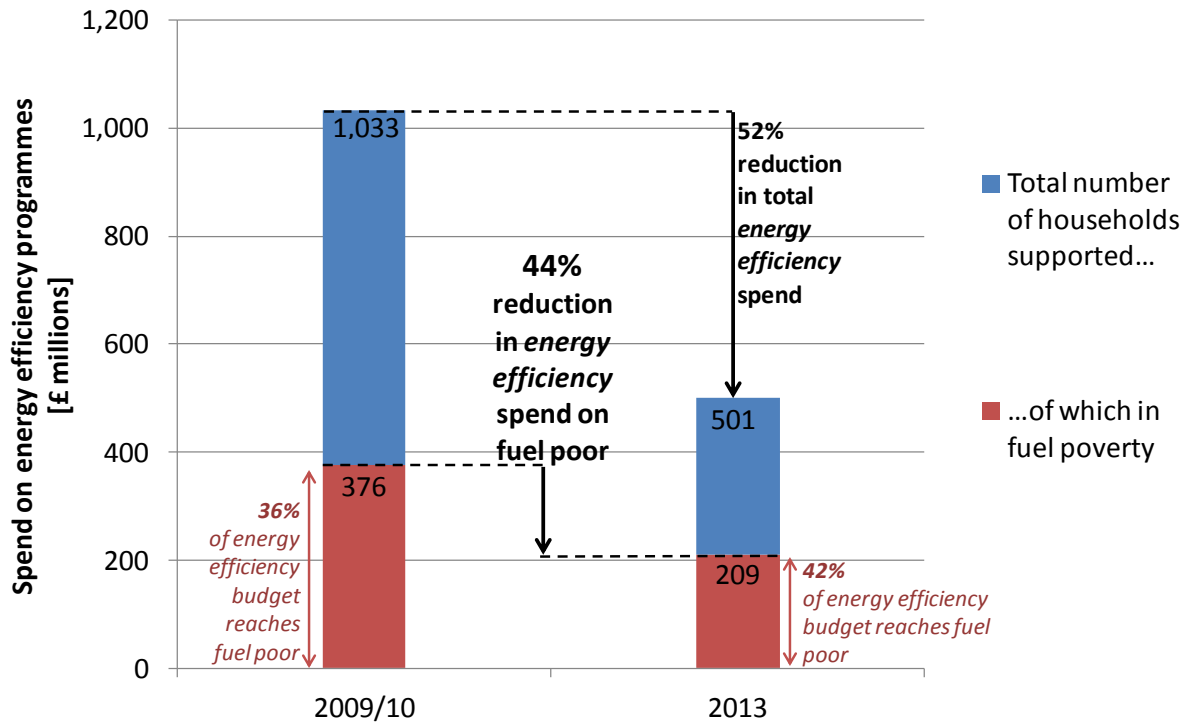


Figure 3: Number of households, and fuel poor households, supported by energy efficiency programmes<sup>12</sup>

In 2009/10, energy efficiency improvements were delivered into 380,000 households by the relevant programmes, which included 150,000 fuel poor households – 3.8% of the fuel poor population as it was then. In 2013, the equivalent energy efficiency programmes are likely to reach 280,000 households which will include just under 100,000, 2.6% of the fuel poor in England. This is a dramatic reduction of one third (33%) in the *number* of fuel poor households supported with energy efficiency. The fact that energy efficiency *spend* on fuel poor households is falling by more than this – 44% – means in addition that *each* household will be receiving less support in 2013 than in 2009. A shrinking budget, fewer households reached, and each household receiving less support – this bodes ill for the ‘most cost-effective means of making sustained reductions in fuel poverty’<sup>13</sup>.

## 4 Conclusion

It is very likely that the number of households in fuel poverty as currently defined will continue to go up, owing to continuing price rises. There is a significant risk due to increasing prices of there being as many as nine million households in fuel poverty across the UK by 2016<sup>14</sup> – the deadline for the Government’s duty to eradicate fuel poverty as far as is reasonably practicable.

Against this backdrop, it is right that fuel poverty programmes target their support more effectively. However, the projected 26% drop in the number of fuel poor households receiving assistance demonstrates that the government’s policies are insufficient and will not stop the increase in the number of households in fuel poverty if gas prices continue to rise, let alone reduce the number of fuel poor from current levels. Remedial action, as recommended by the [Energy Bill Revolution](#) campaign to recycle carbon tax revenue to make the homes of the fuel poor highly energy efficient – is both urgent and necessary if the Government is serious about dealing with the problem.

<sup>12</sup> This accounts for the probability of households receiving support from more than one programme, such as from both Warm Front and from CERT.

<sup>13</sup> (Hills 2012)

<sup>14</sup> (Camco 2012)



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**Appendix I – Eligibility criteria**

Policy	Eligibility	2009/10		2013	
		Spend (£m)	Numbers of households receiving support	Spend (£m)	Numbers of households receiving support
Energy efficiency programmes					
<b>Warm Front</b>	<p><u>Eligibility pre-April 2011:</u></p> <ul style="list-style-type: none"> <li>• Householders aged 60 or over; or Householders with a child under 16; or Pregnant women with a maternity certificate, in receipt of one of the following benefits:-                             <ul style="list-style-type: none"> <li>a) Income support</li> <li>b) Council tax benefit</li> <li>c) Housing benefit</li> <li>d) Income based Jobseekers allowance</li> <li>e) Pension credit</li> </ul> </li> </ul> <p>OR</p> <ul style="list-style-type: none"> <li>• Households in receipt of one or more of the following benefits:-                             <ul style="list-style-type: none"> <li>a) Working tax credit, with an income under the threshold, and including a disability element</li> <li>b) Disability living allowance</li> <li>c) Child tax credit, with an income under the threshold</li> <li>d) Housing benefit, which includes a disability premium.</li> <li>e) Income support, which includes a disability premium.</li> <li>f) Council tax benefit, which includes a disability premium.</li> <li>g) War disablement pension, which includes a mobility supplement or constant attendance allowance</li> <li>h) Industrial Injuries Disablement Benefit, which includes a mobility supplement or constant attendance allowance</li> <li>i) Attendance allowance</li> </ul> </li> </ul> <p><u>Eligibility post September 2012<sup>15</sup>:</u> To be eligible for Warm Front the home must have a SAP rating of 63 or below. AND</p>	£369	212,963 <sup>16</sup>	£35 <sup>17</sup>	15,750 <sup>18</sup>

<sup>15</sup> Eligibility From September 2012 onwards is available from [http://www.direct.gov.uk/en/Environmentandgreenerliving/Energyandwatersaving/Energygrants/DG\\_10018661](http://www.direct.gov.uk/en/Environmentandgreenerliving/Energyandwatersaving/Energygrants/DG_10018661)

<sup>16</sup> From p4 of DECC (2010) *The Warm Front Scheme Annual Report 2009/2010*. Available from: <http://www.decc.gov.uk/assets/decc/What%20we%20do/Supporting%20consumers/Addressing%20fuel%20poverty/1281-warm-front-annual-report-2009-10.pdf>

<sup>17</sup> It is assumed that around 35% of the total £100bn will be spent in the final three months of the scheme.

<sup>18</sup> 35% of the 45,000 households predicted to be supported in 2012/13, p21 of DECC, March 2011, Amendments to the eligibility criteria for the Warm Front scheme: Impact Assessment <http://www.decc.gov.uk/assets/decc/Consultations/warm-front-eligibility/1442-ia-warm-front-eligibility.pdf>

Policy	Eligibility	2009/10		2013	
		Spend (£m)	Numbers of households receiving support	Spend (£m)	Numbers of households receiving support
	<p>The occupants must own or privately rent their home and be in receipt of one or more of the following benefits:</p> <ul style="list-style-type: none"> <li>• Pension Credit ( Guaranteed Credit or Savings Credit)</li> <li>• Income Support or Income-based Jobseeker’s Allowance and have any of the following:                             <ul style="list-style-type: none"> <li>a) parental responsibility for a child under 16 who ordinarily resides with that person. (16 or over but under 20 and in full time education)</li> <li>b) Child Tax Credit (which must include a disability or severe disability element for a child or young person)</li> <li>c) Disabled Child Premium</li> <li>d) Disability Premium (enhanced disability or severe disability element premium)</li> <li>e) Pensioner Premium (higher pensioner premium or enhanced pensioner premium)</li> </ul> </li> <li>• Income-related Employment and Support Allowance (ESA IR) that includes a work related activity or support component.</li> <li>• Child Tax Credit and has an income of £15,860 or less.</li> <li>• Working Tax Credit and has an income of £15,860 or less and have any of the following:                             <ul style="list-style-type: none"> <li>a) parental responsibility for a child under 16 who ordinarily resides with that person. (16 or over but under 20 and in full time education)</li> <li>b) disabled worker element</li> <li>c) severe disability element</li> <li>d) are aged 60 years or over</li> </ul> </li> </ul>				
<b>CESP (Community Energy Saving Programme)</b>	<p>Eligibility is restricted to lowest 10% of wards as defined by the Index of Multiple Deprivation (area based approach).</p> <p>Whole house renovations are preferred (through distorted carbon scores: “up-lift” factors)</p>	£101 <sup>19</sup>	22,875 <sup>20</sup>	/	/
<b>CERT (Carbon Emissions Reduction Target, Priority)</b>	<p>(Eligibility up to March 2011)</p> <p>40% of the CERT spend must be spent on the “Priority Group” defined in the CERT Order 2008<sup>21</sup>. In summary, the “priority group” means the group of domestic energy users where each member</p>	£654 <sup>22</sup>	284,267 <sup>23</sup>	/	/

<sup>19</sup> The total spend of £350m is assumed to be equally split over the three years of the scheme (2009/10 – 2011/12), therefore 117m across the UK as a whole. It is estimated that 101m will be spent in England based on assumption that spend will be proportional to the number of dwelling in England compared to the UK as a whole.

<sup>20</sup> Page 1 of Ofgem (2012) *CESP Update*, available from: [http://www.ofgem.gov.uk/Sustainability/Environment/EnergyEff/cesp/Documents1/OfGem%20CESP%20Iss\\_5%20Sept%202012\\_WEB.pdf](http://www.ofgem.gov.uk/Sustainability/Environment/EnergyEff/cesp/Documents1/OfGem%20CESP%20Iss_5%20Sept%202012_WEB.pdf), reports that 66,977 dwellings will be treated by June 2012, representing 97.6% of the overall CESP target. The number dwellings treated in 2009/10 has been approximated as 1/3 of total number of dwelling treated to meet the total CESP target (as CESP is a three year program): 66,977/97.6% divided by 3 (years) = 22,875 dwellings.

<sup>21</sup> HM Government (2008) *Electricity and Gas (Carbon Emissions Reduction) Order 2008* available from: <http://www.legislation.gov.uk/uksi/2008/188/contents/made>

<sup>22</sup> CERT spend by suppliers is estimated by Ofgem to be £3.7bn to end March 2011 (Ofgem (2011) *Review of the third year of CERT*, <http://tiny.cc/2b52dw> para 5.9) which is £1,233m per year. No figures are available on proportion of CERT spend on PG. The Independent Review of EEC2 (Eoin Lees Energy (2008) *Evaluation of the EEC 2005-8*) found that the 50% PG target was delivered with 61.2% of total costs. Using this ratio of spend to target, the 43% of the CERT target delivered in the PG over 3 years (Ofgem, 2011 <http://tiny.cc/2b52dw>) would be delivered with around 53% of the total costs” From previous ACE briefing.

Policy	Eligibility	2009/10		2013	
		Spend (£m)	Numbers of households receiving support	Spend (£m)	Numbers of households receiving support
<b>Group)</b>	<ul style="list-style-type: none"> <li>is in receipt of at least one of the benefits described in paragraph 2 of Schedule 2 of the CERT Order 2008;</li> <li>is in receipt of at least one of the credits described in paragraph 3 of Schedule 2 the CERT Order 2008 and has a relevant income of £16,190 [this figure has been updated according to Order 2010] or less (where “relevant income” has the same meaning as in Part 1 of the Tax Credits Act 2002(6));</li> <li>&gt;70 years old)</li> </ul>				
<b>ECO – Community Savings Obligation (CSCo)</b>	<p>Eligibility is restricted to areas of low income, defined in the Draft ECO legislation<sup>24</sup> as follows:</p> <ul style="list-style-type: none"> <li>In England, Scotland and Wales the lowest 15% of areas ranked in the Index of Multiple Deprivation will qualify for inclusion within the CSCo element of ECO,</li> <li>Up to 20% of activity under CSCo may be undertaken in areas adjoining those specified in the lists included in Draft ECO legislation,</li> <li>A minimum of 15% of the CSCo obligation must be delivered to low-income households (eligible under the Affordable Warmth scheme<sup>25</sup>) living in rural areas.</li> </ul>	/	/	£164 <sup>26</sup>	78,413 <sup>27</sup>
<b>Affordable Warmth</b>	<p>Eligibility is restricted to persons in receipt of benefits listed in Schedule 1 of the draft ECO legislation<sup>24</sup>. Unlike Warm Front, there are no energy efficiency requirement.</p> <p>Note: The consultation draft suggested that it would be limited to private tenure – but this seems to have been removed from the requirements in the Draft Legislation (see Schedule 2)</p>	/	/	302 <sup>26</sup>	144,444 <sup>28</sup>
<b>TOTAL (Engl.)</b>		<b>£1,033</b>	-	<b>£501</b>	

<sup>23</sup> 9.9% of households in the England received loft and/or cavity wall insulation between April 2008 and March 2011 as detailed in Table 4 of DECC (2011) Evaluation synthesis of energy supplier obligation policies, available from: <http://www.decc.gov.uk/assets/decc/11/funding-support/3340-evaluation-synthesis-of-energy-supplier-obligation.pdf>. Assuming that this was delivered equally through the 3 years, 3.3% of households in England would have received support in 2009/10. If we assume 40% of this would be delivered to the priority group –1.3% of households would be supported. Using total estimate of households in England as 3,963,923 (from the English Housing Survey), this equals 284,267.

<sup>24</sup> DECC (2012) *Energy Company Obligation - Carbon Saving Community Obligation: Rural and Low Income Areas*. available from: <http://www.decc.gov.uk/assets/decc/11/tackling-climate-change/green-deal/5536-carbon-saving-community-obligation-rural-and-low-.pdf>.

<sup>25</sup> As described in paragraph 13 of DECC (2012) *Green Deal and Affordable Warmth Final Impact Assessment*, available at: <http://www.decc.gov.uk/assets/decc/11/consultation/green-deal/5533-final-stage-impact-assessment-for-the-green-deal-a.pdf>.

<sup>26</sup> Total budget are 190m for CSCo and 350m for Affordable Warmth. Estimate of 164m and 302m are made for England for CSCo and Affordable Warmth respectively. These estimates are based on assumption that spend will be proportional to the number of dwelling in England compared to the UK as a whole.

<sup>27</sup> Number of dwellings has been estimated by assuming the cost per dwelling would be similar to that calculated for Affordable Warmth. This is justified as the final Impact Assessment (table 62, p 166 of DECC (2012) *Green Deal and Affordable Warmth Final Impact Assessment*, available from: <http://www.decc.gov.uk/assets/decc/11/consultation/green-deal/5533-final-stage-impact-assessment-for-the-green-deal-a.pdf>) estimated similar numbers of CWI and Loft insulations to be installed under each programme. CSCo is predicted to install SWI and AW is also expected to install boilers, but if we assume three boilers are installed for each SWI, average dwelling spends would be similar. Therefore divide total expected spend for England (164m) by the typical cost of an Affordable Warmth installation (estimated as £2,089, calculated by dividing total spend by predicted number of dwellings treated)

<sup>28</sup> Number of dwellings treated has been estimated as follows: Paragraph 10 (p200) of DECC (2011) *Green Deal and Energy Company Obligation Consultation Document*, available from: <http://www.decc.gov.uk/assets/decc/11/consultation/green-deal/3607-green-deal-energy-company-ob-cons.pdf> states that it is anticipated that the Affordable Warmth Target will provide assistance to a minimum of 325,000 households by the end of March 2015. Hence: 325,000/2.25 (assuming activity begins Jan 2013) =144,444.

Policy	Eligibility	2009/10		2013	
		Spend (£m)	Numbers of households receiving support	Spend (£m)	Numbers of households receiving support
<b>Income support programmes</b>					
<b>Winter fuel payments</b>	In 2009/10: £200 was available for 60-79 and £300 for 80+, plus either one-off payment of £100 for 80+ or one-off payment of £50 for 60-79 <sup>29</sup>  In 2012/2013: Winter Fuel Payments reverted to the “standard” rates of £200 or £300 as of 2011/2012 <sup>29</sup>	£2,896 <sup>29</sup>	12,681,00 <sup>29</sup>	£1,999 <sup>29</sup>	12,356,000 <sup>29</sup>
<b>Cold weather payment</b>	Eligible customers were those awarded Pension Credit, or income-related Employment and Support Allowance that included a work related activity or support component. Those awarded Income Support, income-related Employment and Support Allowance in the assessment phase, or income-based Jobseeker’s Allowance, and who had a pensioner or disability premium or had a child who was disabled or under the age of five, were also eligible to receive payments. <sup>30</sup>	£250 <sup>30</sup>	3,294,486 <sup>31</sup>	£265 <sup>32</sup>	3,294,486 <sup>31</sup>
<b>TOTAL (Engl.)</b>		<b>£2,747</b>		<b>£1952</b>	
<b>Energy price support programmes</b>					
<b>Voluntary Price Support</b>	Suppliers were free to choose the level and type of assistance offered to vulnerable customers within a broad framework monitored by Ofgem. They are also free to choose their target group <sup>33</sup>  We have assumed typical energy supplier targeting would be similar to the Warm Front pre-2011 criteria.	£132 <sup>33</sup>	1,010,382 <sup>33</sup>	-	
<b>Warm Homes Discount</b>	Eligibility for the Warm Homes Discount in 2012/2013 <sup>34</sup>  - Pension Credit customers who are automatically considered for the discount (the core group) include:	-		£237m <sup>36</sup> Error! Bookmark not defined.	1,809,678 <sup>36</sup>

<sup>29</sup> Details and eligibility is from page 5 and 7, and the number of households supported and the levels of spend are from the Appendix of: House of Common Library (2011) *Winter Fuel Payments Update: Commons Library Standard Note*. Available from: <http://www.parliament.uk/briefing-papers/SN06019>.

<sup>30</sup> Eligibility and spending information is on page 8 of Department of Work and Pensions (2010) *Annual Report on the Social Fund (2009/10)*. Available from: <http://www.dwp.gov.uk/docs/2010-annual-report-social-fund.pdf>.

<sup>31</sup> Estimate is based on an analysis of eligibility within the 2009/10 English Housing Survey stock.

<sup>32</sup> The spend has been estimated as the average spend on Cold Weather Payments over the previous four years. Data on previous year is from Department of Work and Pensions (2009) *Annual Report on the Social Fund (2008/9)*. Available at: <http://www.dwp.gov.uk/docs/2009-annual-report-social-fund.pdf>, Department of Work and Pensions (2010) *Annual Report on the Social Fund (2009/10)*. Available at: <http://www.dwp.gov.uk/docs/2010-annual-report-social-fund.pdf>, Department of Work and Pensions (2011) *Annual Report on the Social Fund (2010/11)*. Available at: <http://www.dwp.gov.uk/docs/2011-annual-report-social-fund.pdf> and Department for Work and Pensions (2012) *Social fund cold weather payments: 2011/12 End of Year Report*. [http://statistics.dwp.gov.uk/asd/asd1/socfund/social\\_fund\\_cwp\\_eoy\\_2011\\_12.pdf](http://statistics.dwp.gov.uk/asd/asd1/socfund/social_fund_cwp_eoy_2011_12.pdf).

<sup>33</sup> Eligibility details are from DECC (2011) *Energy Bill Factsheets: Mandatory Price Support*. Available from:

[http://www.decc.gov.uk/assets/decc/legislation/energybill/1\\_20091123124616\\_e\\_@@\\_energybillfactsheet2.pdf](http://www.decc.gov.uk/assets/decc/legislation/energybill/1_20091123124616_e_@@_energybillfactsheet2.pdf)

<sup>34</sup> Eligibility details are from Directgov website Warm Home Discount Scheme page, available at: [http://www.direct.gov.uk/en/Pensionsandretirementplanning/Benefits/BenefitsInRetirement/DG\\_185940](http://www.direct.gov.uk/en/Pensionsandretirementplanning/Benefits/BenefitsInRetirement/DG_185940)

Policy	Eligibility	2009/10		2013	
		Spend (£m)	Numbers of households receiving support	Spend (£m)	Numbers of households receiving support
	<ul style="list-style-type: none"> <li>aged under 80 and receiving only the Guarantee Credit element of Pension Credit (no Savings Credit)</li> <li>aged 80 or over and were receiving the Guarantee Credit element of Pension Credit (even if you get Savings Credit as well)</li> </ul> <p>And all of the following apply:</p> <ul style="list-style-type: none"> <li>your name, your partner's name or your appointee's name is on your electricity bill</li> <li>you get your electricity from one of the energy suppliers participating in this scheme – see 'Energy suppliers participating in this scheme' below</li> </ul> <p>In addition:</p> <ul style="list-style-type: none"> <li>Energy suppliers may give a £130 discount to some other customers in vulnerable groups (called the <i>broader group</i><sup>35</sup>)</li> <li>Under the scheme, suppliers have the option to continue to offer discounted/social tariffs or rebates to the types of vulnerable customers who have benefited from these under the Voluntary Agreement (the Legacy Spend).</li> <li>Suppliers can also choose to provide support through Industry Initiatives (Industry Initiatives)</li> </ul>				
<b>TOTAL (Engl.)</b>		<b>£157</b>		<b>£237</b>	
<b>GRAND TOTAL (England)</b>		<b>£3,912</b>		<b>£2689</b>	

<sup>36</sup> Total spend for the UK is £275m, from Table 1 of DECC (2011) *Warm Homes Discount Impact Assessment*. Available at <http://www.decc.gov.uk/assets/decc/Consultations/warm-home-discount/1308-warm-home-disc-impact-assessment.pdf>. Spend in England of £237m was calculated assuming spend would be proportional to total number for households in England compared to the UK. Number of households supported is calculated using the rebate level of £130 per annum, which is the average rebate level that will be delivered to eligible households over the four years of the scheme and approximately the value of the average benefit delivered under the first year of the voluntary agreement, from paragraph 86 (£237m/£130 = 1,809,678).

<sup>35</sup> Broader group eligibility criteria can be found: [http://www.decc.gov.uk/en/content/cms/funding/whds/whd\\_broader/whd\\_broader.aspx](http://www.decc.gov.uk/en/content/cms/funding/whds/whd_broader/whd_broader.aspx)

## Appendix II – Modelling eligibility in the English Housing Survey

The EHS gathers detailed information on households, mostly from households whose homes were also physically surveyed. We model which properties are occupied by which types of household using this household dataset. This is possible because the household interviews contain many relevant questions. The most important ones are about:

- Tenure – whether households rent from a private or social landlord, or whether they own their homes.
- Household composition – we can tell, for example, which households have members aged 70 and older or five years and younger; this is relevant for many programmes, and in itself suffices to work out who is eligible for Winter Fuel Payments.
- Income – which enables us to identify who has relevant income below the £16,040 threshold;
- Other income – households are asked about which benefits they might be in receipt of. These form the cornerstone of most of the qualifying criteria for Priority Group (PG), Super Priority Group (SPG), Cold Weather Payments and Warm Homes Discount support.
- In addition, each dwelling surveyed is assigned a value of 1 to 10 indicating the extent of deprivation of the area the dwelling is in according to the Index of Multiple Deprivation (IMD) – with 1 representing the most deprived 10% of areas, and 10 the correspondingly least deprived. This value is used to determine CESP and CSCO eligibility.

Regarding data about other income, the EHS does not cover everything that is needed to fully identify households in the PG or SPG. Most of the benefits and credits needed for this are captured by the survey, including council tax benefit, housing benefit, income support, working tax credit, disability living allowance, attendance allowance, war disablement pension and disability premium. There are two sets of assumptions we have had to make in order to overcome the main shortcomings of the EHS 2009/10 for identifying PG/SPG households.

The first relates to households who state they are claiming child tax credits. The total number who do so according to the EHS is too low. We have simply assumed that those households who report they are claiming working tax credits *and* have dependent children are claiming child tax credits as well, as they are very likely to be doing so. To this we have added households not claiming working tax credits, but with dependent children and an income below the £16,040 threshold.

The second problem with the EHS (as with other surveys) is that it significantly underestimates the number of households in receipt of pension credit – who form the largest group of households in the SPG. This is deemed to be the case because respondents may not be classifying it separately. This issue was acknowledged by DECC in its Impact Assessment of the changes to the eligibility criteria for Warm Front in March last year<sup>37</sup>. To overcome this, much as DECC have done, we have assumed households to be in receipt of pension credit if they are theoretically entitled to it (which the EHS more or less enables us to do). No benefit is ever taken up by all those entitled to it, but this approximation does bring the numbers broadly into line with data from the Department of Work and Pensions, as well as broadly into line with DECC's own estimates in its Impact Assessment of the CERT Extension.

<sup>37</sup> DECC (2011) [Amendments to the eligibility criteria for the Warm Front scheme](#)

To model the numbers of households in each of the groups, we have implemented relatively straightforward logic formulas in Excel which replicate the eligibility criteria as described in the relevant statutory instruments for the programmes relevant to fuel poor households. These formulas examine the income, household composition, tenure and benefits variables for each household sample case in the EHS for which there is a corresponding physical survey of the property. The result is a snapshot of which households are in which group at the time of the EHS. It is important to note that this snapshot should be considered a well-educated approximation.