

Government fuel poverty expenditure

In its response to the Fifth Report of the Energy and Climate Change Committee, 2013-14 (Energy Prices, Profits and Poverty), the Government claims

“Neither the Government's commitment to fuel poverty nor the spending directed towards it has diminished. Spending will, in fact, be higher in 2014/15 than it was in 2009/10.”

Careful analysis of the figures by the Energy Bill Revolution campaign show this statement is not true. Overall spending on fuel poverty policies in 2014/15 will be more than 20% below the level of 2009/10, and almost 25% below the 2010/11 peak.

Spending on energy efficiency schemes to help the fuel poor will also be lower, expenditure in 2014/15 will be around 12% below that in 2009/10. However this is something of a recovery from the trough of 2012/13 when spending was almost 55% below the 2010/11 peak.

It is also worth noting that just 17% of fuel poverty spending in 2014/15 will be used to create a lasting solution to fuel poverty. The remaining 83% will have to be spent year after year after year while our housing stock remains poorly insulated and energy prices remain high.

Government schemes to assist the fuel poor

Government schemes to assist those in fuel poverty provide three types of help: assistance to make homes more energy efficient and cheaper to heat, by providing additional income to help people pay energy bills, and by reducing bills through price support schemes.

Since this Government came to power many schemes that assist the fuel poor have been come and gone. Warm Front, CERT and CESP have been phased out and replaced by the ECO scheme. A voluntary agreement to hold prices down for vulnerable customers has been replaced by the Warm Homes Discount.

The table below uses Government data for all of the fuel poverty policies in recent years to assess how much money has been (or will be) spent in each year from 2009/10 to 2014/15. A full list of sources for these figures is given at the end. For comparison purposes, all figures have been converted to 2012 prices.

How does expenditure measure up to what is needed?

These figures also help us to compare current expenditure levels to those required to end fuel poverty. The Energy Bill Revolution has called for carbon taxes to be used for a major programme of energy efficiency retrofitting, which would remove 9 out of 10 fuel poor households from fuel poverty by 2027.

The programme would assist 600,000 homes a year, spending an average of £6500 to super-insulate the home and fit other energy saving measures. Research suggests that this programme would require an additional £4 billion pounds a year, taking total spending to around £4.5 billion.

By comparison, currently planned expenditure on energy efficiency schemes in 2014/15 is to be around £549m – less than 1/8th of what is required. This expenditure is entirely provided through the Energy Company Obligation (ECO). There are suggestions ECO may be further cut in order to reduce social levies on energy bills, though it is also suggested (for example, by Labour) that ECO spending currently intended for the Carbon Saving Obligation (which falls outside the scope of this paper as it is aimed at cutting carbon emissions, and so is not targeted on the fuel poor) could be targeted at vulnerable homes.

However, even if all expected expenditure (£760m / year) under ECO's Carbon Saving Obligation were not cut, and was entirely redirected, total spending would still be only around £1.3 billion a year, less than a third of that required to end fuel poverty for 90% of households currently struggling with fuel bills by 2027.

Energy efficiency schemes	2008-9	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Warm Front (2012 prices)	427	392	378	147	100		
CERT SPG eligible households (2012 prices)		179	184	190	127		
CESP (2012 prices)		52	104	104	78		
ECO AW and CSC (2011 prices)						531	531
ECO AW and CSC (2012 prices)						549	549
TOTAL (2012 prices)		623	666	441	305	549	549

Income support schemes	2008-9	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Winter Fuel Payments (cash prices)	2701	2735	2760	2150	2151	2165	2161
Winter Fuel Payments (2012 prices)	2961	2933	2871	2186	2151	2120	2076
Cold Weather Payments (cash prices)	210	290	431	129	146		
Cold Weather Payments (2012 prices)	230	311	448	131	146	253	253
TOTAL (2012 prices)	3192	3244	3319	2317	2297	2373	2329

Price Support schemes	2008-9	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Voluntary agreement (2012 prices)	108	133	155				
Warm Homes Discount (cash prices)						300	310
Warm Homes Discount (2012 prices)				253	275	294	298
TOTAL (2012 prices)	108	133	155	253	275	294	298

Energy Efficiency Schemes		623	666	441	305	549	549
Income Support Schemes	3192	3244	3319	2317	2297	2373	2329
Price Support Schemes	108	133	155	253	275	294	298
TOTAL EXPENDITURE (2012 prices)	3300	4000	4140	3011	2877	3216	3176

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Sources

Warm Front expenditure (2012 prices) 2008/09 – 2012/13

Voluntary Agreement (2012 prices) 2008/09 – 2010/11

Warm Homes Discount (2012 prices) 2011/12 – 2012/13

Hansard Written Answers, 1 July 2013, Col. 422W

Warm Homes Discount expenditure (nominal prices) for 2013/14 – 2014/15

Hansard Written Answers, 1 July 2013 Col. 423W

CERT expenditure (2012 prices) 2009/10 – 2012/13

CESP expenditure (2012 prices) 2009/10 – 2012/13

Hansard Written Answers, 1 July 2013, Col. 423W

Cold Weather Payments expenditure for 2008/09 – 2012/13 are taken from the relevant “Annual Report by the Secretary of State for Work and Pensions on the Social Fund” (nominal prices). Figures for 2013/14 and 2014/15 are estimated as the average of the previous 5 years.

Winter Fuel Payments expenditure 2008/09 – 2014/15 (nominal prices) are taken from Winter Fuel Payments update, SN06019, House of Commons Library, 1 November 2013 (page 29).

<http://www.parliament.uk/briefing-papers/SN06019>

All conversion to 2012 prices using Treasury GDP deflators

<https://www.gov.uk/government/publications/gdp-deflators-at-market-prices-and-money-gdp-march-2013>