



# WARM, SAFE AND HEALTHY AT HOME

## NATIONAL ENERGY ACTION'S MANIFESTO FOR HOMES 2024

**Everyone should be able to live in a warm, safe and healthy home. Despite recent falls in energy prices this is denied to millions of people across the United Kingdom because of poor housing, low incomes, and high energy bills.**

Vulnerable households need more support to pay unaffordable energy bills. Two years since the energy crisis began, energy bills have fallen gradually but remain hundreds of pounds a year higher than at the start of the crisis. This pushes those on the lowest incomes into deeper financial difficulty. Record levels of energy debt crush household budgets, put up prices for all consumers and reduce economic activity.

Millions of the poorest households use far more energy than they need, due to woefully poor levels of energy efficiency in their homes.

There are legal targets to end fuel poverty in England, Wales and Scotland and similar emerging commitments in Northern Ireland for a new fuel poverty strategy. Delivering these legal duties would generate huge societal, economic and environmental benefits. The action to deliver these targets is missing.

This means too many households across the UK are:



### **Cold**

Households cannot afford to heat their homes to a reasonable standard of warmth, and are living in cold, damp homes. Beyond the money needed to afford heating, people are not able to cook a hot meal or use hot water for washing.

### **Unsafe**

Households are routinely turning to unsafe practices to stay warm at home, using candles as the main source of lighting, using unsafe or un-serviced heating appliances or even burning furniture for warmth, putting themselves and nearby neighbours at risk and putting pressure on our emergency services.

### **Unhealthy**

Households under-heating their homes can be dangerous to their physical and mental health, or even fatal. People can't even afford to refrigerate their food or medicines. As well as human misery, this creates needless pressure on our already stretched health and social care services.



## THE IMPACTS OF FUEL POVERTY

YouGov polling at the end of March, commissioned by National Energy Action, found that 34% of GB adults say they have found it difficult to afford paying their energy bills over the last three months. Further YouGov polling over the last three months also found:

- **59%** of GB adults say they had rationed their heating, turning their thermostat down lower than they wanted. **16%** say they had done so every day.
- **49%** of GB adults say they had gone to bed to stay warm. **19%** say that they had done so most days.
- **15%** of GB adults say they had used an improvised heater at home.

National Energy Action knows that this cost and suffering can be avoided. The General Election must be the moment for all political parties to commit to those actions that will ensure vulnerable people are warm, safe and healthy at home.

## OUR KEY PROPOSALS

### 1. Realise the benefits of legal fuel poverty commitments.

There is a legal obligation for the UK government to ensure that all fuel poor households in England reach a minimum of EPC C by the end of 2030.

Improving the energy efficiency of fuel poor homes cuts bills, carbon and improves lives. Yet, based on current progress, National Energy Action estimates three million households in England alone will still be trapped in fuel poverty by 2030. Other nations across the UK are far off meeting similar legal duties. Early progress next parliament to improve the energy efficiency of fuel poor homes is essential if statutory fuel poverty and carbon targets are to be met. As well as building on and better targeting current programmes, this must include local delivery of energy efficiency, a national self-referral scheme and new standards for landlords to meet.

### 2. Provide vulnerable households with more support for unaffordable energy bills.

Households remain in crisis over energy bills. YouGov polling at the end of March, commissioned by National Energy Action, found that 34% of GB adults say they have found it difficult to afford paying their energy bills. With other organisations, National Energy Action, is calling on all political parties to introduce a mandated energy social tariff, providing lower bills or deeper energy discounts for the most vulnerable households. This is urgent to reduce energy bills over the winter and long-term to protect vulnerable households from many of the costs of the low carbon transition.

### 3. Address crushing levels of energy debt which are putting up prices and reducing economic activity.

Energy debt is now at record levels, totalling more than £3 billion across GB. Alongside debt charities, National Energy Action is calling for the new government to introduce a new 'help to repay' scheme to accelerate the repayment of energy debt to put extra money back into people's pockets and support local economies.

# REALISE THE FULL BENEFITS OF MEETING THE LEGAL FUEL POVERTY COMMITMENTS

## How much will it cost to meet legal fuel poverty commitments?

A recent independent analysis of the cost and benefits of meeting the statutory fuel poverty commitment in England quantified a funding gap of at least £18 billion of energy efficiency measures to meet the legal fuel poverty target by the end of this decade. The report shows that action on the private rented sector is also critical. Effective regulation of private and social landlords would reduce the investment gap to £10.8 billion of central investment required.

## What would the benefits be?

Early investment to reduce the deepest levels of fuel poverty in homes and communities, alongside new regulatory drivers in the private rented sector would pay for itself, with the key monetised benefits almost double the investment required. Wider benefits span household financial savings, savings for the health sector, benefits to landlords, positive environmental impacts and benefits to the broader economy.

Overall, 22,000 full-time jobs would be created if the UK government delivered its fuel poverty goals. Average yearly household energy bill savings would be £480 per year. There would be significant reductions in carbon emissions and improved outdoor air quality.

It would reduce local pressures on stretched health and social care services. Wider research also shows that reducing heating costs can extend the life chances for children and be transformative for householders' health, well-being and can increase social capital.

Crucially, earlier action to meet legal fuel poverty requirements will generate the greatest benefits.

## A five-point plan to meet the fuel poverty target

There is strong consensus on the required approach to successfully deliver on the UK government's legal fuel poverty commitments. The following five-point plan would resuscitate efforts to meet legal fuel poverty duties. It requires a mixture of continuing or expanding existing mechanisms, leveraging private finance by tightening regulations on landlords and introducing the new delivery vehicles for energy efficiency in fuel poor homes in the next Parliament.





# NATIONAL ENERGY ACTION'S FIVE POINT PLAN

**1** In England, **reintroducing a new self-referral scheme for owner-occupied households will support people who live in the deepest fuel poverty.** Similar to the previous Warm Front scheme, this new grant-based programme would provide access to whole-house retrofits for those in greatest need or single measures like insulation, conventional heating replacements or repairs where the cost of enabling work or ancillary costs would be prohibitive for the poorest households. This approach will also develop a national supply chain which enables investment in jobs, training, upskilling and apprenticeships.

**2** **Expanding local authority energy efficiency and target this activity in communities with the deepest fuel poverty levels** can ensure those communities who need the most support receive the greatest financial savings and see the greatest benefits within their local economy. This can also generate jobs and wider employment opportunities where they are needed most. Local area-based schemes complement other national schemes and can ensure no one falls through the cracks. This model is already in place and working well elsewhere in the UK.

**3** **Extending Minimum Energy Efficiency Standards in private rented sector** up to Energy Performance Band C by 2030 is essential if fuel poverty commitments are to be met and could remove almost two fifths of all households from fuel poverty in England by 2030. It could also add over £3 billion of capital value to private rented sector properties with fuel poor tenants, allowing landlords to recover the cost of their investment. Concerns about affordability for private landlords can be offset by changes to the tax system or alongside reintroducing tax allowances to incentivise private landlords to invest in their properties to meet the higher standards sooner. **Expanding the Decent Homes Standard to include a requirement for all social housing to reach up to Energy Performance Band C by 2030**, alongside continuing schemes like the Social Housing Decarbonisation Fund (SHDF), will also guarantee the continuous improvement of the tenure with the highest levels of energy efficiency. To **enforce tenants' right to a warm, safe and healthy home**, central government and local authorities also need to work closely together to ensure monitoring and enforcement is a resourced priority for all local authorities.

**4** **Extending the Energy Company Obligation (ECO)** and ensuring it continues to focus on those in, or at most risk of, fuel poverty will channel over £5 billion towards those most in need within the next Parliament, without requiring any Treasury funding. It will also provide vital confidence in the energy efficiency supply chains, reducing costs and improving service delivery for other households.

**5** **Deliver new, high-quality housing for poorer households and consider specific support to make good on previous failed retrofit programmes.** Homes which cannot be retrofitted cost-effectively will need to be rebuilt to high energy efficiency standards if fuel poverty and carbon targets are to be met. Homes and lives that have been blighted by previous poor-quality installations from previous energy efficiency programmes need to be prioritised for action, if the promise of fair and affordable transition to net zero is to be more than hollow rhetoric.

## Is there support from the public for this approach?

Recent polling by National Energy Action indicates high support for prioritising low-income households for any energy efficiency investments. In total, 85% of GB adults support providing financial support to low-income homeowners, to improve the energy efficiency of their homes<sup>ii</sup>.

# PROVIDE VULNERABLE HOUSEHOLDS WITH MORE SUPPORT FOR UNAFFORDABLE ENERGY BILLS

## How much will it cost to provide vulnerable households with support to pay for energy bills?

The costs of providing vulnerable households with support to pay for energy bills is dependent on how broad the support would be, as well as the depth of support given.

National Energy Action believes that support should be significantly broader and deeper than offered by the Warm Home Discount, currently the only scheme available, providing direct bill reductions. If, for example, a scheme was designed to provide support to over 5 million UK households trapped in fuel poverty, bringing their bills down to pre-crisis levels, the cost would be approximately £3.6 billion.

## What would the benefits be?

The benefits of providing vulnerable households with support would be significant. At current energy prices, which are expected to stay high throughout the decade, millions of people will struggle to pay their bills, living in fuel poverty and susceptible to living in a cold home.

Providing such support will reduce energy rationing, allow more households to live healthily in a warm home, and provide a boost to local economies. If low-income households are not spending money on energy, they are more likely to spend that money locally. Providing additional support for those struggling with energy bills will also help deliver a fairer energy market and ensure that the most vulnerable households are protected as the pace to build a net zero energy system quickens.

## How would this approach be delivered?

Support could be given through one of many well-developed methods, some of which already have supporting legislation in place, and could therefore be made operational very quickly. Such policies that meet these criteria are a targeted Energy Price Guarantee, a targeted Energy Bills Support Scheme or expanded Warm Home Discount.

In any case, National Energy Action believes it is important that the targeting of support is broad, going not only to households on means-tested benefits, but to other low-income households outside of the benefits system, those on disability benefits, and those in receipt of carer's allowance.

Introduction of a social tariff before this coming winter may not be possible. However, it is important that the next government prioritises providing financial support on energy bills to low-income households. This could be done using existing mechanisms, such as an expansion of the Warm Home Discount with a larger payment given to a broader set of households.

## Is there support from the public for this approach?

Polling conducted by Citizens Advice and Social Market Foundation suggests that there is significant support for providing additional financial energy bill discounts to financially struggling households. The idea of financial support for households who struggle to pay their energy bills was supported by 73%, with just 9% opposition.



# ADDRESSING CRUSHING LEVELS OF ENERGY DEBT WHICH ARE PUTTING UP PRICES AND REDUCING ECONOMIC ACTIVITY

## How much will it cost to address record levels of energy debt?

Data from Ofgem suggests that debt in the sector has been an increasing problem since the start of the pandemic. In the first quarter of 2024, total debt on energy bills stood at more than £3 billion, compared to £1.32 billion in the first quarter of 2020, more than doubling in the last four years. Energy customers pay between £1 billion - £1.5 billion every year through their energy bills, just to service this debt.

The costs of such a scheme could be flexible and would not need to be enough to cover all the debt in the market, as much of the £2.25 billion lies with people who may not struggle to repay their debt, or who do not need the support of full debt relief.

## What would the benefits be?

Debt is a significant issue. When this debt is formal debt that is linked to a debt repayment plan, it results in a higher effective price of energy, and ultimately more rationing of energy from indebted households. This can lead to the severe health consequences that can result from living in a cold home. In our nationally representative polling, households in debt were more likely to tell us that: they had turned down their heating to lower than they'd wanted every day; they had gone to bed early to stay warm; and they had used an improvised heater at home.

Moreover, just being in debt can itself have negative consequences on mental health.

Clearing debt also has an impact on all energy bills. For every £1 of debt cleared, every customer saves 50p each year because that debt no longer needs to be serviced.



## How would this approach be delivered?

National Energy Action supports the proposals from Money Advice Trust to implement a 'Help to Repay' debt repayment scheme, to provide debt relief and repayment matching.

The Fuel Direct system and process of third-party deductions could be revamped for this purpose. By matching third party payments, debts would be cleared much more quickly. This would also partially address the issues many households have experienced of having older benefits, like Income Support Allowance or Job Seeker's Allowance clawed back to pay for debts, without their consent.

## Is there support from the public for this approach?

Such a scheme has strong public support. Nationally representative polling of 2,000 UK adults found that three quarters of UK adults (73%) think people who have fallen into energy debt due to high prices should be given help to reduce what they owe.

<sup>i</sup> All figures, unless otherwise stated, are from YouGov Plc. Total sample size was 2,049 adults. Fieldwork was undertaken between 22-24 March 2024. The survey was carried out online. The figures have been weighted and are representative of all GB adults (aged 18+).

<sup>ii</sup> All figures, unless otherwise stated, are from YouGov Plc. Total sample size was 2,055 adults. Fieldwork was undertaken between 3-6 February 2023. The survey was carried out online. The figures have been weighted and are representative of all GB adults (aged 18+).