



REPORT ON STEP'S WORK IN THE UK



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EXECUTIVE SUMMARY

This report draws on various reports about the work of the Solutions to Tackle Energy Poverty (STEP) project¹, with a focus on STEP's work in the UK. STEP was an EU-funded Horizon 2020 project run by 11 consumer and research organisations across Europe. At its core, STEP provided energy efficiency advice to consumers in or at risk of energy poverty. The advice was given through one-to-one meetings, phone calls, on-line training and dedicated workshops for energy poor consumers and frontline workers who supported such consumers.

Three local Citizens Advice, Reading, Manchester and Coventry, represented STEP in the UK. They aimed to use their experience to inform energy advice delivery throughout the Citizens Advice service and to advocate improved energy poverty policies by the UK government.

The three pillars of STEP were:

Advice to consumers in or at risk of energy poverty

Training for front line workers, e.g. in health, housing, social work, on how to advise consumers in or at risk of energy poverty

Advocacy to national governments and EU institutions on energy efficiency and energy poverty

STEP achievements in numbers	All STEP partners	UK only
No. of consumers receiving energy advice	16,500	3,229
% of consumers STEP helped in energy poverty	75%	76%
Average bill savings/household/year	€124	€127
Total energy savings	38.4 GWh	6.3 GWh
Reduction of greenhouse gas emissions	8,970 tCO ₂ eq	954 tCO ₂ eq

Advocacy STEP advocated many improvements to energy poverty policy. In summary, STEP recommended:

1. All member states should adopt an official definition of energy poverty
2. All member states should introduce a comprehensive strategy to eradicate energy poverty within legislation, including measurable targets, monitoring obligations and programmes to meet the target
3. Energy efficiency programmes should prioritise energy poor consumers, with all up-front costs covered and multi-unit buildings prioritised
4. All energy consumers should have access to reliable energy advice available through one-stop shops, phone lines and web, plus information on fuel bills on how to access advice
5. All member states should designate energy efficiency a national infrastructure priority and prioritise schemes that target households in or at risk of energy poverty

STEP's UK partners played an important role in informing STEP's advocacy work by drawing on the substantial legacy of energy poverty policy, both positive and negative, in the UK. STEP worked closely with the End Fuel Poverty Coalition in advocating improved policies in the UK, focussing mainly on England.

The future of energy advice in the UK

The report reflects upon energy advice provision in the UK and makes the case for reform to better support consumers in energy poverty and to meet net zero goals. It advocates the rationalisation of funding to ensure long term security, investment in services and retention of skilled advisers. It makes the case for integration of energy advice with other advice services and the development of shared advice tools and databases. But advice can only direct consumers to existing provision. Complementary and far-reaching programmes, eg deep retrofit of homes, are needed to ensure consumers, particularly those in or at risk of energy poverty, can fully participate in the transition to net zero.

¹ All STEP reports can be downloaded from the STEP website: <https://www.stepenergy.eu/results/>

1. BACKGROUND

Energy poverty policy in the European Union

Energy poverty is gaining increasing attention across Europe, with the EU embedding energy poverty as a policy priority in the Clean Energy for all Europeans Package. In 2021, the new package, dubbed ‘Fit for 55’, was released and is currently being negotiated by EU co-legislators. The latter package (together with the latest REPowerEU initiative) updates the European energy policy framework to facilitate the transition to cleaner energy and deliver on the EU’s Paris Agreement commitments for reducing greenhouse gas emissions to provide benefits for consumers².

The nature of energy poverty, as well as the level of attention, varies from country to country. However, some countries do not currently recognise energy poverty as a distinct issue. And where energy poverty is recognised, barriers remain to addressing it. In particular, at the EU level, a lack of common definitions and metrics to monitor energy poverty presents a barrier to addressing and ultimately alleviating energy poverty³. STEP’s “Defining energy poverty in STEP project countries” report gives a brief overview of how energy poverty is defined in the nine countries taking part in STEP (note: some countries didn’t have a definition)⁴.

Energy poverty policy in the UK

Energy poverty policy is long established in the UK. The Warm Homes Act and Energy Conservation Act 2000 required the UK government to publish and implement a strategy for reducing fuel poverty (the term used in the UK for ‘energy poverty’) and set targets for its implementation⁵. The resultant UK fuel poverty strategy set an ambitious target to eliminate fuel poverty in England by 2016 (the devolved administrations set similar targets)⁶. The England element of the Strategy was later updated in 2015⁷ and again in 2021⁸. The devolved administrations have similarly updated their fuel poverty strategies. Fuel poverty and energy efficiency policy are devolved responsibilities, although certain key policies that influence fuel poverty remain reserved, for example energy and income policy. The current fuel poverty target for England is to ensure that as many fuel poor homes as is reasonably practicable achieve a minimum energy efficiency rating of Band C by 2030⁹.

The definition of fuel poverty in England is now on its 3rd iteration (the Low Income Low Energy Efficiency (LILEE) definition), while Scotland is on its 2nd. There is widespread concern that the latest English version is inadequate because of its insensitivity to fuel price changes. Many have returned to using the original ‘10% definition’¹⁰, that is a household that needs to spend 10% of its income on all fuel use to heat its home to an adequate standard and meet its other energy needs. This includes representatives of major fuel companies, the Director General of Ofgem, fuel poverty organisations and think tanks¹¹. The 10% definition also has the advantage of allowing comparison of fuel poverty levels across the 4 UK nations.

² European Commission, 2019. Clean energy for all Europeans package. [Online]

Available at: https://energy.ec.europa.eu/topics/energy-strategy/clean-energy-all-europeans-package_en

³ Sareen, S.; Thomson, H.; Herrero, S. T.; Gouveia, J. P.; Lippert, I.; Lis, A., 2020. European energy poverty metrics: Scales, prospects and limits, Global Transitions, Vol 2. <https://doi.org/10.1016/j.glt.2020.01.003>

⁴ Available at <https://www.stepenergy.eu/results/>

⁵ UK Government, 2000. The Warm Homes and Energy Conservation Act

⁶ Defra, DTI, DSD (NI), Scottish Executive, National Assembly for Wales, 2001. The UK Fuel Poverty Strategy

⁷ HM Government, 2015, Cutting the cost of keeping warm

⁸ HM Government, 2021a, Sustainable Warmth. Protecting vulnerable households in England.

⁹ HM Government, 2021a, *ibid*

¹⁰ Defra et al, 2001, *ibid*.

¹¹ For example, in Ofgem’s evidence to the BEIS select committee (BBC, 24/5/2022, Energy price cap: Typical energy bill set to rise by £800 a year in October, <https://www.bbc.co.uk/news/business-61562657>)

All the English definitions, as with the devolved nation definitions, use the concept of required fuel expenditure, rather than actual fuel expenditure. This is based on a technical evaluation of a home's fabric and heating standards to estimate the cost of heating the home to an adequate temperature and meet a households' other energy needs. It therefore takes account of the fact that many low income households underspend on fuel and live in cold homes as a result.

Energy advice

The role of specialist advice in combatting energy poverty is well documented, with follow-up surveys showing its impact: in one case study, a specialist charity providing support to vulnerable households in inner London found that 65% reported being warmer at home and 46% reported reduced costs, after receiving advice; another charity, focusing on providing advice to ethnic minority households, reported that 67% said their home was warmer and less damp, 84% had a better understanding of how to improve health through staying warm and 80% had a better understanding of fuel bills and how to manage energy use¹².

While key incentives for delivering energy advice to alleviate fuel poverty is to reduce bills, other important incentives and benefits include improved health, well-being and comfort and reduced carbon emissions. The latter may also be a motivator for those living in energy poverty. A study in Hull, for example, found that nearly 40% of participating households reported their motivation for participating was to reduce their carbon emissions¹³.

Most energy poor households face a wide range of issues such as housing, debt, benefits and care needs. It is therefore important that energy advice is integrated with other advice through having processes in place for cross referrals, shared advice tools and shared databases. The final chapter of this report discusses how energy advice in the UK might be improved in the future.

The limitation of energy advice is that it can only direct consumers to behavioural measures (which have a limited impact on energy poverty), current consumer protection arrangements and existing support programmes. Such programmes have to be of both sufficient scale (commensurate with the level of energy poverty in a country) and depth (for example, deep retrofit sufficient to both improve comfort and reduce energy consumption) to take energy poor consumers out of energy poverty. Nevertheless, energy advice and accompanying evidence and case studies can play a valuable role in supporting advocacy that makes the case for improved provision for energy poor households.

¹² Reeves, A., 2016. Exploring Local and Community Capacity to Reduce Fuel Poverty: The Case of Home Energy Advice Visits in the UK. *Energies*, 9(4)

¹³ Ramsden, S., 2020. Tackling fuel poverty through household advice and support: Exploring the impacts of a charity-led project in a disadvantaged city in the United Kingdom. *Energy Research & Social Science*, p. Volume 70

2. THE STEP PROJECT

STEP was delivered by a consortium of partners across nine European countries over three years, from 2019 to 2022. STEP aimed to develop a simple, innovative and replicable model of measures to address energy poverty, with the provision of energy advice representing the central element. The project covers some of the countries with the highest rates of energy poverty in Europe, including Bulgaria, Cyprus, Czech Republic, Latvia, Lithuania, Poland, Portugal, Slovakia and the United Kingdom. STEP was project managed by BEUC, the European consumer organisation. The Association of Decentralised Energy (ADE) was responsible for monitoring the impact of STEP on consumers.



STEP objectives

STEP had three specific objectives:

1. To get consumer groups and frontline organisations, who advise people on a range of issues such as finance or health, to partner and deliver advice to energy poor consumers.
2. To help energy poor consumers across the 9 countries save energy and improve their living standards, by advising consumers on more efficient energy consumption and how this can help them save money and improve health and well-being, and by carrying out information campaigns.
3. To disseminate best practices and advocate for policies that can alleviate energy poverty and promote their replication in other EU countries.

Reaching energy poor consumers

STEP used two approaches to reach energy poor consumers:

1. **Direct contact** with consumers in or at risk of energy poverty through trained advisers based within the STEP partners either through one to one advice sessions or through consumer workshops. Advice was designed to provide tailored solutions, particularly energy efficiency, but also other measures to reduce energy poverty.
2. **Indirect contact** with consumers through the training of frontline workers from other agencies, e.g. housing, health, social work, who worked closely with energy poor consumers. Frontline workers either advised their clients themselves or referred clients to STEP energy advisers.

This model was based on the Energy Best Deal (EBD) programme, which has run in the UK for 10 years with very positive results¹⁴. It was assumed, based on evidence of similar projects, that each frontline worker on average would reach 5 consumers. STEP aimed to reach 9,000 consumers through direct contact and 6,000 consumers through indirect contact.

STEP's approach to reaching its targets involved providing energy advice on:

- Soft measures, eg behavioural change, understanding how to be more efficient at home
- Low cost 'hard' measures, eg LED bulbs, draught excluders
- High cost 'hard' measures, eg insulation, renewables
- Cost reductions, eg social tariffs, income maximisation

Other STEP activities

In addition to providing energy advice, STEP carried out a number of other activities:

- development of training materials on energy poverty and energy savings advice for energy advisors and frontline workers
- establishment of national networks of organisations that worked with vulnerable consumers
- in-depth monitoring of STEP's impact on consumers advised
- advocacy to raise awareness of energy poverty and encourage policy change at the local, national and European level.

The impact of the pandemic

The delivery phase of the project launched in December 2019, with many partners planning to begin delivery in early 2020. When COVID-19 spread into Europe, STEP had to change its plans to mitigate the effects of national and local lockdowns and fears of having unnecessary direct contacts with others. The pandemic curtailed in particular the delivery of face to face advice and running consumer workshops. Nevertheless, the consortium worked together to find ways of engaging with people in other ways. This included:

- Setting up telephone helplines and running online training sharing how to deliver advice by phone
- A free consumer facing training programme in the UK to supplement the frontline worker version
- Building an online presence, offering advice by email and webchat and using video software to reach consumers
- Developing a collection of self-help videos (initially for UK consumers but later adopted and translated by other STEP partners) to give people the power to make small low-cost changes in their homes without the need for advice¹⁵.

These options helped make sure consumers received high quality, detailed advice without the risk of being in an enclosed environment. At later stages of the pandemic, some partners were able to offer in person advice as well. However, the pandemic did result in substantial delays to delivering advice, with the bulk of advice activity taking place in the last 9 months of STEP.

STEP's energy advice impact

STEP's final reports on the impact of energy advice on consumers (direct and indirect contact) give details of STEP's impact and the methodology used for calculating these¹⁶. The following summarises the key findings:

- **16,507 consumers received energy saving advice** (direct and indirect), against a target of 15,000 consumers

¹⁴ Centre for Sustainable Energy (CSE), 2015. Energy Best Deal - Evaluation Report, 2014/2015. CSEEBDEvaluationReport2014-15.docx.pdf (citizensadvice.org.uk)

¹⁵ See: <https://www.youtube.com/channel/UCQAKEKxRjZypDS2d7UWE1BQ>

¹⁶ See 'The impact of STEP energy advice on consumers – direct contact' and 'The impact of STEP energy advice on consumers – indirect contact' at <https://www.stepenergy.eu/results/>

- Average savings per household of 2.3 MWh pa, which corresponds to bill savings of €124 pa
- Total energy savings of 38.4 GWh, against a target of 17.78 GWh
- Total emission savings of 8,970 tCO₂eq, against a target of 2,869 tCO₂eq
- Almost three quarters of STEP consumers lived in energy poverty, highlighting that STEP was effective in reaching its target audience
- STEP advice removed 6-7% of energy poor households from energy poverty; most of the remaining energy poor households are likely to have benefited from improved comfort in the home and reduced energy bills
- **However, standalone advice is clearly not sufficient to take energy poor households out of energy poverty;** this highlights the importance of advocacy that encourages governments, regulators and companies to put in place ambitious anti-energy poverty programmes
- COVID lockdowns are likely to have increased consumers' energy bills due to home confinement, aggravating the impacts for those already in energy poverty, and pushing previously non energy poor households into energy poverty.

STEP's long term impact

STEP's final impact reports also gave estimates of STEP's long term impact, defined as the next five years. The analysis found that:

- STEP is likely to have a long lasting legacy, particularly through the institutionalisation of energy advice networks in partner countries. It is also likely that other EU countries will use some of STEP's resources.
- Projections for the next five years suggest that successor programmes to STEP will result in:
 - Between 55,000 to 150,000 consumers receiving energy advice
 - Energy savings of between 128 to 345 GWh/year
 - Cost savings of between 6.8 to 18 million euros/year
 - CO₂ savings of between 30,000 to 81,000 tCO₂e

The next chapter gives details of STEP's energy advice work in the UK.

STEP's advocacy work

STEP developed two sets of recommendations to influence policies in STEP partner countries¹⁷. It also sought to influence the EU's Energy Efficiency Directive¹⁸ and the development of EU policy on such issues as setting minimum energy efficiency standards. STEP's experience of delivering advice to energy poor consumers and working with front line workers who supported energy poor consumers was invaluable with respect to informing the development of its policy positions. The following gives a brief summary of STEP's asks:

1. To tackle energy poverty, it must first be defined. Given the difference in national contexts from energy systems and energy needs to social contexts, all Member States should **define energy poverty** at the national level. Consumers should be protected by a **ban on energy supply disconnection**.
2. Member States should introduce a comprehensive strategy to **eradicate energy poverty** in their national legislation. This should include a **measurable target** for achievement within a set timescale, **interim milestones, monitoring obligations** and a **set of programmes** designed to meet the target.
3. Energy suppliers and other relevant actors should **prioritise the implementation of energy efficiency measures** among consumers in energy poverty. Schemes for financing energy efficiency measures and deep energy renovation of homes should be set up across all Member States. It's

¹⁷ Available at <https://www.stepenergy.eu/results/>

¹⁸ Available at <https://www.stepenergy.eu/results/>

crucial that these schemes be **inclusive of consumers in or at risk of energy poverty** by covering the **upfront costs** of the renovations for those who can't afford to pay themselves. Such measures must also target **multi-unit buildings**, given the high proportion of consumers in energy poverty living in multi-units.

4. All parties in the energy supply chain should make use of various channels to **provide information and advice** to consumers, as people often don't know where to turn for **reliable energy advice**. This includes setting up one-stop shops, providing information on energy bills, training frontline workers, operating phone lines, advice by consumer organisations, running workshops, and communicating through traditional media, such as radio and TV.
5. EU and national funding schemes should **prioritise energy efficiency measures in households in or at risk of energy poverty**. Investment schemes and infrastructure projects, such as deep energy retrofits, should benefit lower income consumers and adequately incentivise the shift to renewable options for heating.

STEP's advocacy work scored notable successes in a number of STEP partner countries¹⁹. These include:

- The establishment of a new energy efficiency programme in Slovakia
- Participation in advisory panels to define energy poverty for the first time in Poland and Bulgaria
- Creation of energy and housing one-stop advice shops in many municipalities in Portugal
- Publication of the Lithuanian STEP partner's advice line on all energy bills
- New joint advice project for older people with municipalities in the Czech republic.

The UK partners played an important role in informing STEP's advocacy work with respect to drawing on the substantial legacy of energy poverty policy, both positive and negative, in the UK. The next chapter gives details of STEP's energy advice and advocacy work in the UK.

¹⁹ See 'STEP on the ground: national stories and policy recommendations' at www.stepenergy.eu/en/results/

3. STEP IN THE UK

STEP was delivered by a partnership of three local Citizens Advice (Reading, Manchester and Coventry) with support from a worker based initially at national Citizens Advice and later at Energy Systems Catapult. The latter was responsible for leading the partnership's advocacy and communications. The three local Citizens Advice have long experience of delivering energy advice, training front line workers, running consumer workshops and carrying out community outreach work with low income consumers. Given Citizens Advice Reading's (CAR) track record, the STEP consortium decided that CAR should lead STEP's central energy advice work package.

STEP's energy advice work in the UK

As with all STEP partners, the pandemic led to considerable delays in delivering energy advice to energy poor consumers in Reading, Manchester and Coventry. People were not allowed to meet in groups or mixed households for large parts of the past 2 years. Even when allowed to do so, many continued to be worried for their health and were not comfortable in large groups. Citizens Advice Coventry (CAC) was further hampered by its key adviser leaving just as advice delivery had re-started. CAC was not able to recruit a replacement adviser willing to work on a 9 month contract (since funding finished May 2022).

The UK partners developed a number of innovative initiatives to reach out to energy poor consumers in response to the pandemic. These included:

- The development of 11 short videos that give simple instructions on installing low or no cost energy efficiency measures²⁰. A number of STEP partners later adapted and translated these videos for use in their countries
- The development of a short consumer facing training course on energy efficiency, adapted from the energy efficiency training for front line workers
- Equipping local community support organisations, such as family centres and community centres, with virtual meeting hardware to enable them to book appointments and connect with advisers. STEP thus reached people who were hesitant about accessing advice due to the lack of face-to-face options.
- Livestreaming energy advice through social media channels.

STEP was also able to influence energy advice provision throughout the Citizens Advice network of 265 local advice centres. For example, its training resources were adapted for use in the new on-line energy advice training programme Citizens Advice developed for its 15,000 advisers. All advisers are now expected to have a basic knowledge of energy issues and give advice on such issues. All local Citizens Advice offices that receive Energy Advice programme funding (which incorporates the Big Energy Saving Network programme) are now required to use advisers that have gone through the full six module on-line energy advice course. STEP's energy efficiency videos are now incorporated within the on-line training programme and are widely disseminated to consumers seeking advice. In these ways, STEP was able to replicate its experiences and resources throughout the national Citizens Advice network.

In addition to advice on behavioural measures, low cost energy efficiency measures, grants for high cost energy efficiency measures and energy-related benefits (Warm Home Discount, Cold Weather Payments etc), the three local Citizens Advice distributed fuel vouchers for people on prepayment meters. Funding for voucher schemes expanded substantially during the pandemic, with provision likely to stay high in the future. The local Citizens Advice also frequently referred STEP clients to specialist advisers within local offices or the national office for advice on other matters, such as debt, benefits, housing, as well as referrals to food banks.

²⁰ See: <https://www.youtube.com/channel/UCQAKEKxRjZypDS2d7UWE1BQ>

This was in line with the Citizens Advice ‘advice model’, which endeavours to provide holistic advice on all the main issues its clients face.

STEP’s energy advice impact in the UK

The following summarises the impact of STEP’s energy advice in the UK:

- **3229 consumers received energy saving advice** (direct and indirect), against a target of 4530. The shortfall was largely due to Citizens Advice Coventry not being able to recruit a replacement adviser
- Average savings of 1,960 kWh pa, which corresponds to bill savings of €127 pa
- Total energy savings of 6.3 GWh
- Total greenhouse gas emission savings of 954 tCO₂eq
- 76% of consumers lived in energy poverty (using the STEP measures rather than the official English definition); this suggests STEP UK was effective in reaching its target audience
- STEP advice removed an estimated 5-8% of energy poor households from energy poverty

As with the findings for the whole STEP partnership, the above shows that energy advice is likely to have led to improved comfort in the home (established through qualitative feedback from clients and advisers) and reduced energy bills. However, it is not sufficient on its own to take energy poor households out of energy poverty. This is not surprising, given STEP’s focus on no and low cost energy saving measures, notwithstanding concurrent advice on Warm Home Discount, switching suppliers (although this tailed off in the latter period of the project) and higher cost energy efficiency measures.

Essentially, this illustrates the lack of support programmes of sufficient scale to reach all energy poor households in Reading, Manchester and Coventry. It also suggests that programmes lack sufficient depth, e.g. by providing deep retrofit measures, to make a significant impact on energy affordability for beneficiaries. STEP attempted to address these issues through its advocacy work – work that was informed by STEP’s experience of providing advice to consumers in or at risk of energy poverty.

STEP’s advocacy work in the UK

Partnership work

STEP was a core member of the End Fuel Poverty Coalition (EFPC)²¹ and carried out most of its advocacy work through the EFPC. The Coalition now consists of over 60 local and national poverty & environmental NGOs, consumer groups, local authorities, tenants’ groups and employs a part time coordinator. Benefits of the partnership approach included:

1. Politicians, civil servants and the media were more likely to take notice due to the range of different interests represented in the Coalition.
2. Discussion and debate within the Coalition helped shape and focus its key asks for policy change.
3. Senior representatives from government, health, academia and municipalities were willing to meet and give presentations to EFPC meetings and valued its diverse membership.
4. The government found it a useful forum to receive feedback on consultations to new proposals.
5. The press and media frequently contacted the EFPC for comment on anything that affected energy poor consumers, such as government or regulator policies/decisions. STEP often provided quotes for EFPC press releases.

STEP and the EFPC coordinator later took part in the gas price crisis campaign, coordinated by the E3G think tank, which involved representatives from renewable, energy efficiency and economic reform organisations, as well as poverty/fuel poverty²². This started in December 2021 with the aim of agreeing key calls on the UK

²¹ See: www.endfuelpoverty.org.uk

²² See: www.theguardian.com/money/2022/jan/14/fund-home-insulation-and-heat-pumps-for-people-on-low-incomes-pm-urged

government to address the rapid rise in gas prices. Asks included major investment in energy efficiency, particularly for the energy poor; increased deployment of renewable generation and provision of immediate bill support for low-income consumers.

Health and energy poverty

STEP was a core member of the Housing and Health working group, coordinated by the Department for Business, Energy and Industrial Strategy (BEIS, the UK government department responsible for energy) and the main energy poverty charity in England, National Energy Action (NEA)²³. The working group encourages best practice in tackling ill health associated with cold homes and energy poverty. It enables regular dialogue between government departments responsible for health, energy, housing and local government; the National Health Service (NHS); public health representatives; NGOs concerned with energy poverty and academics/think tanks with health inequality expertise. STEP highlighted important health and energy poverty initiatives at the working group, such as the H2020 funded WELLBASED project (STEP is on the project's advisory board) and Energy Systems Catapult's Warmth on Prescription project in Gloucestershire (in which the NHS pays the winter fuel bills of low income households with cold-related health conditions).

Making the case for action on energy poverty at key events

STEP, working with the EFPC, took every opportunity to use key political events to make the case for more action on energy poverty, e.g., national & local elections, forthcoming budget statements, draft energy, welfare & housing legislation. All candidates in the run-up to elections were contacted with a request to sign the EFPC energy poverty pledge, with over 300 candidates signing the pledge. A model resolution on energy poverty was also circulated to municipalities in which municipalities committed to use all their powers to tackle energy poverty. About 10 municipalities have adopted the resolution, to date.

Challenges

STEP and the EFPC faced a number of challenges in making the case for policy change. These included:

- **Well established energy poverty policies:** the UK government has a long history of poverty policy, with long established programmes in place. Unlike some STEP partners, STEP and its EFPC allies found it difficult to make any 'quick wins' in terms of changing policy.
- **The Energy Company Obligation (ECO),** delivered by the large energy companies, is the main fuel poverty programme in the Britain²⁴. However, it tends to encourage companies to target the 'low hanging fruit' (consumers requiring measures that are the easiest and cheapest to install), rather than consumers with the worst problems. It also often requires consumers to contribute to costs, which excludes many on the lowest incomes.
- **Until recently, England lacked publicly funded energy efficiency programmes for low income consumers.** This was in contrast to the devolved administrations who have delivered publicly funded programmes to low-income households for many years.
- **Patchwork delivery of energy poverty programmes** – the UK government now provides public funding for energy efficiency measures primarily through municipalities, e.g. the Local Authority Delivery (LAD) scheme²⁵. While there are many benefits to local delivery, many municipalities do not participate meaning low-income consumers in those areas miss out. In contrast, the Scottish government funds a national demand-led energy efficiency programme for low-income consumers which complements parallel local delivered schemes²⁶.
- **Reluctance to accept the economic benefits of energy efficiency programmes** – macro-economic studies have shown that a major energy efficiency programme would be highly cost effective in

²³ See: www.nea.org.uk/researchpolicy/our-health-our-homes/

²⁴ See: www.ofgem.gov.uk/environmental-and-social-schemes/energy-company-obligation-eco

²⁵ See: www.gov.uk/government/publications/green-homes-grant-local-authority-delivery-scheme-phase-2-funding-allocated-to-local-net-zero-hubs

²⁶ See: www.gov.scot/policies/home-energy-and-fuel-poverty/energy-saving-home-improvements/

comparison with similarly sized infrastructure projects²⁷. Yet the UK government has been reluctant to accept the case for energy efficiency and provide similar levels of finance to such projects. The poor performance of short lived schemes such as the Green Home Grants programme²⁸, set up to help stimulate the economy following the first wave of the pandemic, may contribute to Treasury hesitancy (note: the LAD element of the programme has continued).

- **Enforcement of regulations is essential if they are to be effective** - the minimum energy efficiency standard (MEES) regulations currently require private landlords to improve homes they let to a minimum EPC E standard with this potentially rising to EPC C by 2028²⁹. Municipalities are responsible for enforcing the regulations but the degree to which they do this varies considerably. Scotland and Wales have put in place national landlord register so that municipalities know where private rented properties are and who owns them. This aids enforcement considerably.
- **Low income and vulnerable consumers risk losing out in developing smart energy systems** unless mitigatory action is taken. Risks include unaffordable smart products and services, few benefits for such consumers, greater risks if products or services fail to work as expected and lack of data access reduces the likelihood of low income consumers benefiting from smart products and services³⁰.

Successes

New publicly funded grant programmes for energy poor consumers - England now has several publicly funded energy efficiency programmes: the LAD programme described above, the Home Upgrade Scheme (HUG) for off-gas areas (delivered by local authorities)³¹ and the social housing decarbonisation programme³². Advocacy by fuel poverty organisations played an important role in persuading the UK government to establish these programmes (although still insufficient for meeting fuel poverty and net zero targets).

Retention and expansion of ECO programme – as described above, ECO does have difficulties; however, while it remains the main programme for supporting energy poor consumers it is important it is retained and efforts made to improve its delivery. In early 2022, there was a risk that ECO was going to be reduced or potentially even scrapped. This was seen as a potential option for reducing consumers' energy bills in response to the gas price crisis (since ECO is funded through a levy on energy bills). STEP took part in a substantial coalition of civil society organisations to make the case against such a move³³. The coalition argued that it would be counterproductive to cut a programme that enabled long term reductions in energy consumption through the installation of energy efficiency measures. The campaign was successful and ECO is now to be expanded, as promised in 2021³⁴.

Improved immediate support for energy poor consumers – STEP alongside many poverty and environmental organisations called for the UK government to provide immediate help for low income consumers to address the dramatic rise in energy prices (54% in April 2022 with a further 33% rise due to take place in October). The UK government announced a major £15bn support package on 26 May 22. This includes a one-off payment of £650 to the 8 million recipients of means tested benefits, a further £350 one-off payment to low income pensioners and disabled people and a £400 one-off energy bill discount to all households³⁵.

²⁷ Frontier Economics, 2017. Affordable warmth, clean growth. The energy efficiency infrastructure group.

²⁸ See for example, National Audit Office, 2021. Green Homes Grant Voucher Scheme.

²⁹ See: <https://www.gov.uk/government/consultations/improving-the-energy-performance-of-privately-rented-homes>

³⁰ ESC, 2021. How can innovation deliver a smart energy system that works for low income and vulnerable consumers?

³¹ BEIS, 2021a. Sustainable warmth competition – successful local authorities

³² See: www.gov.uk/government/publications/social-housing-decarbonisation-fund-wave-1-successful-bids

³³ See: www.theguardian.com/money/2022/jan/14/fund-home-insulation-and-heat-pumps-for-people-on-low-incomes-pm-urged

³⁴ HM Government, 2021a. Sustainable Warmth. Protecting vulnerable households in England.

³⁵ See: www.gov.uk/government/news/millions-of-most-vulnerable-households-will-receive-1200-of-help-with-cost-of-living

4. THE FUTURE OF ENERGY ADVICE IN UK

Lessons from STEP

Energy advice plays an important role in helping consumers cope with rising energy prices and the general cost of living crisis, albeit within the constraints of existing support structures. However, there are major challenges facing advice providers which urgently need addressing. The experiences of the three local Citizens Advice taking part in STEP illustrate in microcosm the challenges that face energy advice providers in the UK, particularly England.

Most STEP partners outside the UK expressed confidence that they would be able to continue and expand energy advice provision after EU funding finished. The three local Citizens Advice were less certain. They referred to the constant process of stitching together funding from different sources, with different timescales and different objectives to maintain their energy advice services. Considerable time is spent on preparing bids to different funders with no certainty that bids are successful. Each funder requires regular reports with different metrics for monitoring progress. While accountability for funding is important, the duplication of effort is notable.

The short term nature of funding leads to difficulties in planning services and retaining skilled staff. The experience of Citizens Advice Coventry illustrates the latter issue. The office had to suspend energy advice provision under STEP because a key adviser left nine months before STEP funding finished. This took place just as energy advice delivery was starting to take off following prior lockdown restrictions. The office was not able to recruit a replacement adviser given the short timescale and lack of alternative funding to guarantee a longer term post.

Improving energy advice

A recent Citizens Advice report highlights some of the shortcomings of current energy advice provision with respect to supporting consumers participate in rapidly changing energy markets and the net zero transition³⁶. The report refers to a complex web of funding streams with overlapping aims, different time scales and different levels of access. It criticises the lack of inadequate referral systems between organisations, the lack of open access or shared advice tools and the absence of standardised data sets. The report goes on to call on the UK government to develop a comprehensive energy advice strategy which it sees as key to helping the country meet its net zero targets. The strategy should aim to ensure:

1. consumers have access to comprehensive support that is independent and impartial and delivered through a variety of channels (digital, telephone or face to face); community outreach is essential for reaching groups currently under-served;
2. value for money is secured by rationalising current funding sources so that funding is stable and long term to allow advice agencies to invest in services and retain skilled advisers;
3. investment in strong referral mechanisms between specialist advice providers and in new tools to provide advice on complex products and services, such as smart and flexibility services;
4. investment in good data collection about consumer issues, the impact of advice on such issues and in new initiatives, such as those proposed by the Energy Digitalisation Taskforce³⁷.

With respect to energy efficiency advice in particular, Maby highlights the current differences between provision in the four UK nations³⁸. In England, national provision is limited to an interactive website, Simple

³⁶ Citizens Advice, 2022. Tackling gaps and overlaps: addressing the energy advice challenge.

³⁷ Energy Systems Catapult, 2021. Delivering a digitalised energy system.

³⁸ Maby, C, 2020. Energising advice. MCS.

Energy Advice³⁹. Maby considers this inadequate in detail to address low carbon retrofit and insufficiently integrated to the next level of support homeowners need to go from interest to taking action. While specialist energy efficiency advice centres exist in some parts of the country serving their local area, many people only have access to the national Simple Energy Advice website.

Maby contrasts provision in England with the Scottish Government funded Home Energy Scotland programme, which is managed by the Energy Saving Trust and delivered through five regional hubs⁴⁰. Energy advice is integrated with the Scottish Government's energy efficiency programmes, the bulk of which target energy poor consumers. There is also specific provision for home energy advice visits for particularly vulnerable consumers⁴¹. Maby advocates a framework for local or regional one-stop shop advice hubs, whole-house renovation plans, the establishment of a single repository for plans, EPCs and records of works carried out and the development of a new energy advice qualification and advice standard⁴².

Smart energy systems

Energy Systems Catapult (ESC) has published a number of reports that focus on making smart energy systems work for low income and vulnerable (LIV) consumers⁴³. It has identified 6 risks that could emerge as a smart energy market develops:

1. LIV consumers may not be able to afford to purchase smart products and services
2. LIV consumers may not benefit from smart products and services
3. LIV consumers face greater risks if the product or service fails to work as expected
4. Lack of data access reduces how much LIV consumers benefit
5. Unequal distribution of system costs
6. LIV consumers experience problems that may impede the emergence of a smart energy market.

ESC considers innovation has the potential to enable LIV consumers to fully participate in future smart energy markets. To do this energy innovation projects should adopt best practice processes: working with LIV consumers to understand the problem (discovery), co-creating solutions with them (alpha) and trialling at increasing scale (beta) before going live. ESC also recommends building a comprehensive evidence base to discover what LIV consumers need from energy and the problems they may face to help focus smart energy innovation that meets their needs. It proposes particular efforts are made to enable tenants and people with energy-related health conditions to access smart products and services, alongside the development of affordable payment options⁴⁴.

Energy advice and complementary programmes

STEP demonstrated the benefits of good energy advice. However, it also highlighted the need for complementary programmes to run alongside advice. In brief, energy advice can only direct consumers to existing support structures. More far-reaching programmes are needed if consumers are to enjoy affordable energy and fully take part in the net zero transition. Furthermore, net zero targets will be seriously undermined if programmes fail to address the needs of consumers on low incomes and in vulnerable circumstances. In broad terms, complementary programmes are needed to ensure:

- there is authoritative consumer engagement and information about net zero and where to go for help

³⁹ See: www.simpleenergyadvice.org.uk/

⁴⁰ See: <https://www.homeenergyscotland.org/>

⁴¹ Cook, C, 2019. Energycarer support in Scotland. Energy Saving Trust

⁴² Maby, C, 2020. Energising advice. MCS.

⁴³ See: <https://es.catapult.org.uk/what-we-do/supporting-innovators/consumer-insight-and-proposition-design/fair-futures/>

⁴⁴ ESC, 2021. How can innovation deliver a smart energy system that works for low income and vulnerable consumers?

- new consumer protections and redress are instigated, particularly for those on low incomes and in vulnerable circumstances, to give consumers the confidence to participate in emerging markets and home retrofit
- home and heating improvement support programmes are of sufficient depth and scale to meet fuel poverty and net zero targets; these must provide free measures to low income consumers
- regulations are in place to require the improvement of homes in all tenures to high performance standards
- smart and flexibility services work for low income and vulnerable consumers as well as those with more resources
- there is improved access to digital and data resources, given their key role in developing energy services, plus alternative ‘analogue’ provision wherever feasible

Energy advice and net zero

ESC’s work highlights the role energy advice can play in supporting consumers on low incomes and in vulnerable circumstances participate in emerging smart energy markets, as well as the need for new consumer protection measures. Consumers will need to understand what they are buying and the level of service provided as new bundled and data-rich energy products and services emerge, how their data is shared, how to compare new offers and what redress is available if something goes wrong⁴⁵. ESC has highlighted the danger of new vulnerabilities emerging with the development of new energy systems unless proactive policies are put in place to address these. Energy advisers will need to keep abreast of the new consumer protection mechanisms that are required if consumers are to fully participate in smart markets.

Energy advisers will also need to advise and support consumers undertake major and potentially disruptive changes to their homes entailed by the decarbonisation of heat and installation of extensive insulation measures. The government has set a target of improving all homes, where practical, to an EPC C standard by 2035⁴⁶. For fuel poor households, the UK government has set a target of 2030 for England⁴⁷. The installation of heat pumps and solid wall insulation is central to these target (only 9% of the 8m solid wall homes in Britain are insulated⁴⁸). Yet both technologies are expensive, disruptive and require substantial change to consumers’ use of heating. The government aims to install 600,000 heat pumps per year in domestic properties by 2028⁴⁹ and already only allows non-fossil fuel heating in LAD and HUG schemes, both of which target low income consumers⁵⁰.

Most consumers, including consumers on low incomes and in vulnerable circumstances, support the country’s net zero targets⁵¹. Most recognise this entails substantial changes to their homes and lifestyles. However, they want to see the government lead and support them make the transition. They want to be sure that energy efficiency installations are carried out to a high standard, regardless of whether installations are self-funded or funded by grants. They want to be sure that emerging smart energy markets work for everybody and nobody is left behind because of low income or vulnerability.

It is essential that consumers have access to independent, quality and impartial energy advice, delivered through a variety of channels and integrated with advice on other issues if we are to meet our net zero goals.

⁴⁵ ESC, 2018. Smarter protection. Potential risks for consumers in a smart energy future. Commissioned by Citizens Advice

⁴⁶ HM Government, 2021b. Heat and building strategy

⁴⁷ HM Government, 2015. Cutting the cost of keeping warm

⁴⁸ BEIS, 2021b. Household Energy Efficiency detailed release: Great Britain Data to December 2020

⁴⁹ HM Government, 2021b. Heat and building strategy

⁵⁰ BEIS, 2021a. Sustainable warmth competition – successful local authorities

⁵¹ Energy Saving Trust, 2021. Energy and sustainability report. Research into consumer opinions on net zero and Ramsden, 2020, *ibid*

Next steps

STEP identified the challenges facing energy advice and energy poverty policy development in the UK. However, these challenges also present opportunities for carrying out work that can potentially support energy poor consumers in smart energy systems and decarbonised homes. Projects could:

- explore with energy poor consumers the concerns they have with digital/smart energy systems and decarbonised homes
- survey the experiences of beneficiaries and non-beneficiaries of energy poverty programmes, such as ECO, and explore with consumers potential improvements to programmes
- examine the role of energy advice in supporting energy poor consumers participate in digital/smart energy systems and benefit from decarbonised homes
- trial new ways of providing advice to understand how it might best support emerging smart energy markets and energy poverty policies
- develop similar cross-country partnerships to STEP to explore best practice and common experiences with delivering energy advice, developing policies for tackling energy poverty and ensuring inclusive smart energy systems

Further information

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