



National Energy Action (NEA) response to Review of the Fuel Poverty Strategy – Summary

About National Energy Action

National Energy Actionⁱ works across England, Wales, and Northern Ireland to ensure that everyone in the UKⁱⁱ can afford to live in a warm, safe home. To achieve this, we aim to improve access to energy and debt advice, provide training, support energy efficiency policies, local projects and co-ordinate other related services which can help change lives.

National Energy Action has strived to support the delivery of the current Fuel Poverty Strategy including through:

Improving the energy efficiency standards of fuel poor homesⁱⁱⁱ. We worked directly with households in Fishwick that have experienced failed insulation, replacing badly installed insulation in a way that leads to warmer, healthier homes. Additionally, setting up community retrofit hubs in some of the most disadvantaged areas in England to provide advice and support for households to retrofit their homes.

Working together to help the fuel poor through partnership and learning^{iv}. By working with a diverse range of private and public sector organisations (including our current Business Supporters Group – see full membership in Annex 2) we have been able to deliver positive outcomes for fuel poor households. Partners have included energy suppliers, energy networks, energy efficiency installers, health bodies, and a wide range of third sector organisations and national/local governments. We also bring together a large and diverse range of stakeholders every year for the biggest annual fuel poverty conference in the UK.

Increasing effective targeting of fuel poor households^v. We worked with marginalised communities within our partnership with National Grid, and our 'Plugged in' project which explored the lived experience of Gypsy, Traveller, Roma and Nomadic Communities living in or at risk of fuel poverty through the height of the energy crisis in 2022-23.

Integrating fuel poverty schemes with the health sector to address public health issues at source^{vi} through our health-focused 'Warm Homes, Healthy Futures' programme that has been funded by the gas networks' Vulnerability and Carbon Monoxide allowance, and focuses on embedding energy advice and support into health sector settings.

Improving the reach of support to certain low-income households^{vii}. Through our continued delivery of fuel poverty advice schemes, we helped more than 13,000 people with their energy bills in 2023-24.

Tackling the financial burden of energy bills for those on low-incomes^{viii}. Through our income maximisation services, including benefit entitlement checks, we helped secure over £4m of unclaimed benefits for low-income households in the 2023-24 alone.

Ensuring the fuel poor are able to get maximum benefit from a fair and functioning energy market through our advocacy work supporting Ofgem to design markets that work for low-income and vulnerable households, for example by eliminating the prepayment premium in 2023.

Enhancing and improving understanding of fuel poverty^{ix} through our research, including our research reports, project evaluations and annual Fuel Poverty Monitors. In 2024-25 our media work generated more than 5,000 opportunities to see or hear about fuel poverty in the press, helping raise awareness of the issue and engage new audiences.

Background to this response

The Warm Homes and Energy Conservation Act 2000^x sets the primary legislative basis for action to end fuel poverty. The Act also describes what is meant by the term “living in fuel poverty”. In 2003, the first UK-wide Fuel Poverty Strategy Annual Progress Report stated that “the goal of the UK Government and the Devolved Administrations is to seek an end to the problem of fuel poverty. In particular, we will seek an end to the blight of fuel poverty for vulnerable households by 2010”. Since then, however, energy prices have soared, national definitions of fuel poverty have changed, there has been a large reduction in support offered by local authorities and national energy efficiency programmes, key powers have been devolved, and regrettably, the original goal to end fuel poverty across the UK (or within the nations) has not been met^{xi}. National Energy Action estimates that more than 6 million households experience fuel poverty across the UK.

Following the findings of the Independent Review of Fuel Poverty in England^{xii} led by Professor John Hills and the Fuel Poverty Strategy 2015 for England^{xiii}, the UK Government introduced a statutory target to get all fuel poor households in England to Energy Performance Certificate (EPC) Band C by 2030, alongside near-term milestones^{xiv}. This was a significant development that National Energy Action welcomed, especially the greater focus on addressing energy inefficiency as the key driver for fuel poverty levels and the commitment to focus resources on “the worst first”. The Government also adopted Professor Hills’ existing relative Low Income High Costs (LIHC) indicator for fuel poverty which reduced the number of fuel poor homes and made the measurement of fuel poverty more complex.

In 2021, a new fuel poverty strategy was introduced^{xv}, focusing on four key principles: worst-first, cost effectiveness, vulnerability and sustainability. This was accompanied by a new measurement for fuel poverty – Low Income Low Energy Efficiency (LILEE), which is better aligned with the fuel poverty target.

National Energy Action continues to believe that dramatically improving domestic energy efficiency levels remains the most enduring solution to ending the cost and needless suffering of those in fuel poverty. We also support other key actions to safeguard vulnerable domestic customers, particularly those living on the lowest incomes.

Summary of our response

Our response to this consultation is based around three key themes:

- The updated strategy should be more ambitious than the one that preceded it, retaining the fuel poverty target.
- A worst-first approach should be maintained, focusing on the experience of fuel poverty, not just the adequacy of housing.
- The Fuel Poverty Strategy and Warm Homes Plan must provide a 'warmth first' approach to addressing fuel poverty.

Each of these is summarised below, before an expansion of our ideas in the answers to the questions posed in the consultation.

The updated strategy should be more ambitious than the one that preceded it, retaining the fuel poverty target

The current Fuel Poverty Strategy, published in 2021^{xvi}, set out a plan to reach the fuel poverty target, including:

- Investing £2.5 billion over the last parliament in local authority grants to improve fuel poor homes.
- Expanding the Energy Company Obligation (ECO), a requirement for domestic energy suppliers to install heating, insulation or other energy efficiency measures in the homes of people who are low-income and vulnerable or fuel poor, so that it totals £1bn/year in spending.
- Investing in energy efficiency of households through the £2 billion Green Homes Grant, including up to £10,000 per low-income household to install energy efficient and low carbon heating measures in their homes.
- Extending the Warm Home Discount, so that more households get more money (an increase of £10 in the discount, reaching a further 800,000 households).
- Driving over £10 billion of investment in energy efficiency through regulatory obligations in the private rented sector.
- Leading the way in improved energy efficiency standards through the Future Homes Standard, and the Decent Homes Standard.

While some of these commitments did not reach fruition, the level of stated ambition was clear. Total spend of approximately £2bn/year on upgrading fuel poor homes was realised.

Since the last strategy was published, fuel poverty has worsened. The Covid-19 pandemic placed a strain on the incomes of millions of households across the country.^{xvii} And the Russian invasion of Ukraine has led to drastically increased energy prices that mean energy is not unaffordable for millions^{xviii}. In that same period, sufficient progress has not been made to improve the homes of low-income households, with virtually no reduction in the number of households captured by the LILEE metric. Given the worsening situation, there is a need to

accelerate efforts to address fuel poverty – this new strategy must go further than the 2021 strategy.

With significant challenges associated with meeting this task, achieving the statutory fuel poverty target is becoming harder. However, National Energy Action does not believe that this justifies changing or moving the target to make it easier to meet. There are four key reasons to retain the target:

1. Targets represent important market signals. In this case, the target shows organisations that the UK Government is committed to improving the energy efficiency of low-income households as a priority. Dampening the target could have a destructive impact on confidence in UK Government policy in this area for those delivering support for fuel poor households.
2. The target represents putting fuel poor households as early net beneficiaries of decarbonisation, importantly coming before the 'soft' target for all households to reach EPC by 2035. This is important as it ensures that those who are least well off are more likely to benefit from net zero.
3. A 2030 target is currently within the reach of this parliament, and therefore relatively unconstrained by the politics of the electoral cycle. This gives the current government more agency to make decisions that will have a material impact on meeting the target.
4. Moving the target could have material implications for the confidence in other legal targets. For example, if the UK Government was to water down, or delay the fuel poverty target because it had become too hard to meet, there could be consequences around the expectations around government decisions on the 2050 net zero target, creating a precedent that future governments may take up if our decarbonisation aims become less likely to be achieved.

While the ambition of the target should not be changed, National Energy Action appreciates that the target may need to reflect the new technicalities that sit behind EPCs once they are reformed. It is difficult to offer a firm view on this now, as work to improve EPCs has not yet been completed. However, National Energy Action would welcome a consultation process if the government wishes to keep the target up to date with the EPC measure.

National Energy Action strongly believes that the target should be retained. It is, however, challenging to meet. Therefore, prioritisation is vital, and National Energy Action supports using the worst-first principle to aid the government in ensuring that the right households receive support.

A worst-first approach should be maintained, focusing on the experiences of fuel poverty, not just the adequacy of housing

The challenge of addressing fuel poverty is significant but brings an incredible opportunity to bring together the drive towards net zero and the wider benefits of warm homes to households experiencing deep fuel poverty. Ensuring those living in the worst fuel poverty are

early beneficiaries of the transition to net zero should be seen as a litmus test for a fair and affordable transition.

One method of determining those living in the worst fuel poverty is to singularly consider the EPC of homes. However, National Energy Action contests that this is one-dimensional and insufficient in describing the households that suffer the worst fuel poverty and therefore who should be helped as a priority. Through interrogating the annually published fuel poverty statistics, as well as using our own experiences of helping households, National Energy Action believes that households with the following vulnerabilities should be considered priorities for action, especially where households experience multiple vulnerabilities:

- **Low-income and financially vulnerable households** are the least able to afford high prices and more likely to ration their energy use.
- **Disabled/has a medical condition.** Disabled households often need greater levels of warmth to manage their health condition, and spend more of their time at home, leading to higher energy need (and therefore costs). Many also have higher energy demand as a result of being dependent on powered medical equipment at home.
- **Carers** are often in financially difficult situations due to their reduced earning potential and diminished opportunities for higher level learning and training.
- **Low energy efficiency homes** have much higher energy demands, leaving occupants more exposed to high energy prices. This often overlaps with households who also live on the lowest incomes.
- **Off-gas homes.** Homes heated electrically by technologies other than heat pumps often have higher energy costs because the unit price of electricity is so much higher than gas. Those that use neither gas nor electricity for heating are particularly exposed – their heating fuels are not regulated.
- **Renters.** Private renters live in some of the least efficient homes with very little agency to make improvements to their own homes, while facing relatively high housing costs. Social renters also lack agency to make improvements and, while their housing is often better quality, their incomes are often significantly lower than the average, resulting in severe experiences of the impacts of fuel poverty.
- **Young households,** where the oldest occupant is younger than 25, face a significantly higher fuel poverty gap compared to other groups (£521). This is coupled with often relatively low incomes due to lack of experience built up in the labour market.
- **Households with prepayment meters** do not have the greatest fuel poverty gap but lack access to credit to help them pay for energy bills and therefore face the severe consequence of self-disconnection when they cannot afford to top up. This is coupled with a much lower than average income, and a higher propensity to have several of the other vulnerabilities outlined here.
- **Single parent households** face significant additional costs by virtue of needing to spend on children, and lower than average household incomes because of the need to balance work and childcare carefully. While their fuel poverty gap is below average, they often face some of the worst consequences of fuel poverty.

The Fuel Poverty Strategy and Warm Homes Plan must provide a 'warmth first' approach to addressing fuel poverty

At the heart of the Fuel Poverty Strategy and the Warm Homes Plan there must be an intention to ensure that the transition to net zero is a fair and affordable for low-income and vulnerable households. This means that as part of these strategies and programmes, there should be attempts made to decarbonise fuel poor homes as a priority. National Energy Action strongly supports this notion, but it must be done using a 'warmth first' approach. If actions to decarbonise fuel poor households results in colder homes, both the Fuel Poverty Strategy and the Warm Homes Plan will be considered a failure.

National Energy Action has been drawn to this approach as a result of our significant experience working towards decarbonising fuel poor homes. Our Technical Innovation Fund included 44 projects involving 19 types of technology with a total budget of £6.74m^{xix}: providing advice to households in the Newcastle City Council trial of the government's Electrification of Heat programme; our 2020-21 Fuel Poverty Monitor^{xx}, which assessed the barriers to fuel poor households accessing clean heat; and our practical guide on making heat pumps work for fuel poor households^{xxi}. Most recently, we have begun to work with Salford University^{xxii} to understand the costs of running heat pumps in homes with poor energy efficiency, and where households are likely to need to ration their energy.

A 'warmth first' approach is one that aims to decarbonise homes to achieve better outcomes for occupants, not merely as a carbon accounting exercise that is undertaken to meet upcoming carbon budgets. It is crucial for the millions of people who currently live in cold homes. Simply swapping heating systems driven by fossil fuels for clean heat will not suffice. Enabling measures, such as energy efficiency, market reform, and energy bill support will also be needed in order to achieve warmth in fuel poor homes.

A straight swap from a boiler to a heat pump can cause difficulties for households experiencing the worst fuel poverty:

- For those with certain health conditions, who need to keep their home at a higher temperature, achieving this with a heat pump is often significantly more costly than using a gas boiler.
- For households with facing specific difficulties, such as dementia or mental health issues, where the behaviour change required to get positive results from a heat pump is simply unachievable.
- Prepayment meter users who regularly self-disconnect may find that operating a heat pump efficiently is difficult, since to achieve the lowest costs, low temperature heat pump needs to be running most of the time.
- Those on the lowest incomes who rely on rationing heating as a coping mechanism for unaffordable bills may not be able to achieve this through a heat pump. It is possible to achieve short bursts of heat for an hour a day with a gas boiler, but this outcome cannot be achieved so easily with a heat pump.

Additionally, our work^{xxiii} has found several other barriers to uptake of heat pumps, including:

- Significant 'hidden' costs, unaffordable for fuel poor households, associated with home upgrades, such as rewiring or upgrading their electricity network connection to use electric forms of heating.
- Fuel poor homes in arrears cannot switch their energy supplier to a tariff which may be more suitable for different low carbon heating technologies.
- Low-income households face financial difficulty paying off large debts on bills, which often need to be paid before gas connections can be capped if the household is no longer using gas as heating or cooking fuel.
- There is a lack of awareness of which technologies are suitable to which homes, and while energy advice in general is relatively well advanced, there is a gap in advice specifically to help households decarbonise their homes.
- There is little central funding for energy advice, let alone advice specifically relating to decarbonising homes. Where this advice exists, it is often digital only or restricted to local areas, creating postcode lotteries of provision.
- There is a lack of consumer protection for energy efficiency and low carbon heating technologies, meaning a poor consumer journey and a lack of redress if things go wrong.

These issues are not insurmountable. To make heat pumps more affordable to run, either their operating costs must be lowered, or the demand needed to keep the house warm must be decreased.

Investing in fabric is a proven way to reduce required demand in fuel poor households and to enable safe installation of heat pumps that can achieve positive results for the householder. The transition to net zero requires energy conservation to be at its heart. Electrification of heating and hot water will inevitably require significant investment in additional generation and distribution, so reducing end consumption will lower the cost of the transition. This is where net zero fundamentally aligns with the Fuel Poverty Strategy, since reducing the amount of heating and hot water required to keep homes warm (through insulation and efficiency improvements) will also improve affordability for householders.

To enable heat pumps to run affordably in fuel poor homes, the process outlined in PAS 2035: 2023 (section 5.5) should be followed^{xxiv}, with the aim to always implement "low hanging fruit" measures that are low cost and easy to install, and to improve the building fabric by means of insulation and airtightness measures. On this basis, funding to retrofit the homes of low-income households should look to ensure these measures are installed before heating systems are optimised for carbon.

As the move towards replacing gas boilers with heat pumps intensifies, the imperative for the UK Government to address the 'spark gap' between gas and electricity retail prices will grow. Market reform will be needed to ensure that heat pumps are affordable for fuel poor households to run. But this must be combined with wider energy bill reform and policies to ensure those in most need are not unfairly penalised.

A warmth first approach would need to allow the use of gas boilers for some household types. The circumstances where fossil fuelled heaters can be installed could include:

- Where the installation of low carbon heating is not practical or cost-effective in the property with current technologies.
- Where vulnerable households may face significant challenges with unfamiliar heating systems or, as a result of their coping mechanisms (e.g. heat rationing, self-disconnection), may make such systems uneconomic or ineffective to use.
- Where decisions on future heat networks in the local area make it prudent to avoid the upgrade cost for a low carbon heating system in the immediate term.

For many fuel poor households, financial support will be needed in order to reduce rationing and allow the most efficient running of their heating system. This will be especially true in circumstances where energy efficiency improvements are not possible, and before market reform can take place to reduce the costs of running a heat pump.

A Warm Homes Plan that seeks to meet carbon budgets through fuel switching would create a significant risk that efforts to reach net zero and end fuel poverty could diverge, resulting in colder homes. This would not be an acceptable outcome and would place public consent for net zero at risk. If a warmth first approach is taken, National Energy Action will be satisfied that the Warm Homes Plan is truly seeking to make homes warmer, structurally changing the lives of millions for the better and providing a strong foundation to achieve a fair and affordable transition for net zero.

Our key recommendations

1. The 2030 fuel poverty target should be maintained. One acceptable change would be to align it with the upcoming changed EPC framework.
2. Given the 2030 target is challenging to meet, resources should be allocated in line with the worst-first principle, which should be based around the experiences of living in fuel poverty, not just the energy efficiency of buildings
3. The LILEE metric should be maintained as a measure of structural fuel poverty, complemented by a new affordability metric which should be defined in consultation with the sector and academia.
4. The Fuel Poverty Strategy and Warm Homes Plan must provide a 'warmth first' approach to addressing fuel poverty, where interventions are only made if the outcome is warmer homes. Carbon reductions should not come at the expense of warmth.
5. DESNZ should fund the repair and replacement of fossil heating in limited circumstances, where it is the best option to achieve affordable warmth.
6. DESNZ should clarify what is meant by 'reasonably practicable', but this should not include measures relating to the supply chain or targeting of support.
7. The remainder of the £13.2bn Warm Homes Plan pledge must be invested in the upcoming spending review. Careful consideration will be needed to ensure that the money pledged will support meeting England's statutory fuel poverty target (to upgrade all fuel poor homes to EPC C by 2030), while decarbonising heat and accelerating necessary progress towards net zero. The Warm Homes Plan should include:
 - a. An expansion of the existing local authority and social housing schemes.
 - b. Support for landlords to meet expected tightening of energy efficiency standards.
 - c. Reforming the Energy Company Obligation and Great British Insulation Scheme into a single Warm Homes Obligation, focused on helping fuel poor households achieve affordable warmth through decarbonising their home.
 - d. Introducing a new self-referral scheme so that fuel poor households can access support without being found.
 - e. Implementing the Future Homes Standard.
 - f. A new scheme to 'put things right' for households with failed insulation.
8. Energy bill support is in desperate need of reform to make sure that it is sufficient to:
 - a. Ensure that fuel poor households are able to afford their energy bills without dangerously rationing their heating.
 - b. Protect fuel poor households from the negative distributional effects of the decisions that the UK Government is likely to have to make in order to reach its clean power mission goal.
9. DESNZ should work with Ofgem to:
 - a. Reduce the impact of standing charges for prepayment users.
 - b. Ensure that the Ofgem 'Debt Strategy' is a success.
 - c. Ensure that the 'Consumer Vulnerability Strategy' works to improve the market for vulnerable households.
10. DESNZ should develop comprehensive criteria for identifying fuel poor households, leveraging income data and health data to go beyond those who receive means-tested benefits.
11. DESNZ should work collaboratively across UK Government departments, and across UK Government missions to ensure that fuel poverty does not become a siloed topic, which risks minimising the benefits.
12. DESNZ should commit to enhancing arrangements to scrutinise progress against this strategy, including by:
 - a. Ensuring fuel poverty statistics are more up to date.
 - b. Analysing the impacts of energy policies on fuel poverty.
 - c. Creating equivalence between meeting the fuel poverty target and meeting carbon budgets.

References and notes

- ⁱ For more information visit: www.nea.org.uk.
- ⁱⁱ National Energy Action also works alongside our sister charity Energy Action Scotland (EAS) to ensure we collectively have a UK wider reach.
- ⁱⁱⁱ [Warm and Safe Homes in Fishwick, National Energy Action, 2025](#)
- ^{iv} [Membership, National Energy Action, 2025](#)
- ^v [Plugged In Final Report, National Energy Action, 2024](#)
- ^{vi} [Warm Homes Healthy Futures, National Energy Action, 2025](#)
- ^{vii} [National Energy Action Impact Report 2023-2024, National Energy Action, 2024](#)
- ^{viii} [National Energy Action Impact Report 2023-2024, National Energy Action, 2024](#)
- ^{ix} [Policy and Research, National Energy Action, 2025](#)
- ^x [Warm Homes and Energy Conservation Act 2000, UK Government Legislation, 2020](#)
- ^{xi} [Energy Crisis Timeline, National Energy Action, 2025](#)
- ^{xii} [Getting the measure of fuel poverty, UK Department of Energy & Climate Change, 2012](#)
- ^{xiii} [Cutting the Cost of Keeping Warm – A Fuel Poverty Strategy for England, UK Department of Energy & Climate Change, 2015](#) ^v
- ^{xiv} [The Fuel Poverty \(England\) Regulations 2014, UK Government Legislation, 2014](#)
- ^{xv} [Sustainable Warmth: Protecting vulnerable households in England, UK Department for Business, Energy & Industrial Strategy, 2021](#)
- ^{xvi} [Sustainable Warmth: Protecting vulnerable households in England, UK Department for Business, Energy & Industrial Strategy, 2021](#)
- ^{xvii} [UK Fuel Poverty Monitor 2019-20, National Energy Action, 2020](#)
- ^{xviii} [UK Fuel Poverty Monitor 2022-23, National Energy Action, 2024](#)
- ^{xix} [Technical Innovation Fund Interim Report, National Energy Action, 2017](#)
- ^{xx} [UK Fuel Poverty Monitor 2020-21, National Energy Action, 2021](#)
- ^{xxi} [Making Heat Pumps Work for Fuel Poor Households, National Energy Action, 2023](#)
- ^{xxii} [New data reveals how much it really costs to keep your home at a safe temperature, National Energy Action, 2024](#)
- ^{xxiii} [UK Fuel Poverty Monitor 2020-21, National Energy Action, 2021](#)
- ^{xxiv} [Retrofitting dwellings for improved energy efficiency – Specification and guidance, DESNZ and BSI, 2023](#)

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8 April 2025

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