



The Health of the Nation

Considerations for policy design to tackle fuel poverty

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1. About this guidance

This guidance is designed for policy makers working on health, fuel poverty, energy efficiency, housing or carbon reduction issues. This includes local, regional and national government agencies and departments, as well as regulators and charities.

The guidance aims to help policy makers consider how policy can:

- Help advice, support and funding to more effectively reach people who are in need
- Make the most effective use of resources
- Support joined-up working between different public sector organisations, the voluntary sector, the energy efficiency supply chain and communities

This resource explores these aspects in more detail, covering:

- The role of local authorities
- Setting objectives
- Deciding how to target schemes and support
- Timeframes
- Resources and cost effectiveness

In each section, we briefly describe why it is important and the pitfalls of not addressing each issue. We then provide some suggested questions to consider when developing policy and make some recommendations for future policy.

This resource has been produced by SE² Ltd and Lewisham Council. It is based on the findings of a research project carried out in Autumn / Winter 2016. The research project included mapping fuel poverty schemes nationwide, surveys and interviews with fuel poverty scheme managers and surveys of organisations who make referrals into fuel poverty schemes. Further insight was gathered through engagement of stakeholders. All told, 80 organisations contributed ideas and insights which inform this guidance. The full research report can be downloaded from: www.eagacharitabletrust.org/health-nation-analysis-cost-effectiveness-success-factors-health-related-fuel-poverty-schemes/.

The questions we posed in our research, and that we want to help address in this guidance, are:

- What types of fuel poverty referral schemes are being delivered in a time of shrinking or uncertain resources?
- What services do fuel poverty referral schemes offer to residents, and how are they coordinated, funded and sustained?
- How are fuel poverty schemes targeted and what criteria or proxies do schemes use to identify households?
- How do fuel poverty referral schemes make the most of limited resources to deliver their objectives?

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2. The policy challenge

2.1 The nature of fuel poverty

Fuel poverty is made up of three key elements which impact upon and inter-relate with one another:

1. Household income
2. Energy prices
3. The energy requirements of the household. This is a combination of the energy efficiency of the home and the requirements of the household. These will vary depending upon home usage patterns, weather, preferences and need.

Fuel poverty is most likely to affect key target groups within the population:

- People on low incomes, whether working, non-working or on pensions
- People with higher than average energy consumption levels. This could include those who spend a lot of time at home, or those with mobility issues
- People living in homes with poor energy performance, for example, those with poor levels of insulation or those facing higher heating costs because of lack of access to gas
- Fuel poverty is also disproportionately high in the private rented sector compared to the other tenures

2.2 Health impacts of fuel poverty

The health effects of living in a cold home are well-known, but worth repeating to illustrate the real impacts of fuel poverty:

- Ill health, particularly for those with respiratory or cardiovascular conditions and musculoskeletal conditions
- Increased incidence of asthma, particularly among children
- Excess winter deaths
- Cold homes - and the fear of falling into debt - can also have significant mental health impacts arising from increased stress and anxiety
- Social impacts related to educational outcomes and fitness to work

2.3 Complexity of the issue

If we understand what causes fuel poverty, why does the problem persist?

- Firstly, fuel poverty is not static. Different people move into and out of fuel poverty as a result of changes in their personal circumstances, for example, changes in their family or employment situation.
- Secondly, the changing cost of energy affects people's ability to afford what they need.
- And thirdly, whilst there have been significant programmes of insulation and heating improvement, they have not been at the scale required to tackle the problem. Nor have they always been effectively targeted at the people most likely to be in fuel poverty (though they may have been effective in preventing more people from becoming fuel poor).

Some aspects of fuel poverty are inherently local: the housing stock, local economic conditions and even the local weather play a part. Many local authorities, and others, have recognised this, and local support services for those in fuel poverty have been an important part of the solution for some time.

2.4 Reaching the hard to reach

The official definition of fuel poverty - involving identifying people who have a combination of low income and high energy costs - makes targeting and reaching people who are actually in fuel poverty challenging. As noted above, fuel poverty is also fluid, with people moving into and out of fuel poverty as a result of changes to one or other of the main determinants.

The definition of fuel poverty means there is no single data point which can be used to identify people in fuel poverty and what data points there are tend to be held by different organisations.

2.5 Limited resources

Despite the large number of schemes across the country which are offering a high quality service to their residents, the provision of local fuel poverty referral schemes is patchy. There is no direct link between the levels of fuel poverty in an area and the operation of a local fuel poverty scheme, with some areas that have high levels of fuel poverty currently lacking any provision.

We know that many schemes start and stop in response to the availability of funding - whether it is from internal sources or external funders. Funding shifts can affect internal capacity to deliver (for example, by reducing staff numbers) or the number of households that can be supported (for example, by reducing the available grant fund).

Another implication of the limited resources available is that there is much variability across schemes in terms of the type(s) and level of support available. This variation arises as a result of organisations' ability to access funding, rather than as a direct result of the needs of the people the scheme seeks to support. This inconsistency means that whilst schemes are proving effective at reaching people, they are often missing opportunities to provide the fullest range of support to those households.

2.6 Limited evidence base

Although health-related fuel poverty schemes have been running for years, there is nonetheless a limited evidence base in terms of what does and doesn't work on these schemes. Past schemes have not generated sufficient collective outputs to provide a focused message to policy makers and funders.

Scheme managers reported that monitoring and evaluation of their projects commonly tended to be one of the first elements that gets stopped when funding is under pressure. Resources are directed towards frontline aspects of the project such as advice or measures; this is understandable but means that, collectively, the sector lacks evidence on the best ways to use resources and the outcomes that are achieved for residents.

Our focus has been on looking at the operation of fuel poverty referral schemes, how they work and how they are resourced. We wanted to make it easier for policy makers and practitioners to weigh the balance between what they want to achieve and the resources available. By highlighting costs which are usually hidden, it provides another way for people to decide how best to deploy resources.

2.7 Policy ownership

Responsibility for fuel poverty policy sits in different areas within national and local government. The full research report *The Health of the Nation: analysis of cost effectiveness and success factors in health-related fuel poverty schemes* explores the policy landscape in more detail¹.

Here it is important to note that there needs to be a clear understanding of strategic direction, delivery responsibilities, enforcement and monitoring throughout the policy community. Well-intentioned policy can under-perform at local level because of competing pressures on resources.

Further, differences between national and local political leadership can lead to a patchwork of policy delivery if there is not statutory obligation at a local level.

Finally, with such a complex issue, drawing in issues including energy, housing, health, wellbeing and welfare, policymakers will face the difficult challenge of joining disparate policy areas together into a coherent whole.

¹ www.eagacharitabletrust.org/health-nation-analysis-cost-effectiveness-success-factors-health-related-fuel-poverty-schemes/

3. The role of local authorities

3.1 Key findings

- Our research identified over 240 fuel poverty schemes operated by or in partnership with local authorities. However, schemes offer differing types of support, and some areas with high fuel poverty have no fuel poverty scheme at all.
- Local fuel poverty referral schemes can operate at scale. All but four of the schemes in our sample generate over 200 referrals per annum. Over a quarter of the schemes in our research are achieving 800+ referrals each year.
- However, scale is limited by lack of resources. Local authorities are able to identify and reach more fuel poor households than they can serve.
- There is a slight trend for schemes with more staff to offer more services, but even schemes with limited resources are able to offer a broad suite of services to local residents
- Costs could be managed more efficiently across the public sector - failure to invest in preventive energy efficiency works means that there are greater costs to the health sector for treatment than there need to be

3.2 Why it matters

Trust: a consistent finding from the research is that local authorities are seen as trusted. Local authorities are able to reach people and homes that other organisations might not be able to. Their services are valued - by residents and by the organisations providing referrals into those services.

Connections across sectors are vital to the success of local fuel poverty schemes. Local authorities are well-placed to build these. The breadth of local authority services and responsibilities mean that they can provide natural links into different sectors. Increasing and facilitating this capacity is vital to delivery of this type of scheme.

Easing pressures on the NHS: local fuel poverty referral schemes help to reduce pressure on the NHS by helping people to live more comfortably and healthily at home. Improvements can be seen to both physical and mental health. That said, whilst strategic links had been made in many cases, local authorities in our research continue to find it difficult to build meaningful relationships at a practitioner level with local health organisations.

Able to reach those in need: a consistent finding from the research is that scheme managers and their referral partners feel confident that they are reaching people who are genuinely in need. In many cases, demand for services outstrips schemes' ability to supply them, so scheme managers are often grappling to allocate limited resources as effectively as possible.

3.3 Pitfalls

Resource constraints: local authorities are increasingly stretched in terms of resources and capacity. These constraints impact on their ability to deliver schemes directly, to commission them from other providers or to reward those within their referral networks.

Postcode lottery: a lack of statutory functions around energy efficiency, beyond the biennial Home Energy Conservation Act report requirement, means that there isn't a minimum or consistent level of support available across local authority areas. Residents in some areas are able to get support that other areas simply don't receive. This patchy coverage has a range of equity and fairness implications, as well as obvious differential health and well-being outcomes.

Helping the helpers: most health-related fuel poverty schemes are run by local authorities, so supporting them helps to keep the schemes going. Where local authority schemes do not exist, some community and voluntary sector schemes have stepped in, but provision is not nationwide and the support available to those in fuel poverty will vary.

Community connections: local community and voluntary organisations can often only provide services as part of an ecosystem led by a local authority. Without that central “anchor”, services are at risk.

Passing the buck: there is a growing concern about moving costs around the public sector. Greater investment in fuel poverty schemes can help to reduce costs to the NHS; however, there is little read-across between budgets between the health, local government and voluntary sectors to reward different approaches.

3.4 Key considerations when developing policy

- Does the policy link in with existing regulations (or statutory duties for local authorities) or is this an additional requirement (which could be seen as optional)?
- Is the policy driven by an overall national goal, the desire to create a consistent minimum baseline or the aim of addressing inequalities between areas?
- What effect does this have on policy design and resources for delivery?
- Are there resources available to deliver at a local level? Are these resources available consistently across the country or at least in areas with high rates of fuel poverty?
- Will the proposals increase, reduce or have no effect on the postcode lottery effect?
- Does the policy favour organisations that are already working on this issue or is it open and applicable to all?
- How can the policy increase capacity within organisations to be able to address the issue longer term?

3.5 Recommendations

Increase the statutory function in this area: Our research found that local authorities are seen as well-placed to deliver schemes which are trusted by referring organisations and by residents. However, the lack of a clear statutory function in this area acts as a constraint upon resources being deployed across local authorities. This has a clear postcode lottery implication. This is further entrenched as organisations with a track record of delivery are then often better placed to bid for further funding.

Build capacity: Policies and programmes which provide resources for administration and delivery, as well as for the energy efficiency measures themselves, are likely to be of use to a wide range of organisations. The Heat Network Delivery Unit within BEIS provides a positive example of an approach which augments local authority resources through a guided process.

4. Objectives of local fuel poverty schemes

4.1 Key findings

- Local fuel poverty schemes tend to combine multiple objectives, for example, “reducing fuel poverty and improving health”
- Schemes draw on a variety of local strategies to inform their scheme objectives (for example, Joint Strategic Needs Assessments), but this is not consistently done
- Fuel poverty objectives can be expressed broadly - “*reduce fuel poverty*” - or be more targeted to a specific group - “*reduce fuel poverty among people with a long term health condition*”
- Only one local authority scheme in our research expressed a fuel poverty objective in the language used in the Fuel Poverty Strategy for England related to improving SAP ratings
- Energy efficiency objectives are often more about activity levels (installations) than about outcomes (improved energy performance or comfort)
- Health objectives were more likely to be expressed in terms of improving health and quality of life than in terms of reducing Excess Winter Deaths
- Schemes with external funding match their objectives with the requirements of the funder; it is not clear if there is any real match between funders’ requirements and local priorities
- Schemes are more focused on the health and social outcomes of interventions rather than carbon reductions; only two schemes in our research had specific objectives around reducing carbon emissions
- Targets are more challenging and costly to meet as a result of the missed opportunities to insulate homes having identified people and homes in need

4.2 Why it matters

Rallying cry: Setting clear policy objectives allows delivery organisations to understand what you would like them to focus on and helps them set up to deliver. That said, the balance between national objectives and local priorities and delivery structures needs careful consideration in policy design. One size does not fit all.

Health, fuel poverty and carbon can’t always go together: There is a need to identify if and how it is better to bring together different policy objectives, or whether it is better to separate them out. An emphasis on carbon reduction might lead to prioritisation of different measures for different households compared to an emphasis on reducing fuel poverty. Similarly, there are fuel poverty interventions (for example, income related) which may have limited or no impact on health outcomes.

Survival of the fittest: Most of the established local fuel poverty schemes began as energy efficiency schemes and evolved into wider health schemes as a result of funding from the Department of Health’s Warm Homes Healthy People programme. Since that funding ended, schemes have tapped into whatever internal or external funding they could find, cutting their cloth to fit the needs of the funder. Many say that if they were starting now, they would probably not be set up this way, but it is hard to re-start a scheme in the absence of greater policy / funding certainty.

4.3 Pitfalls

Too many objectives: Having too many objectives can lead to policies, projects and schemes not addressing any one of the objectives well. Too broad a range of objectives can also make it difficult to measure and monitor progress, or to prioritise between activities if resources are limited.

Not prioritising: Many policies and funding streams try to address a number of objectives but without any clear sense of which is most important. Without an element of prioritisation, local delivery projects may focus on aspects that align with local need, rather than on the intended national aims. Projects might come to be seen as failures when the fault was in the overall design.

Unreasonable timeframes: Short-term programmes (eg, funding with a six month timeframe) can be resource intensive for local authorities and others to set up and deliver. This tips the scales in favour of authorities that have teams in place and are able to scale up quickly using existing infrastructure. Winners continue to win, and the postcode lottery persists. Further, short-term policies and programmes often do not lead to any legacy or lasting change within a community.

Doesn't address inherent challenges: the challenges to delivery vary across different local areas (consider the higher installation cost for measures in London, or the longer travel times associated with home visits in dispersed rural areas). Policies which do not consider how to address these inherent challenges will exclude some areas from effective participation.

Too vague: Sometimes objectives are too vague, meaning it is very hard to quantify them or to measure progress against them. Vague objectives can also make it difficult to drive engagement from organisations or partners (for example, the health or voluntary sectors).

Inflexible: By contrast, if objectives are too specific and fixed, this may mean that scheme managers are forced down a certain path which does not meet local needs or leave them the flexibility to adapt their scheme or project (for example, if additional external funding becomes available).

4.4 Key considerations when developing policy

- Is this policy appropriately balanced between flexibility and clarity?
Fuel poverty practitioners recognise that treading a line between policies that are too vague and those that are too rigid is not an easy or straightforward process. Reviewing policy proposals to test them and run scenarios can help identify potential pitfalls and opportunities for improvement.
- What are the drivers for your objectives and to what extent are they shared by others?
- Where do your drivers for objectives align with others and where do they conflict? What can be done to address this in policy design?
- What are the main pressures on the organisations that you anticipate driving delivery of this policy? How might these pressures impact on the success of your policy?

4.5 Recommendations

Establish clear priorities but stay flexible: It will be interesting to see the results of the ECO Flexible Eligibility offer, to monitor how local authorities respond to the chance to mould a national programme to local need. Low levels of participation could require a stronger obligation on local authorities to engage with local flexibility provisions.

Consider the longevity of the policy relative to the problem you're trying to solve: Where the issue is a relatively niche one, a short-term round of funding can make a difference. If it's a more entrenched issue or is focused on an intervention where delivery partners need time to scale up, then more time should be allowed. The Green Deal Communities programme aimed in part to accelerate the market for solid wall insulation but did not anticipate how long it would take to build local demand for an unfamiliar energy efficiency measure.

Engage with a range of sectors during policy design: This is helpful to get feedback on how proposals are might work from a variety of perspectives and to allow organisations to better assess the risks and benefits of engaging with different policies or programmes.

Linking in: Connecting to existing drivers and mechanisms that affect the sector can help to drive engagement. For example, connecting a fuel poverty policy to housing policy driven by CLG could lead to system wide efficiencies.

Supporting cross-sectoral engagement: Policymakers may have stronger levers than many delivery

bodies to encourage greater participation from different sectors. For example, national conversations between housing, health and energy policymakers could identify ways in which partnership working could be built into public sector agreements, such as GP contracts or service standards.

Carrots and sticks: To increase engagement in this area, there is a need to use both carrots and sticks. In the health sector, this could range from process improvements allowing GPs to make direct referrals to schemes to better linking performance in this area into contract design. In the housing sector, this could relate to supporting increased capacity in Environmental Health teams to enforce the Housing Health and Safety Rating System, combined with sanctions for authorities that are adequately resourced but under-performing. Performance bonds are being used in some areas and extending this could encourage take-up.

5. Targeting households

5.1 Key findings

- Schemes in our research did not use either the LHC or the 10% definition of fuel poverty in their targeting. Rather they used proxies such as receipt of benefits (for low income) or age (for likely health risk).
- Most local fuel poverty schemes are targeted towards households based on combinations of criteria, usually income and health.
- Although some fuel poverty schemes do use their local Joint Strategic Needs Assessment and the national NICE guidance, the most common way of setting health criteria is through scheme managers' own definitions of "health conditions made worse by the cold".
- An increasing number of schemes are including mental health as a condition when targeting their support services.
- Tenure is a common factor in targeting; this tends particularly to relate to the availability of grant funding.
- Schemes were not generally targeted based on property type or geography below local authority area (this could be a function of a dip in ECO funding during the time that our research was conducted).
- Many schemes allow their staff some flexibility and discretion when dealing with individual household circumstances. This means that people in need do not miss out, even if they are not technically in fuel poverty.

5.2 Why it matters

Allocating scarce resources: Given the complexity of fuel poverty, there are a wide range of drivers which would be relevant in terms of deciding who to target. Clarifying the focus of a policy helps to use these resources more effectively.

Home or resident?: Defining the focus of the scheme will help to identify whether you are primarily trying to reach homes or people. If the focus is on improving the property - for example, improving an F or G rated property - the policy mechanisms and project delivery mechanisms may be very different to those where the focus is on helping those who are vulnerable as a result of income or health.

The Eco Flex opportunity: Under the new ECO Flexible Eligibility framework, local authorities have greater ability to target interventions towards households based on local priorities and needs. Pushing policy decisions to a more local level means that local authorities will have more say over local energy efficiency investment in their areas.

5.3 Pitfalls

Overly proscriptive: Many policies, such as previous iterations of ECO, have been complicated when it comes to identifying people who meet their criteria. Stringent eligibility criteria can increase the costs of identifying eligible households, thus reducing the amount of funding available for direct measures. Strict criteria also exclude people at the margins. The introduction of an element of flexible eligibility under ECO will provide a useful evidence base for how funding is directed in actuality (and whether it reaches those who are fuel poor).

Inflexible: A lack of flexibility can cause those people who are genuinely in need but can't be fitted into a particular tick-box to lose out.

Objectives don't necessarily match need: In a majority of cases, scheme managers are using their own judgement, rather than health sector input, to develop their approach to targeting residents to support with their fuel poverty scheme. Whilst they are clearly reaching some people in need, this approach lacks efficiencies which could be provided by closer engagement between health, housing and energy policy objectives.

5.4 Key considerations when developing policy

- Do you need to tightly define eligibility, or can you provide outcomes or a broad statement of intent which can then be used by those who are running schemes to use their own discretion?
- Is there sufficient data available which will allow the people you want to target to be reached?

5.5 Recommendations

Move beyond an area-based approach: area-based approaches have been very effective at reaching large numbers of people; however, they are a broad brush approach which will inevitably allocate resources to households that are not in fuel poverty. They will also miss individual households or small pockets of people that live in areas that would not spring forward under area-based indices.

Support data sharing: Data sharing and the ability to access follow-up information would help all involved to be able to provide evidence for the efficacy of schemes. One scheme identified in our research was able to use NHS numbers, with permission and without any identifying data, to track GP visits, hospital referrals and other indicators. This helped provide an evidence base for further development of the scheme. A more strategic policy approach could help to facilitate this way of working in more areas (and consolidate evaluation budgets more effectively).

Trust the delivery partners: Integrating some flexibility into policy and programme development can help fuel poverty schemes to provide support to people who may not be in fuel poverty but who are in genuine need, and prevent them being moved around different support services or falling through the gaps. The introduction of an element of 'flexible eligibility' into the ECO transition phase is a welcome example of this.

6. Managing the impact of change

6.1 Key findings

- There has been significant turnover in local fuel poverty schemes since 2015.
- Most often, schemes start and stop because of changes to funding, whether external funding for measures or internal funding for staff.
- The mix of services offered by schemes changes over time, again usually because of changes in funding.
- Schemes that are sustained usually manage to offer a basic level of service, which is then supplemented as other support becomes available or by creatively patching together services offered by different local organisations.
- Fear of stop / start is very real and can deter organisations from trying to do things that take a long time. This leads to a focus on quick wins, working against some of the more complex interventions that might be needed.

6.2 Why it matters

Deliverability: Projects need to be deliverable and, whilst the sector welcomes a challenge, policy which forces delivery organisations into timeframes or targets which are not realistic sets itself up to fail.

Frames expectations: A realistic timeframe ensures resources can be effectively deployed and gives an indication of what is expected in terms of delivery, scale and scope. Successful delivery can then be a catalyst for further policy support.

Fair to organisations: Allowing time for applications to be drafted and schemes to be set up from scratch increases the number of organisations who can apply for and deliver projects. This can help to address the postcode lottery which is such a consistent inconsistency of delivery across the country.

6.3 Pitfalls

Too short: Setting an unrealistically short time-frame for a policy can lead to schemes doing what is quick rather than what is effective. In evaluation terms, schemes will look successful, but they may not have delivered the optimum outcome for residents or for the budget provided.

Boom and bust: Short-term funding leads to a boom and bust cycle, which we have seen repeatedly in ECO and with the end of the Warm Homes Healthy People programme. It takes time to start, close and re-start a fuel poverty scheme, and each closure erodes trust with local partners or households who have missed out on support.

Not seasonally appropriate: Policies need to take account of seasonality. This might be the obvious - people are less likely to phone a “warm and well” helpline in the summer. It is also about hidden seasonality - short-term funding announced in Q3 for delivery in Q4 hits local authorities, the health sector and other partners at a time when they are already very busy trying to deal with these (and other) issues. Funding announced in Q1 or Q2 allows more time for delivery organisations to gear up for winter.

6.4 Key considerations when developing policy

- How long will this policy run? Is that enough time to fix the problem?
- How long will it take for organisations to gear up to deliver on this policy? Does the amount of set-up work required naturally favour some organisations or areas over others?
- What will the legacy of the policy be?
- If it works, what type of policy might follow it? If it doesn't work, what then?

- Is now a good time to deliver?
- What other pressures are delivery organisations already facing during this period?
- Is there scope to extend the project once it's started? If there is, could you just extend the time frame from Day 1?
- Could a phased approach be used?
- Does the policy or programme allow delivery organisations the opportunity to experiment, learn and improve?

6.5 Recommendations

Err on the side of caution: Think about what's reasonable in terms of delivery. This might include consulting with representative groups (for example, the Association of Local Energy Officers, for local authorities).

Anticipation in design: There is recognition that policymakers cannot always anticipate what funding might be available. However, there should be scope to develop some "off the shelf" programmes which could be rolled out over different timeframes should funding become available.

Consider a phased approach: Local authorities will often need to build capacity, learn lessons and re-incorporate these into delivery as they deliver local schemes. This iterative approach should be factored in to policy design, to allow for experimentation, learning and improvement. Again, this leads to a requirement for flexibility in both design and oversight of policy.

7. Resources and cost effectiveness

7.1 Key findings

- There is a general lack of confidence about whether local fuel poverty schemes can be sustained. Most have a horizon of less than one year.
- The vast majority of local fuel poverty schemes operate with less than 1 Full Time Equivalent member of staff.
- Schemes are able to offer a wide range of services. Three quarters of the schemes in this research offered more than eight services. Most schemes have some element of “tiered” service, with different offers available based on different eligibility criteria.
- Where services cannot be provided directly by the scheme, managers have become adept at leveraging them in from other partners, for example, the local voluntary sector.
- Scheme managers are finding that they need to spend more time with residents, particularly those with complex needs. A “casework” approach is becoming more common among schemes with higher levels of staffing.
- Budgets vary: six schemes in our research had annual management costs over £100,000, whilst eleven schemes had management costs below £50,000.
- Staffing costs account for the majority of internal costs; marketing budgets are typically around 3% of management costs.
- Schemes which have been running for less than a year typically have a smaller budget than those that have been running for longer (5 years or more).
- Newer schemes also tend to have lower targets. So despite their lower overall costs, they may have a higher cost per customer than more established schemes. This suggests a need to allow time for schemes to mature, as costs per customer seem to come down over time.
- Our data set is too small to offer a “cost per customer” benchmark with any confidence. However, we would suggest that a range of £100 - £150 per customer seems typical from the schemes that have been included in our analysis. This is the cost of both acquiring and providing services to the customer.
- Costs per customer seem to vary significantly in the 200-400 referral range but become more settled once schemes are achieving 600+ referrals
- A higher budget for energy efficiency measures usually correlates to higher scheme management costs.

7.2 Why it matters

Gets to those who are most in need: Helping those who are most in need should be fundamental to the success of policies and projects and properly directing resources to them is therefore necessary.

Investing in prevention makes a difference: Not only does preventative work increase quality of life for vulnerable people, it also helps to save resources within the NHS and the wider public sector.

Costs come down: Over time, fuel poverty schemes are able to deliver at a lower cost and a greater scale. Investing in schemes and helping them to build capacity can pay dividends.

7.3 Pitfalls

Gaps between support: A number of schemes reported that they have identified residents who are genuinely in need but don't meet the criteria set by funders. This means either trying to find funding from another source to support these residents or being unable to help them.

Missed opportunities: There are many schemes which could make a greater difference if they had more funding. The most common issue is a lack of grant support for energy efficiency measures; this means that, whilst income and behavioural changes might be addressed, longer lasting changes to homes are missed.

Lack of revenue funding: Many schemes or policies focus grant funding on capital measures and are predicated upon the delivery costs being funded from elsewhere. In practice, there is a cost for this work, and the delivery of funding and policies couldn't happen without it. However, the fact that direct funding is rarely made available for delivery costs limits the organisations that can bid for funding to those who already have resource in place.

Lack of evidence: Further, the lack of revenue funding means that budgets for monitoring and evaluation are often limited. Scheme managers want to direct as much investment as possible towards residents. The reduction in monitoring and evaluation means that scheme managers often cannot pinpoint what worked and why; this can lead to longer term missed opportunities as schemes lack the evidence base to draw in funding to continue.

Duplication of cost: identifying and signing up residents is a resource intensive process. When people are signed up and there are things the home could benefit from - such as wall or roof insulation - yet the funding doesn't allow for this, further costs are being built in to the system as the household is likely to need to be signed up again in a subsequent scheme.

Trust matters: The benefits of continuing a scheme rather than starting afresh reflect the fact it can take time to build up trust, particularly among referral partners. Where referrals have been made and the person who went into the scheme did not receive the help that was anticipated, partners are less likely to provide subsequent referrals. The stop-start nature of schemes also creates an unreasonable pressure on the referring organisations to constantly be checking if a scheme still exists.

7.4 Key considerations when developing policy

- Which types of organisation will be best positioned to apply for funding that is made available by this policy? Who will be least able to apply? How does this correlate to levels of fuel poverty?
- Do delivery organisations need to scale up to deliver this policy? How will that be resourced?
- What scope is there to provide funding for delivery costs?
- If delivery costs can't be funded, how sustainable is the scheme or policy?
- Is there the potential to take a differential approach to funding delivery costs across organisations which might help address postcode lottery implications?
- Are there any easy wins in terms of measures which could be provided as packages?
- Is there a way to introduce performance incentives to try and drive performance (for example, allowing for uplifts in funding where delivery is happening)?
- What are the implications of releasing funding for a short period of time versus a longer period of time? Which approach will lead to the best outcomes?

7.5 Recommendations

Deliver delivery support: Look to provide some funding towards the cost of delivery.

Slow and steady: Consider a phased approach to delivery. Models such as the Heat Network Delivery Unit are interesting, as they aim to take projects through a process and to build up local capacity along the way.

Prevention needed: Despite the NICE guidance, which has influenced the development of a number of fuel poverty schemes, stronger emphasis is needed upon prevention of illness than is

currently the case. Making this more of a priority for the health sector should help to drive greater engagement with fuel poverty referral schemes and to reduce costs across the system.

Cost-benefit analysis needed: A better cost-benefit analysis of the benefits of fuel poverty referral schemes is needed to try and drive engagement with the health sector (and others). Some work is already happening in this area, particularly around the ‘boilers on prescription’ schemes; however, this work needs to be broadened out to provide a stronger evidence base.

Weigh it up: If funding can only be deployed for a short-term project, look at whether it can offer sufficient value for money or how it can be used to generate a longer term legacy to the project.

Go holistic: Identify opportunities to use other resources - time, skills, template materials - which can support the policy goal without providing direct funding. This capacity building can make a substantial difference to the ability of organisations to deliver projects.

Think longer-term: When designing a funding programme, build in funding for monitoring and evaluation (or coordinate this centrally). This will help develop the evidence base within organisations and across the sector on a consistent basis and at scale.

Stop stop-starting: Many of the schemes covered by this research came into being because of funding from the Department of Health’s Warm Homes, Healthy People programme. These schemes have been able to continue only through the creativity of their managers since then. However, as we have seen in reviewing the Catalogue of Health-Related Fuel Poverty Schemes (NEA / DECC, 2015), many schemes have not been able to survive. Policymakers need to place greater emphasis on the legacy implications of short-term funding, with particular regard to the pressures that stop-start places on delivery organisations, referral partners and residents who find themselves unable to access vital services.

Consider whole-household costs: Funding for energy efficiency measures varies, meaning that a household that has been identified as fuel poor may need to be re-identified when funding becomes available. The current approach seems to focus on the cost of an individual measure, rather than on the full cost of delivery per household. Were the latter approach to be taken, this would highlight the increased cost per home of repeated targeting and outreach, and should help drive a more strategic and cost-effective approach to reducing carbon emissions, increasing energy efficiency and addressing fuel poverty.