

FinSH Financial and Support Instruments
for Fuel Poverty in Social Housing

Energy poverty: Impact and Public Recognition in the United Kingdom, France, Germany, Italy and Poland



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Introduction

Energy or 'fuel' poverty is a term used to describe the situation a household finds itself in when it is not able to afford the energy bills for its everyday needs, such as heating, lighting and hot water.

The three major factors affecting the risk of energy poverty are

- high costs of energy
- low incomes and
- poor energy efficiency

The project FinSH aims at the alleviation of the energy poverty situation in Europe by providing guidelines for design and implementation of financial and social support schemes to increase low-income household's energy efficiency by behavioural and technical measures.

In order to adapt such support schemes to the needs of its recipients, country-specific particularities on the issue itself have to be taken into account. How is the issue of energy poverty recognised publicly and in legislation in the countries involved in the FinSH project? What is its impact and who is affected? Which actors are perceived as having the pivotal responsibilities and which measures are implemented?

The present paper highlights the partner countries perspectives on the phenomenon of 'energy poverty'. The paper is based on a review of documents dealing with the impact of increasing energy prices on low-income household. The data was completed with results from expert interviews that were carried out in either face-to-face situations, via telephone or email.

1. Energy poverty

■ ■ ■ United Kingdom

The issue of energy poverty (referred to in the UK as fuel poverty) is recognised publicly and in legislation in the UK. The national Fuel Poverty Strategy was published in November 2001 and annual progress reports are published – the most recent being the Sixth Annual Report, 2008. It presents the statistics for the numbers in fuel poverty across the UK for 2006 and provides an update on government policies and programs to tackle fuel poverty. It also highlights new developments since the last annual report, which was published in December 2007.

The UK government states on its website (Department for Environment, Food and Rural Affairs) that:

'Fuel poverty - where a household cannot afford to keep warm - damages the health of those living in cold homes and affects their quality of life. The old, children and those who are disabled or have a long-term illness are especially vulnerable. The main cause of fuel poverty in the UK is a combination of poor energy efficiency in homes, low incomes and high energy prices.'

The UK Fuel Poverty Strategy 6th Annual Progress Report 2008 gives estimates for the level of fuel poverty in the UK. It indicates that in 2006 there were approximately 3.5 million household in fuel poverty, an increase of around 1 million household since 2005. Around 2.75 million of these were vulnerable household's, an increase of around 0.75 million. The increase reflects the impact of energy price rises in recent years on the number of household in fuel poverty. Since the publication of this report the UK has experienced an economic downturn which is likely to have added further to the upward

trend in fuel poverty through unemployment and income reduction. There is no data provided as to the split between social and other housing.

Based on the results of the English House Condition Survey 2006, the overall number of household in fuel poverty in **England** was estimated to be 2.4 million (around 11.5% of all household) of which around 1.9 million were vulnerable in 2006. This represents a total rise of 0.9 million household since 2005 and a rise of 0.7 million vulnerable household over the same period. Projections of fuel poverty in England for 2007 show that prices are likely to have pushed a further 0.7 million households into fuel poverty. Projections for 2008 show a further increase in fuel poverty for England of around 0.5 million household.

Fuel Poverty is on the rise in **Wales** as it is across the rest of the UK. The Welsh Assembly Government published the findings of its Living in Wales survey in October 2007. This showed that fuel poverty had fallen significantly from 330,000 to 134,000 household between 1998 and 2004. Nevertheless rising energy prices means that the number of fuel poor household's almost doubled to 240,000- 250,000 between 2004 and 2006. Of these household 209,000 are classed as "vulnerable". We now estimate that 340,000 households in Wales are in fuel poverty because of energy price increases in 2008.

Recent energy price increases means that by the end of 2008 the average household bill for a household in Wales was over £1300. Although prices are starting to go down slightly they are likely to remain high. Furthermore electricity prices in Wales are 10% higher than those in England. In Wales there are over 200,000 household have no access to the gas main and for thousands solid walls make an effective insulation difficult. Low income is a major component of fuel poverty and despite rising economic prosperity, Wales remains amongst the poorest regions in Europe.

■ ■ ■ France

The notion of energy poverty has not yet been precisely defined in France, but the situation is changing very quickly as a result of a national process launched around the issue.

As regards the regulatory context, greater environmental awareness has resulted in more restrictive legislation governing renovation of housing (thermal regulations), as well as tools encouraging energy-efficient renovation (one of the aims of the Environmental Round Table is the renovation by 2020 of 800,000 social housing units with very high energy consumption and a special loan scheme has been set up), additional financial resources for the *Agence Nationale de l'Amélioration de l'Habitat* (National Housing Improvement Agency) and regional programmes supporting the national schemes of the *Agence de l'Environnement et de la Maîtrise de l'énergie* (Environment and Energy Management Agency).

Alongside this, the establishment of RAPPEL (*Réseau national des Acteurs de la Pauvreté et de la Précarité Energétique dans le Logement* - national action network on poverty and energy poverty in housing) in 2007 feeds into the national process. The network now brings together 120 agencies working in the field of poverty, housing and energy.

A feasibility study concerning a National Energy poverty Observatory has just been completed and will certainly result in the Observatory being set up during 2009. These will help to get a clearer view of the problems and to assess and improve the effectiveness of the relevant public and private support.

Unpaid energy bills represent one of the most visible, measurable aspects of energy poverty at present and their numbers are increasing (around 300,000 cases per year). Funds allocated to assistance with unpaid bills (e.g. Energy Solidarity Fund included in the Housing Solidarity Fund managed by the departmental councils) are also increasing

but generally only cover curative action (paying arrears but not tackling the underlying problem). The most modest households devote more than 10% of their income to paying energy costs as against 5% for the best-off households according to the studies reviewed. One study refers to around 12% of disposable income with an additional 8% for fuel. The Abbé Pierre Foundation quotes an average share of 15% for costs borne by the most modest households. These already substantial figures give only a limited picture of energy poverty as they only reflect actual energy consumption rather than the restrictive measures adopted.

According to the experts, energy poverty has now become more visible due to the rise in energy prices, the housing crisis (and ageing housing stock), growing environmental concerns and deepening poverty.

The underlying rise in energy prices is said to be the "straw that broke the camel's back". It reduces the disposable income of households whose earnings are not rising to the same extent in combination with ascending rents. This rise is beginning to raise awareness of the overall cost of housing (rent + charges) and is likely to have an effect on the rental market (although this has not yet happened) very soon.

The state of the property is another important factor that can lead to energy poverty. The present housing crisis (fewer people per household so that more people require housing while property prices go up) exacerbates the problem. People encountering difficulties in finding somewhere to live, especially social housing (where waiting lists are very long), are obliged to fall back on the unattractive private rental market where thermal quality is frequently poor.

Laws on building condition do exist to combat unfit housing. As prescribed by law 2000-1208 of 13th December 2000 on Urban Solidarity and Renewal, unfit housing is classed in several categories, such as non-decent or unhealthy housing and dangerous situations (placing the tenant in immediate danger, e.g. risk of collapse). So the tenant of an unfit house can take actions against the landlords, who can be compelled to undertake the required work. As regards energy, the definition of decent housing specifies that it must have "an installation providing normal heating, equipped with systems to supply energy and evacuate combustion products, which is suited to the features of the property". Electricity and gas supply, heating and hot water systems must comply with safety standards and be in good working order. Apart from these criteria, the thermal quality of the property is not mentioned.

■ ■ ■ Germany

As in France, energy poverty as a term is not yet established in Germany. Therefore the term was not familiar to most of the interviewed experts. The phenomenon of people struggling with paying their energy bills had been dealt with only sparsely in politics, science and the public until the beginning of 2008 when energy prices had been increased dramatically. The interviewees suggested the German welfare system (which partly includes the taking over of rent and heating costs) as well as the relatively efficient building standards as main reasons for the fact that the situation has become more severe only recently. Still it is not dramatic compared to other European countries.

Nevertheless, the issue gained significant public, political and institutional interest. Energy prices constantly increased during the last years¹. In 2006 the average expenses for energy per household were 136€ per month², which equates around 5% of the median net income. According to several social counselling services, the number of low-income

¹ Price increase: oil + 71%; natural gas + 27%; district heat: 24%; coal/propane: +7% (each between 2005 and 06/2008); electricity: 18% (between 2000 and 06/2008).

² destatis, 2008b

households, which specify their energy costs as main reason for calling on debt counselling increased³. The number of cases in which unpaid bills cause the interruption of power supply is estimated to be 800.000 per year⁴.

The average energy demand of multi-family residential buildings is reported as follows⁵: Built before 1900: >400 kWh/m²/a, 1900-1950: 330 kWh/m²/a, 70s/80s: 220 kWh/m²/a. The standards required by the energy saving ordinance (EnEV) have been increased constantly and guarantee a low energy performance (100 kWh/m²/a and better) of new buildings. The rehabilitation rate has increased from 1.6% (1994) to 2.2% (2006, more restrictive estimations state 1.8%), which commonly is evaluated as considerably low. There is no data proving that a households` income correlates with the efficiency of the building. Nevertheless, according to the experts it can be assumed that low-income households` energy performance is above average since the `cold` rent of non-modernised buildings and of special living units like ground floor apartments is lower and thus more attractive for people with a low income.

This goes in line with results gained from a social survey study published in 2005⁶: people living below poverty line⁷ more often stated to suffer from damp (22% vs. 12% of not affected people) and insufficiently heated (14 % vs. 3%) dwellings in comparison with higher income people. Interviewees also asked to consider that low-income household would need much more energy since people usually spent a lot of time at home due to their unemployment. They surely had less electric devices than households with a higher income, but the ones they possess were assumed to be more inefficient since low-income households often can not pay for more efficient devices.

Italy

The issue of energy poverty plays a significant role in Italy. The problem is said to be much bigger than local governments would usually admit. The National Institute of Statistics (ISTAT) reports an 11.1% (2007) of families (2.6 million families or 7.5 million people, 12.8% of the population) having their residence in Italy being poor⁸. The actual situation is still less comforting. The global economical crisis has worsened the financial possibilities of the lowest income brackets and those on the edge.

Energy poverty is an every-day issue because all tenants belong to the lower social classes. And only a few of them having wages and a family composition that classifies them in the upper part of it. The incidence of price variations consequently is of considerable relevance. The actual medium energy consumption of social housing buildings has been described as disastrous by managers of the housing associations involved in the investigation.

The average consumption of residential buildings is estimated in about 160 kWh/sq.m./year. Social housing building stock consumption is in a range between 250 and 300 kWh/sq.m./year. The consumption is relatively high because of various reasons, not least due to the bad state in which most buildings are. A big part of the residential sector was constructed after the Second World War and therefore does not respond to the actual standards on energy performance of buildings.

³ Dünnhoff, Stieß & Hoppenbrock, 2006

⁴ see VZBV, 2008

⁵ BMVBS, 2007

⁶ Timm, Körner & Meyer, 2005

⁷ 10 274 €/a, defined as 60% of the medium equivalent net income (destatis, 2008a)

⁸ The definition "poor" is calculated on the monthly average consuming pattern of a single person within a two-headed family equalling an amount of 986.35 euro pp/ p month. Persons earning less than this amount are defined as "poor". For families of different composition a corrective scale was applied.

Social housing buildings were not contemplated until the sixties. Only then the Italian state, through the Municipalities, started to apply social housing policies. During the starting period the houses for this sector were built exclusively with prefabricated modules, which are still in use today.

In this framework, the threshold of 10% of the tenant's income spent on energy bills (heating + electricity, as defined by English parameter, generally recognised in Europe) is very often exceeded.

■ ■ ■ Poland

The observation of the current social situation in Poland offers a quite pessimistic picture compared to the European average.⁹ In January 2008 the unemployment index in Poland was 8.6, whereas in the EU 27 it was 6.8. The rate of long-term (more than 12 months) unemployment in Poland was 7.8 (in 2006), compared to 3.7 and 3.3 in the EU 27 and EU 15, respectively. The rate of unemployment above 24 months in 2006 was 4.1, compared to 2.2 and 1.9 in the EU 27 and EU 15, respectively.

The expenses on rent, water, electricity and gas in Poland comprised 23.7% of general household consumption spending, compared to 21.9% in the EU in 2006. The average electricity expenditures of Polish household in 2006 – especially when presented as per capita – were not so high and they were above 28 PLN [€ 6.40] per capita. The expenditures were higher only in household of the senior citizens, pensioners and self-employed. The energy expenditures per capita were especially high in the case of single person household – with the average of 48.90 PLN [€ 11.20]. The average energy costs constituted only 3.9% with respect to consumption expenditures of Polish household's. Indeed the households characterized by limited income (quintile and deciles of income differentiation) have seen the share rise to 5%.

The number of end-users disconnected from the network due to not paying bills, which in 2006 was 185 thousand, can merely indicate the scale of the problem¹⁰. Presumably in these cases neither the mechanisms of social welfare were effective nor were effective other social actions, e.g. support schemes of companies, which protect these consumers against using the most extreme measure - cutting access to energy or gas.

Another interesting fact is the number of residential allowances granted to households by communes. Communes cover all costs of payment of residential allowances from January 2004. The budget grant for these allowances was abolished. In 2006 the total number of residential allowances granted was 8.472.685, with the average value of allowance 137.90 PLN; the total amount of money granted was 1,168,118,745 PLN.¹¹ Importantly residential expenses per person, including the expenses for household heating, increased in general by almost 8% (in company households by 7.5% and in households of pensioners and disability pensioners by approximately 8%.) in 2006 in comparison to 2005.

⁹ Based on the data from Eurostat-epp..eurostat.ec.europa.eu.

¹⁰ Based on data from ERO. The number of disconnections is not a precise index, as it includes the cases of non-payment other than those resulting from poverty.

¹¹ Residential allowances paid in 2006, Table. 17 – information provided by the Ministry of Infrastructure.

2. Vulnerable household

There are certain socio-economic indicators, which – in all the partner countries – seem to increase a household risk to be in energy poverty. These are

- low income – especially those that do not qualify for any extra help (e.g “working poor”)
- economical inactivity such as unemployed and pensioners
- elderly persons
- young families/children, especially single parent families
- people with disabilities or long term illness
- people living alone
- low level of education
- ethnic minority households
- low income single adults
- those living in the most energy inefficient homes (with examples such as private rented, House in Multiple Occupation (HMOs), student lets) or those living in ‘hard to treat’ homes - ones that are practically more difficult and expensive to improve the energy efficiency of through retrofit, typical issues being the roughly 30% of the existing housing stock that has walls without cavities that can be filled, or homes not on the gas main network
- single widows or widowers still living in large homes

Tenants were concordantly named as more vulnerable than owners in **Germany** and **Italy**. Overcrowding (i.e. the small size of housing units in relation to the number of people living there) was also mentioned and recorded in studies as a factor exacerbating energy poverty in **France**. Especially in **Poland**, poverty in general is linked to living in the countryside or in small towns. This concerns mostly the former workers of PGRs (State Farms System, which were eliminated) and their families. However, in cities, including the largest ones (Łódź, Wrocław, Warsaw), there are enclaves of poverty: districts, blocks and streets with high rates of poverty, unemployment, various kinds of social exclusion, abnormal incidents, etc.

3. Responsibilities and strategies to combat energy poverty

■ ■ ■ United Kingdom

Steps towards eradicating fuel poverty have seen investment of over £2 billion on Fuel Poverty Schemes and £2 billion per year on Winter Fuel Payments. Local Authorities in England have also invested £5 billion on the Decent Homes Standard and social landlords across the rest of the UK have invested huge sums to improve the standard of social housing. Energy suppliers have continued their significant activity through the Energy Efficiency Commitments (1) and (2) which is expected to have generated £1.6 billion in energy efficiency measures and all suppliers now provide significant social programmes to their vulnerable customers.

To tackle fuel poverty the UK Government and Devolved Administrations believe that no single measure is sufficient. The 2007 Fuel Poverty Annual Report updates progress on the range of programmes and measures that have been put in place¹². This includes:

¹² For copies of the UK Governments Fuel Poverty strategy (2001) and subsequent annual status

- programmes to improve energy efficiency;
- maintaining the downward pressure on fuel bills, ensuring fair treatment for the less well off and supporting industry initiatives to combat fuel poverty;
- enduring action to tackle poverty and increase incomes.

Responsibility for alleviating the problem of fuel poverty in UK is seen as lying mainly with central government, but filtering down through local authorities, housing providers and those third sector organisations with an energy or social welfare remit. It was pointed out that landlords are responsible for social housing and driven by regulation and the Housing Corporation standards and funding regime. Some interviewees cited fuel suppliers as having some responsibility.

The housing and homelessness charity Shelter highlights the problem of homelessness in the UK and sees social housing as key to solving the homelessness crisis, because it provides a vital form of affordable housing. They point out that there is not enough social housing in England to meet current housing need and waiting lists are at an all-time high. A major reason for the social housing sector shrinking in the past 30 years is that hundreds of thousands of social tenants have bought their homes during this time, after they were given the 'Right to Buy' (council housing tenants) or the 'Right to Acquire' (housing association tenants). This trend in combination with low levels of social house building has drastically reduced the availability of social housing in the UK. The homes becoming available now tend to be allocated to people with complex social, economic, and health problems because of the aggravation of social homes availability. So it is increasing the risk of community breakdown. Shelter statistics indicate that overall 18% of all households in England live in social housing.

Tenants see responsibility as lying with the landlord, but both parties need to be engaged in action to improve efficiency in terms of measures and behaviour. It is recognised that the split incentive is a problem (where expenditure on the property relies on the landlord but direct benefits accrue to the tenant), especially as regards private landlords, but housing associations and councils should be taking all opportunities to retrofit energy efficiency improvements and increase financial capacity of tenants. An example of the split incentive is that a landlord may choose to install electric rather than heating with gas mains – cheaper to install and without the annual maintenance costs, but more expensive to run.

A comment made was that from a tenant's perspective the main issue they experience directly is the price of fuel and how to pay the bill. The underlying issues, such as the energy efficiency of the property and typical consumption levels are secondary, with investment in the social housing stock buried further down still (in amongst things over which they have no control). It was suggested that there should be more incentives for landlords to address this issue and more education for both landlords and tenants about what they can do and what their rights are.

■ ■ ■ France

The state is said to have a role in energy poverty in France, not just in influencing the current situation but also in spurring a voluntaristic policy to reduce insecurity in the coming years. It drives overall policy with particular reference to the measures announced in connection with the Environment Round Table (especially measures to renovate social housing, preparation of the new energy-saving certificate scheme as of July 2009, etc.).

reports which includes estimated numbers of households in fuel poverty, see here:
<http://www.berr.gov.uk/energy/fuel-poverty/strategy/index.html>

Local authorities (municipalities, groups of municipalities and departmental councils) are also mentioned as vital players in local-level activity. The departmental councils presently play a considerable role in social support for household and help with energy bills, since they manage the Housing Solidarity Funds, which include grants for unpaid energy bills. Municipalities and groups of municipalities are responsible for the Local Housing Plans, which determine guidelines and activities to supply a full range of housing options on their territory, including social housing. As they are also in charge of some welfare activities, they have the skills and connections needed to undertake work at local level.

As regards energy prices, energy suppliers follow market prices while observing the guidelines fixed by the state (regulating electricity and gas prices in particular). According to the persons questioned, there is a need to reconcile opening up the energy market with regulation. Suggested measures include not making a profit on basic needs and extending the “social” tariff (a reduced rate presently applied to only one quarter of eligible household).

Landlords (both social and private) have responsibility essentially as regards the quality of housing placed on the rental market.

Associations (involved in the energy sector, welfare, etc.) are also mentioned as having a role to play in reducing energy poverty through consulting and organizing the various stakeholders.

In general, concerted multi-partner action by the various stakeholders in the social, economic, energy and housing sectors looks like a useful way of helping household towards greater energy security. However, it does pose the problem of dilution of responsibilities and relatively heavy organizational workload.

Germany

Various approaches to alleviate energy poverty are discussed in public¹³. In most of the cases, it is pointed out that, as regards saving energy, both landlords and tenants would need to take their responsibility. The state is expected to provide framework conditions to ease energy efficient retrofit and the purchase of efficient appliances. The call for social tariffs has been evaluated critically since they are not perceived as providing sustainable solutions.

First starting points to combat (respectively prevent from) the issue of energy poverty, which are realised by the government, include even stronger efforts in promoting the over-all improvement of the building stock’s energy efficiency.

Social housing¹⁴ makes up 6% of the housing stock (11% of rental housing stock¹⁵) with 57% of the living units as private or social rental. The interviewees assumed that those landlords and housing companies that do care about their low-income tenants offered social services like debt counselling rather than provide the most efficient homes to the poorest tenants.

Apart from structural improvements, the amendment of social subsidies to increasing energy prices is discussed and partly realized (e.g. the amount for living subsidy has been raised). Above that, there is a strong movement towards the provision of guidance for vulnerable households for an efficient consumption of energy in the form of

¹³ e.g. Hengstenberg, 2008; VZBV, 2008

¹⁴ defined as the provision of favourable housing for disadvantaged people on the housing market by utilising public funds. The type and amount of funding depends on the specific annual housing (both rented and owner-occupied) support programs of the Federal States considering regional requirements. Owners of subsidised rental apartments guarantee low priced living space (around 9-15% below rent index) for disadvantaged people for a certain period of time.

¹⁵ CECODHAS, 2009

customised consultation services on the national (www.stromspar-check.de) and local level.

The interviewed experts assumed that if tenants are confronted with high energy bills, they, in most cases, blame their energy suppliers and don't feel responsible for the reduction of their domestic energy consumption, especially for heating. However, representative socio-scientific surveys¹⁶ point out that tenants do feel responsible, at least for saving electricity. Nevertheless, the industry is expected to provide customised technical solutions, public institutions are called on as a role model and politics to provide an adequate infrastructure of legal regulations. About one third of the tenants support a general duty for energy-efficient rehabilitations.

Italy

The social housing represents about one million dwellings. Rental and selling matters of social housing criteria are regulated at National level (law 431/1998 and 560/1993). Nevertheless the national policy framework has been reshaped with the D.L. 112/1998 which decentralizes former central competencies.

Since 1998 all the competences related to social housing have been transferred from the Italian state to regional governments which define the action guidelines, the objectives, the financing and determine the proper way of intervention and assistance.

Assignment systems, rental parameters and restrictions concerning maximum building costs and maximum income of tenants, for example, are decided at regional level.

Housing policy is based on four main topics:

- regulation and promotion of housing rent
- promotion of housing purchase
- realization and management of dwellings for the economically weak part of the population and for people with particular needs (elderly, young couples, students, handicapped, immigrants)
- urban re-qualification focused on deterioration of social housing neighbourhoods

Italy is going through a dramatic situation characterized by the lack of social housing. Since the second half of the Eighties, the policy regarding the housing rights is characterized by the absence of a role of importance of the state. Regional governments have consequently reduced their budget in financing public building projects first and energy efficiency interventions after because of the cutting of public budget. In addition, the evolution of socio-demographic structure of the country has contributed to the diversification of the social housing offer, the actors, and their duty to satisfy different needs of families (immigrants, old people, young people, singles etc...).

In this context, with ever lessening tools and always increasing demands, suppliers of social houses have adopted a range of instruments, in order to assure the demand of quality inside a rather restricted budget. The so called 'Integrated system' unified several instruments in order to evaluate and to improve performance in different aspects, from the physical aspects of a house, a building, to environmental and also social service. One of these systems is the "Social Balance", a system of social responsibility characterized both by economic efficiency and social aspects, which is a distinctive characteristic of social construction. Further instruments are: The 'Services Paper', an instrument aimed to explain all rights and duties of residents and owners, the systems of companies social responsibility (SA8000) and the systems of energetic performance.

¹⁶ e.g. BMVBS, 2007; forsa, 2004; Kuckartz, Rädicker & Rheingans-Heintze, 2006

Social housing and its system in Italy is managed by 111 bodies (Regional, Provincial and Municipal) spread all over the Italian territory and they are responsible for the management of a more than one million units counting housing stock (flats), realised precedently by public funds, proper funds or loans. The origin of these bodies comes from the old autonomous social housing institutes, which has a one hundred years old history. During this period they accumulated a big capacity and know-how in order to manage economic, technical and social issues related to social housing.

Since the year 2001, the ownership of the social housing stock has passed almost entirely unto the municipality. In fact the social housing property has been transferred from the autonomous social housing institutes to municipalities by national law in the year 2001. Eleven autonomous regional social housing institutes (its name changed in "Housing Association"), have the role of general National coordinators covering all Italian territory. Each regional housing association operates by its own network as a decentralized body responsible for each Italian province and some single municipalities. They are the owners of a small amount of buildings and covering the role of property management and technical/administrative services provider.

A new regional association's network is now a reference point for energy saving policies in social housing and building of innovative financial tools, in close cooperation with municipalities that are the owners of the majority of the building stock.

The network is doing its utmost to improve the situation. Undertaken actions in order to obtain such improvements are the implementation of energy saving projects such as the substitution of heating systems with natural gas powered condensing boilers, accounting of the energy supply (heating and hot water consumption) for every single family, roof and floor insulation, frames substitution etc., assuming the role of an ESCO (Energy saving company).

The network manages the social housing buildings in name and on behalf of the municipality. They have been charged with the management and maintenance of the buildings, but the main financial assets are managed by the municipal council and solutions have to be found on this matter in order to increase energy efficiency interventions on social housing stock.

In general, energy poor tenants have little or no awareness on how they can contribute to energy saving or efficiency in their homes. Therefore they do not consider it as an issue. Also in connection with the bad state the building stock is in one must add the scarce performance of the heating system. In the opinion of (energy poor) tenants the improvement of energy efficiency in their building is urgently necessary but as they do not have the financial means to provide in it themselves, they are dependent on national, regional or municipal funds, which are almost always insufficient, if not unavailable.

■■■ Poland

Apart from social subsidies provided by the state, which aim at reducing poverty, energy companies took steps (based on a formal agreement) directed at minimising the costs resulting from suspension of supplies and at the same time help to avoid socially vulnerable consumers being disconnected from the network. A Social Welfare Centre (OPS – Ośrodek Pomocy Społecznej) actively participates in this agreement. The OPS performs a local inquiry into the living conditions of a family and issues assent to granting aid from a targeted allowance for payment of debt, installation of a pre-paid meter or purchase of a pre-paid card, indicating the monthly amount of benefit and the number of months for which the aid is given. Energy companies apply an individualised approach to the form and scope of support granted to the vulnerable and the support is dependent on the current situation of an individual consumer. In 2006, aid due to poverty was

granted to 934 thousand families, in which the total number of persons in family was close to 3 million.¹⁷

While trying to identify the groups that are especially susceptible to energy price increase, the biological minimum was used as a reference point. The fuel poverty, i.e. the susceptibility to price increases, was defined as the energy expenditures used in the biological minimum indicator, which was created by the Institute of Labour and Social Studies. This value was estimated at 16.24 PLN [€ 3.70] (being a value close to the energy expenditures of household from the first deciles of income). This value was a reference point to a number of scenarios concerning increasing electrical prices. With the 'base' scenario (no increases) the percentage of household considered 'susceptible' was about 8.6% of all Polish household (785 thousand household). Even a slight price increase (by 10%) makes that the number of household reach 1 million (scenario 2). When the expenditures grow by 15%, the number of household spending less that indicated by biological minimum reaches from 8.5% to 12.5% of household (up to 1.143 thousand household). The rise of energy prices by 30% enlarges the susceptible group to two times their number in the 'base' scenario - over 1.5 million household (17.4% of Polish household). The weakness of the presented analysis – meaning the observation of the widening fuel poverty in Poland on the basis of the biological minimum indicator – is the lack of flexibility of the method. We do not know, of course, what the actual reaction of Polish households would be if the scenarios were realized. Most probably, when faced with increased energy expenditures, the Polish household will change their behaviour and the energy consumption will drop or the debts of household will increase.

In the scope of the investigations, the following instruments to be implemented by the state were proposed:

- legal definitions of the fuel poverty/socially vulnerable customers that are based on actual economic weakness of these people and that draft the criteria for providing assistance detailed in the Social Welfare Act and the Housing Allowance Act,
- assessment of the number of consumers protected by the proposed instruments and creation of prognoses of the number of socially vulnerable customers in the future and of the amount of resources needed to provide assistance,
- obligation of energy companies (providers) to create special tariffs for the households with incomes below the social minimum,
- single annual allowances to cover energy and gas costs paid to persons receiving social welfare benefit.

¹⁷Annual report on granted social welfare allowances – financial, material and services, January through December 2006, Section 4 – Reasons for granting support [in Polish], MPiPS.

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United Kingdom

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- | | |
|--------------------|-------------------------|
| ➤ Alice Goldstone | ➤ Anne Dixon |
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| ➤ Charlotte Gibson | ➤ Chris Barnett |
| ➤ Clare Williams | ➤ David Worgan |
| ➤ Gilda Costly | ➤ Gillian Warren-Holder |
| ➤ Harry Fitch | ➤ Heather Watts |
| ➤ Helen Stockton | ➤ Joanna Nicolson |
| ➤ John Burns | ➤ John Williams |
| ➤ Kaye Welfare | ➤ Katherine Shepherd |
| ➤ Linda Wright | ➤ Mark Tebboth |
| ➤ Paul Simpson | ➤ Sally Davison |
| ➤ Sioned Hughes | ➤ Steve Winmill |

Name of organisations from which the interviewees above represent:

- | | |
|---------------------------------------|-----------------------------------|
| ➤ Birmingham City Council | ➤ Bridgend County Borough Council |
| ➤ Care & Repair in Powys | ➤ Ceredigion Council |
| ➤ Chris Barnett Associates | ➤ Community Housing Cymru |
| ➤ Domestic and General Insulation Ltd | ➤ Energy Saving Trust |
| ➤ Herefordshire Council | ➤ Marches Energy Agency |
| ➤ Newark & Sherwood District Council | ➤ Newark & Sherwood Homes Ltd |
| ➤ OG Training | ➤ Scottish Power |
| ➤ Severn Wye Energy Agency | ➤ Stroud District Council |
| ➤ Welsh Assembly Government | |

France

Beyond expert interviews and a desk review, this overview is based on information and opinions gathered during meetings on energy poverty, especially in connection with RAPPEL (*Réseau national des Acteurs de la Pauvreté et de la Précarité Energétique dans le Logement* - national action network on poverty and energy poverty in housing) and RREP (*Réseau Régional de la Précarité Energétique en Provence Alpes Côte d'Azur* - regional energy poverty network).

Germany

- ▣ Gülcan Nitsch BUND Landesverband Berlin e.V., Leiterin der türkischen Umweltgruppe Yeşil Çember (Friends of the Earth, head of the Turkish environmental group Yeşil Çember)
- ▣ Henryk Parsiegla energy consultant, Magdeburg
- ▣ Dr. Holger Krawinkel Verbraucherzentrale Bundesverband e.V., Fachbereich Bauen/Energie/Umwelt (Federal Association of Consumers, department of construction/ energy/environment)
- ▣ Hugo Starcken, Detlef Lehmer KEBAB gGmbH, Kombinierte Energiespar- u. Beschäftigungsprojekte aus Berlin (organisation, which coordinates projects aiming at promoting both energy savings and employment)
- ▣ Dr. Immanuel Stiess ISOE, Institut für sozial-ökologische Forschung (institute for socio-ecological research)
- ▣ Ingrid Vogler GdW - Bundesverband deutscher Wohnungs- und Immobilienunternehmen e.V. (Federal Association of German Housing Companies)
- ▣ Dr. Klaus Wortmann Innovationsstiftung Schleswig-Holstein (a public-private-partnership aiming at promoting innovations in the field of technologies, energy, climate protection)
- ▣ Nicole Pillen dena, Deutsche Energie-Agentur GmbH (German Energy Agency)
- ▣ Sigrid Kubica Mieterverein Magdeburg und Umgebung e.V. (local tenants association in the city of Magdeburg)
- ▣ representative of the municipality of the city of Frankfurt
- ▣ two representatives of SOVD, Sozialverband Deutschland e.V. (association for social matters)

Italy

Ecuba carried out the investigation and analysed case studies in close connection with ACER Reggio Emilia and ACER Ferrara, two Emilia Romagna Region House Companies taking part in the a.m. network, active in the realisation of interventions using innovative financial tools.

List of interviewed persons:

- ▣ CEO ACER Reggio Emilia, Engineer
- ▣ Managing Director ACER Reggio Emilia, Architect
- ▣ Responsible of relations with tenants of ACER Reggio Emilia, Engineer
- ▣ Four tenants of S.Ilario D'Enza condominium
- ▣ Responsible of national and international co-operation programmes, ACER Reggio Emilia
- ▣ Responsible Energy and Environmental Department Milan Province
- ▣ Managing Director ACER Ferrara, Architect
- ▣ Managing Director Modena Energy Agency
- ▣ Responsible Social Housing Department of the Emilia Romagna Region, Architect

- Project Manager of Alisei (NGO housing association)
- Project manager Cooperativa Andria (Private housing Association)

■■■ Poland

The interviews included representatives of the following institutions:

- Bank Gospodarstwa Krajowego (The National Economy Bank)
- Social Welfare Centre of North Praga Region of Warsaw City
- Polish National Energy Conservation Agency
- City Buildings Enterprise Ltd
- Several city halls