IMPLEMENTING FUEL POVERTY POLICY: THE CHALLENGE OF IDENTIFICATION OF FUEL POOR HOUSEHOLDS

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Overview

In the implementation process of fuel poverty policies, the correct identification of fuel poor households is an important element. The aim of identification is to ensure that the beneficiaries of fuel poverty policies are really those households who need it most. But this is not an easy task because fuel poverty has several dimensions: low incomes, poor housing conditions, inefficient heating equipments, and high fuel costs. In general, identification of fuel poor households cannot be done by using existing "ready to use" databases Therefore, finding who is actually fuel poor requires some effort. A proper identification requires a definition of identification criteria and a design of identification processes, which is often done at a local level.

The question of identification has not received much attention in the literature, which can be explained by the fact that the UK, as the country where fuel poverty policies have first been developed, has mainly relied on a reactive identification system based on of self-referral. Recently, Boardman (2010) has highlighted the inefficiencies of this kind of method, in which many fuel poor households are not brought out of fuel poverty and many non-fuel poor households benefit from the various policies that have been created.

The present paper analyses the practical implementation of fuel poverty policy, by discussing the various difficulties that can appear in that process. We show that practical implementation of this kind o policy can be analysed through a three-step process made of (1) targeting, (2) identification, and (3) practical implementation of policy (i.e. realisation of energy efficiency measures at the households' homes). We apply this framework to the recent French fuel poverty policy which is largely based on a proactive approach of identification of households.

Method

Relying on the literature in the fields of poverty policymaking and new institutional economics, we first elaborate an analytical framework of fuel poverty policy implementation. This framework takes into account that "real" policy implementation has many imperfections. These imperfections can result in efficiency losses of the policy (i.e. households that are fuel poor and that are not targeted or identified, and households that are not fuel poor and that are benefitting from fuel poverty policy), which can occur at different stages: targeting, identification and practical implementation.

We then apply this framework to the French case. France has the specificity that its fuel poverty policy – especially the programme "Habiter mieux" – is based on a proactive approach for the identification of households. This is a difference with the Warm Front programme that has been developed in England, in which identification is done on a reactive basis (individuals needing to self-refer in order to benefit from the programme). We review and analyse the French case looking at the actions that are implemented at the local level, especially through the local contracts implementing the new programme "Habiter mieux".

Results

In this paper, we discuss the efficiency problems of fuel poverty policies by considering their three components – targeting, identification of households and practical implementation – as three interdependent steps. Each of these steps is costly and can face feasibility problems. Such a framework is particularly relevant for analysing fuel poverty policies because of the multidimensional aspect of fuel poverty. This makes public policies in that field necessarily imperfect, and this should be taken into account in policy design. The French case shows how the different steps of the design of a fuel poverty policy are linked with each other.

Regarding more specifically the step of "identification", we show how it is realised in practice, by combining different identification actions and by mobilizing a whole network of (pre-existing) local actors. We demonstrate that the efficiency of identification is strongly linked to the ability of these local actors to cooperate in order to develop capabilities to deal with the multidimensionality of fuel poverty.

Conclusions

Designing fuel poverty policies that will achieve the goal of reducing fuel poverty in an efficient way is a complex task. As highlighted by Boardman (2010) for the UK, there can be a "mismatch" between the definition of fuel poverty and eligibility for assistance, which can be interpreted in terms of errors of inclusion and errors of exclusion that increase the total cost of reducing fuel poverty.

The design of fuel poverty policies should therefore take into account the various issues of feasibility that appear at the implementation stage. Within the three-step implementation process we identified, a proper identification of fuel poor households is a crucial but also a challenging task, especially when it is done in a proactive way. A careful design of identification mechanisms is necessary in order to minimize the inefficiencies that can occur at that stage. And it should take into account the fact that this kind of policy is not taking place in an institutional vacuum. The weight of the pre-existing local actors and of pre-existing policies in related fields being different from one region to another, it is important to strongly link the design of identification measures with the relevant actors existing at the local level.

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