

Rachel Guyet\* - 17 September 2024

## Energy Poverty in Europe: Local Authorities as a Game Changer?

Energy poverty is recognised as a phenomenon caused by the combination of at least three factors, low incomes, bad quality housing and high energy prices. Since the war in Ukraine, the surge in energy prices has aggravated energy poverty across Europe and beyond. During the winter 2022-23 42 million Europeans declared their inability to heat their homes properly<sup>1</sup>, compared to 37.4 million in 2018<sup>2</sup>, before the health and energy crises. The war in Ukraine acted as a wake-up call for the EU. Although the EU has been increasingly encouraging the Member States (MS) to define, measure and address energy poverty since the 2010s, no obligation has been imposed on the MS. However, a consensus was reached in 2023, even among those reluctant Member States who have always regarded energy poverty as a social issue and as such, a topic outside the jurisdiction of the EU. Article 2(52) of the directive on energy efficiency (2023/955) was adopted on 13 September 2023, introducing an EU-wide definition of energy poverty. The Member States have two years to transpose it into their national legislation. This means that national governments will have to define the problem, develop indicators and measures to address the topic in its multidimensional character. So far, its social dimension has been widely addressed at both national and local levels. Up to now, local authorities have been implementing the national policies or may also have acted to compensate for the lack of national public policies and played an active role in experimenting with new solutions. Local authorities have always been at the forefront in the fight against energy poverty, mostly through (emergency) income support measures to help households pay their bills. But municipalities in countries where a legal definition of energy poverty has long been adopted, such as in the UK (2000), France (2010) or Ireland (2011), have gone further. Not only have they developed curative income support measures, but they also represent key actors in upgrading the housing sector and in developing renewable energies that can be made accessible to households<sup>3</sup>. Local authorities, together with a large variety of local actors, have to implement retrofitting programmes developed at national level,

such as the programme MaPrimeRenov' in France<sup>4</sup>, or ECO 4 in the UK<sup>5</sup> or Warmer Homes Schemes<sup>6</sup> in Ireland. And they often go beyond the national requirement thanks to innovative approaches such as the city of Coventry implementing a Strategy Energy Partnership to tackle energy poverty while investing in its decarbonization pathway and linking it with health issues<sup>7</sup>, or the 15 local authorities in France becoming "territoire zero exclusion énergétique"<sup>8</sup> aiming at addressing energy poverty from a global perspective. However, fighting energy poverty is not an easy task for the local authorities. Are they in fact empowered and equipped enough to meet the demands of the other levels of governance and of the local populations?

### The legitimacy to act

In Europe, local authorities' capacity for action is part of a complex relationship with their national government. Having been responsible for implementing national policies, local authorities have acquired the institutional and political legitimacy to develop their own local policies, though constrained by the limits and the amount of room for manoeuvre granted by the national governments. It is up to the local political decision makers to decide whether or not to give impetus to local action on energy poverty, depending on the national requirements but also on their own political agenda, locally or even nationally, and on the local identity of the territory. The legitimacy of local authorities is based as much on the institutional and democratic recognition of their ability to take care of citizens' needs (input legitimacy), as on the trust that they enjoy locally, thanks to the provision of local goods and services (output legitimacy)<sup>9</sup>. Depending on the national governance system, they can either just implement national programmes (governing by provision), or they can benefit from enabling conditions set by the national State, allowing them to adopt their own mechanisms (governing through enabling and capacity building) or they can also stimulate pilot projects, as such representing fields of innovation and experimentation

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(self-governing)<sup>10</sup>. However, local action will also depend on the strength and stability of the local collective initiatives and networks and their ability to adjust to the multidimensional character of energy poverty. Since local authorities in Europe are responsible for the social and housing sectors and can act on the deployment of renewable energies in their territory, they have the knowledge and the resources to act on energy poverty. Nevertheless, not all local authorities are empowered and well equipped to address energy poverty, especially in rural areas, because of a lack of resources, a lack of awareness about energy poverty and insufficient means for action.

### Identifying the households and their needs

Even if all the above criteria are met, the next challenge they are confronted with is how to identify those households in need. When there is no national definition of energy poverty, there is no statistical tool to measure energy poverty that can help target households. Even where statistics are available, like in France through the Observatoire National de la précarité énergétique or in the UK, it is not easy to grasp the scope and severity of energy poverty in order to frame adequate interventions. Given its multi-dimensional nature, a single indicator is incapable of capturing the complexity of energy poverty and therefore may have the effect of directing public policy towards inappropriate targets. Only composite indicators can capture the scale and severity of energy poverty. It leaves local authorities with the obligation to collect data from different sources (income taxes, energy certificates, bill arrears etc.) to aggregate them so as to have a clear view of the groups affected. However, collecting adequate data is already a hurdle. Because of the diversity of the sources, it is not easy to gain access to data. When it is possible, some of the data are not available for free. One approach would be to cross-reference data from different local sources to draw an evidence-based local diagnosis. However, local actors may face data sharing issues and GDPR restrictions. To overcome this, several suppliers in France and in the UK, for example, sign agreements with local social services, energy advisory bodies, social mediation structures in order to share their data regarding payment arrears so that the households struggling to pay their bills can be identified and supported. Proactive models aimed at reaching out to house-

holds are developing everywhere, such as the initiative [Locaux-Moteurs](#) in France.

### Coordinating the actors for a global inclusive action

The question that arises at local level concerns the ability of local authorities and actors to tackle energy risk in a global, decompartmentalised and collaborative way. However, the cognitive representation of “energy poverty”, the decision-making mechanisms, the mobilisation of a network of local players and the ability to articulate their relations with private energy companies all vary greatly from one place to another. Each project therefore has a variable geometry, depending on the capacity of local players to formulate compromises, more or less formalised, between the needs of the population and the divergent interests of the various players likely to be involved<sup>11</sup>. The number of stakeholders that can be involved cover a large variety of organisations, from the energy suppliers, the different services of a local authority, social services, housing providers, construction companies, doctors, support organisations etc., depending on the local political will as well as local established and informal networks. Understanding who is doing what, where the expertise is available and what resources can be mobilized is essential to avoid reinventing the wheel or placing all organisations in competition to access decreasing funding opportunities and to position the local government as coordinator, ensuring that energy poverty can be addressed in its multiple dimensions.

### Stabilising the funding

But if they want to be serious about energy poverty, local authorities need resources and this can represent a first stumbling block. Indeed, financial resources are necessary for their action, together with human and material resources. However, everywhere in Europe the welfare state is under pressure. Indeed, the amount of funding available has been reduced, or is not sustainable, or the eligibility criteria have become stricter. Local authorities are therefore confronted with an increased uncertainty regarding their budget, and this in turn undermines the capacity of all local actors to act. The UK is a good example of this. British local governments are in debt. By 2024-2025, £4 billion will be needed to restore local budgets which have been plagued by requests for financial

support since the start of the crises, while their resources continue to shrink. Without an adequate response from the government, many local authorities are considering increasing the – rather unpopular – “council tax” while cutting staff and services considered “non-essential” and selling off their assets. British local authorities must continue to do more with less. The Household Support Fund, introduced in October 2021, which has distributed £820 million to households in difficulty, was due to expire on 31 March 2024. Local authorities are calling for the scheme to be extended, but the Tory government’s failure to take a decision on the matter has left them in a state of uncertainty<sup>12</sup>, a problem which the new Labour government will have to tackle.

### Room for local experimentation

The possible emergence of local experiments depends on historical institutional systems which lead to varying degrees of hybridisation between public, private and non-public action. They are encouraged by the co-production of inter-institutional projects<sup>13</sup>. However, they are also dependent on local collective action and the capacity of local actors to share a common diagnosis of the state of energy poverty, to pool their resources, to reconcile their respective interests for the benefit of households in need and to go beyond the traditional institutional barriers<sup>14</sup>. This can be achieved through two main streams: implementing broad and inclusive partnerships and devel-

oping a global approach to energy poverty to tackle its multifaceted dimensions. A good example of a broad cooperation model is the city of London which, in 2018, organised the [London Fuel Poverty Partnership](#) that aims to bring together all the actors who have the power to fight energy poverty in order to better coordinate the action, to encourage cooperation, to decompartmentalize the approach and deliver solutions adapted to local needs. Involving the households in the co-design of measures makes this kind of cooperation more inclusive, as can be illustrated by the renovation initiative of inhabitants of a vulnerable neighbourhood in [Madrid](#). The second element of the decompartmentalization process relies on linking energy poverty with other fields of public action, such as energy poverty and health, as seen in [Coventry](#), or energy poverty and access to renewable energy, as in [Aberdeen](#) where the municipality decided to invest in low carbon technologies in 100 council homes, based on solar panels, heat pumps and battery systems to ensure carbon neutrality, improvement of comfort and energy cost reduction.

In some territories, local authorities can really become game changers in the way energy poverty is addressed. However, it may also widen the gap between different areas because the local formal and informal action networks, the sustainability of the resources and the political leadership vary largely from one place to another.

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