



Gweithredu dros Gartrefi Cynnes
Action for Warm Homes

A NEW FUEL POVERTY STRATEGY FOR WALES

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Introduction to this paper

National Energy Action (NEA) works across England, Wales and Northern Ireland to ensure that everyone in the UK can afford to live in a warm, healthy home¹. People of all ages in Wales are facing the daily struggle of living in cold, damp conditions. They are regularly forced to make desperate choices between ‘eating or heating’, to ration their fuel use or face indebtedness. For some, this stark reality can prove fatal. Each winter across Wales, on average over 650 people die needlessly due to a cold home².

Despite attempts to end fuel poverty³ in Wales, the statutory targets that were in place to eradicate the scourge of cold homes were missed⁴ and fuel poverty continues to be a devastating problem in Wales. An estimated 12% of households (i.e. 155,000 households) are living in fuel poverty⁵ and the impact of COVID-19 is likely to have left many households more exposed to the risks of living in a cold home than ever before⁶.

The Welsh Government has committed to developing a new Fuel Poverty Strategy which is expected in September. The Welsh Government has recently responded⁷ to recommendations made by the Climate Change, Environment and Rural Affairs Committee following their inquiry into fuel poverty in Wales⁸. It has indicated its acceptance of all of the committee’s recommendations and, in particular, that it is committed to developing and consulting on stretching, meaningful targets which if adopted will be subject to continuous monitoring, review and reporting⁹.

This short briefing highlights the key commitments NEA Cymru would like to see reflected in the consultation and final strategy, to renew the Welsh Government’s commitment to end fuel poverty and rejuvenate efforts by a range of key stakeholders around this crucial cause. If this can be achieved, as well as saving lives and reducing pressures on our stretched health services, it will help put people back to work¹⁰, address regional variances in economic deprivation and provide a major stimulus to the economy¹¹. These actions would also help to reduce poor air quality which also damages respiratory health, and reduce carbon emissions to make a direct contribution to meeting the goal of becoming net zero.

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Focus and key principles for the strategy

The Welsh Government is required by law to publish and implement a strategy for reducing fuel poverty in Wales. The current strategy has not been updated since it was produced in 2010. This section describes NEA Cymru’s initial views on the **key principles and priorities**. We believe the new Fuel Poverty Strategy for Wales should:

- **Help those most in need, starting with ‘the worst first’.** Those classed as being in ‘severe fuel poverty’ and living in the least energy efficient homes should receive priority help
- **Be comprehensive.** As well as improving home energy efficiency, the strategy must set out how to help reduce energy bills and boost household incomes. Whilst the Welsh Government has limited powers in these areas, there are opportunities to scale up activities that address all three drivers of fuel poverty
- **Be measurable.** The previous strategy failed to build in necessary monitoring and reporting mechanisms. This must be addressed and be overseen by an independent advisory group
- **Align with wider ambitions for reaching net zero.** In order to ensure a fair transition to net zero, fuel poor households need to be priority beneficiaries of a green and healthy recovery not left behind to be the disproportional sponsors of it. As fuel poor homes are the most expensive to run and often the most polluting, the direct impact of upgrading them will bring substantial environmental benefits
- **Act on the well-established links between cold homes and ill-health.** Work to strengthen links with the health sector is underdeveloped in Wales. Improving winter resilience and reducing winter pressures requires year-round collaboration. A priority is to reflect on and embed the clear guidance on reducing excess winter deaths set out by the National Institute for Health and Care Excellence (NICE)
- **Leverage support by the UK Government, local government, Ofgem and industry.** The Welsh Government ought to leverage its influence and have a strong voice in UK-wide policy design, energy regulation and facilitate industry-led initiatives that can directly impact fuel poor households in Wales. Local government priorities can also be influenced to enhance strategic action on fuel poverty.

Meeting legal requirements

In the Fuel Poverty Strategy, the Welsh Government is required by law to describe the households the strategy applies to and alongside interim objectives and targets, ensure that “as far as reasonably practicable” person(s) in Wales do not live in Fuel Poverty. This section sets out our views on which **targets** the Welsh Government should adopt and any changes to the **definition of fuel poverty**. NEA believes the new fuel poverty targets in Wales should:

- **Be ambitious, meaningful and realistic.** This requires an end target date which brings forward the vast majority of key actions this decade. As a minimum, over a ten year horizon, the Welsh Government must seek to end fuel poverty in the worst affected homes so that that the poorest households living in the least efficient homes realise the benefits of positive interventions over a longer period
- **Interim targets are a statutory requirement.** Any final target must be supported by interim targets. These should be focused on improving energy efficiency and should at least be as ambitious as those in England¹²
- **Set on a statutory footing.** New targets must be set in legislation when old targets are repealed. Failure to heed this recommendation will undermine the Welsh Government’s commitment and lead to loss of accountability. Conversely, putting fuel poverty targets on a statutory basis will help galvanise investment, jobs and skills.

The Welsh Government should ensure that the definition and measures used to assess fuel poverty are appropriate for the people of Wales and in line with the focus of the strategy. We believe it would be appropriate to:

- **Retain the '10%' definition but apply an income cap on those considered to be in fuel poverty.** The income cap would be based on 60% of median income, as used in England and Scotland. This would focus efforts on those on the lowest incomes and help those most in need. It would also help to keep the definition simple and easy for frontline practitioners and those working on related schemes to apply.

Monitoring progress against targets and governance

The Welsh Government must establish a robust monitoring framework to oversee progress in delivering its new strategy. This should include:

- **Periodic reviews.** This will encourage scrutiny of the effectiveness of the plan in a predictable way and build in opportunities for considering how new innovation or new funding mechanisms can accelerate progress in meeting the targets if required
- **Publication of annual fuel poverty estimates and analysis on these trends.** As well as helping to track progress overall, this will allow more detailed analysis of trends affecting cohorts within the wider fuel poor population (for example, within different tenures, different ages, household compositions etc)
- **An Advisory Board or joint working group.** This group would be made up of different organisations or individuals who can bring a variety of expertise to advise, monitor and review progress and provide external scrutiny. As noted above, this would be backed up by regular data provided by the Welsh Government.

National assistance schemes

Despite the failure to meet the previous fuel poverty commitments in Wales, NEA has consistently championed the flagship energy efficiency programmes. The mix of a national self-referral scheme and area based approaches has supported thousands of households to improve their health and to offer protection against rising energy costs. In response the Welsh Government should:

- **Continue and boost investment in Wales' national energy efficiency schemes to support those most in need, living in the most inefficient properties.** The schemes should raise energy performance standards to levels in line with wider Government ambitions
- **Develop independent and regular monitoring and evaluation frameworks.** As a minimum, a yearly report should be published on national schemes setting out the annual budget, how many households have been assisted, describing how and include an estimate of the impact activity has had on fuel poverty levels
- **Establish a pilot scheme for a holistic advice and support service.** The service should provide direct advice and assistance to vulnerable households in or at risk of fuel poverty on improving energy efficiency, maximising incomes and reducing energy costs
- **Make the most of GB schemes in Wales.** The Welsh Government can help ensure local authorities are well equipped to enforce private rented sector Minimum Energy Efficiency Standards (MEES) regulations, drive greater uptake of support provided by network and water companies, drive up access to the smart meter rollout, leverage more Energy Company Obligation (ECO) and ensure ECO Flex statements of intent are fit for purpose, aligning with the Welsh Government Fuel Poverty Plan.

In so doing, Welsh Government should ensure that schemes are designed to:

- **Include low-income households living in, or at risk of, fuel poverty even if they do not receive means-tested benefits.** A priority is to broaden core eligibility criteria based on learnings from the Nest Scheme Health Conditions Pilot
- **Balance the need for improving both the thermal efficiency of properties and the efficiency of heating appliances of targeted properties**
- **Meet the cost of enabling works** for households that would otherwise be unable to benefit from energy efficiency improvements under schemes
- **Address the specific challenges associated with tackling fuel poverty in rural areas** including decarbonising off gas homes and the cost inequality of upgrading hard to reach homes.

Endnotes

1 NEA Cymru lead the steering group of the Fuel Poverty Coalition made up of a range of key organisations working together to end fuel poverty in Wales. NEA Cymru also provides the secretariat for the Cross Party Group on Fuel Poverty and Energy Efficiency in the Senedd which aims to raise awareness of fuel poverty and stimulate cross-party debate about the need to make energy costs more affordable.

2 Excess winter deaths compare the number of deaths that occurred during the winter period with the average number of deaths occurring in the preceding August to November, and the following April to July. EWD due to cold homes in Wales take a 5-year average of total EWDs and then 30% of the overall figure in line with World Health Organisation’s own methodology.

3 A household is regarded as being in fuel poverty if they are unable to keep their home warm at a reasonable cost. In Wales, this is measured as any household that would have to spend more than 10% of their income on maintaining a satisfactory heating regime. Any household having to spend more than 20% is defined as being in severe fuel poverty. Vulnerable households are defined as those with a person aged 60 years or over, a child or young person under the age of 16 years and/or a person who is disabled or has a long term limiting condition.

4 Despite fuel poverty levels halving since 2008, the Welsh Government admit that the original aims [to eradicate fuel poverty for vulnerable households by 2010; in social housing by 2012; and to eradicate fuel poverty for all households in Wales by 2018] have not been achieved. In fact, none of these targets were achieved.

5 A household is regarded as being in fuel poverty if they are unable to keep their home warm at a reasonable cost. In Wales, this is measured as any household that would have to spend more than 10% of their income on maintaining a satisfactory heating regime. Any household having to spend more than 20% is defined as being in severe fuel poverty. Vulnerable households are defined as those with a person aged 60 years or over, a child or young person under the age of 16 years and/or a person who is disabled or has a long-term limiting condition. The statistics noted in this section are taken from Welsh Government fuel poverty estimates for Wales in 2018, published in May 2019 and updated on the 13 December 2019. See here for further information: <https://gov.wales/sites/default/files/statistics-and-research/2019-12/fuel-poverty-estimates-wales-2018.pdf>

6 The health implications of cold temperatures on respiratory conditions and on frail and elderly households are well known. These impacts are also intergenerational, with children twice as likely to suffer from asthma or bronchitis if they inhabit cold and damp housing. These issues have been badly exacerbated the Covid-19 crisis. During the colder months many people will continue to stay at home for longer periods. Alongside the psychological stress and social isolation caused by the virus, too many will have to choose between heating their home adequately and falling into debt or rationing their energy use and living in cold damp homes that are dangerous to their health and can shorten their lives. This can lead to a vicious cycle of hospital admission, discharge and readmission. Poor housing leads to sharp rises in energy use. A recent independent analysis suggests that, if a second lockdown was re-imposed during winter months, families in cold, leaky homes would face heating bills elevated on average to £124 per month, compared with £76 per month for those in well-insulated homes – a difference of £49 (£48.7) per month.

7 To view the Welsh Government response visit: <https://senedd.wales/laid%20documents/gen-ld13227/gen-ld13227%20-e.pdf>

8 For more information visit: <https://business.senedd.wales/mgIssuueHistoryHome.aspx?Ild=25969>.

9 On the 1st July, the Welsh Government also issued a written statement indicating that they will release further plans on enhancing energy efficiency in Wales in September. This announcement is also expected to contain the consultation on the new fuel poverty strategy for Wales.

10 According to Bank of England forecasts, unemployment is likely to increase by an additional 1.79m people by the end of 2020.

11 Rebuilding for resilience, Energy efficiency’s offer for a net zero compatible stimulus and recovery, Energy Efficiency Infrastructure Group (EEIG), June 2020

12 In England there is a statutory requirement to ensure all fuel poor homes achieve a minimum energy efficiency performance certificate (EPC) rating of Band C by 31 December 2030 (and the nearer-term milestones). The milestones require all fuel poor homes to be brought up to EPC Band E by 2020, Band D by 2025.