



Climate Change Environment and Rural Affairs Committee: Inquiry into fuel poverty

Introduction

NEA Cymru welcomes the opportunity to respond to the Committee's inquiry into fuel poverty and would like to thank the Committee for focusing on this important issue.

NEA is the dedicated fuel poverty charity championing the cause of the most vulnerable members of society and seeking to end the misery and suffering caused by cold homes. We operate throughout the whole of Wales, England, and Northern Ireland and work closely with Energy Action Scotland (EAS).

Our work focuses on running practical projects which directly benefit those living in fuel poverty. Through our Empowering Communities Cymru project we are improving the resilience of deprived communities in Wales by upskilling over 800 frontline staff and advisors over the past six years who have gone on to assist thousands of vulnerable households with their energy needs and we've directly supported over 500 individuals and families to manage their energy bills. We also provide secretariat to the Fuel Poverty and Energy Efficiency Cross Party Group to campaign for improvements to policies and programmes to help households in Wales struggling to keep warm.

UK Fuel Poverty Monitor 2019

As part of our policy work to improve the lives of the fuel poor NEA and EAS recently published our annual UK Fuel Poverty Monitor¹, which gathered evidence from stakeholders to examine the progress in tackling fuel poverty under existing fuel poverty strategies across the four UK nations. The Monitor provides recommendations for how the Welsh Government can improve its efforts to address fuel poverty going forward and we are submitting a copy of the report as part of NEA's response to the Committee. These recommendations have informed much of this response.

¹ UK Fuel Poverty Monitor 2018-19. Available from <https://www.nea.org.uk/wp-content/uploads/2019/09/Fuel-poverty-monitor-high-res.pdf>

The scale and impact of fuel poverty in Wales

New figures released by the Welsh Government in the summer of 2019 suggested that in 2018, 155,000 households² (12%) were living in fuel poverty which equates to approximately 350,000 people in Wales. It should be noted that the vast majority of these households (130,000) are extremely vulnerable, either disabled, elderly, or have young children in the household and 19,000 households are still living in extreme fuel poverty.

Whilst the new figures suggested fuel poverty has more than halved since the last household condition survey was undertaken in 2008, the evidence from frontline workers assisting low income and vulnerable households tells a much different story of households experiencing a range of daily struggles to make ends meet. For example, many households experiencing fuel poverty will also be experiencing food poverty and the Trussell Trust reported a 15% increase in foodbank use in Wales in 2018-19.³

Ofgem's recent report on vulnerable energy consumers⁴ highlighted that Wales has the highest proportion of energy consumers on the Priority Services Register compared to England and Scotland (28% for gas and 26% for electricity). Ofgem also reported that there were an increasing number of customers in arrears in 2018 compared to 2018 across Great Britain who do not have a repayment plan set up with their energy supplier.

In addition, the proportion of consumers using prepayment meters in Wales for both gas and electricity is nearly 1 in 5, at 18%. A high proportion of prepayment meters (PPM) have been installed as a result of a customer falling into debt with their fuel bills and there is a risk that customers will self disconnect when they are struggling to pay to top up. Ofgem's research shows that PPM customers tend to have high vulnerability representation and face additional challenges in accessing cheaper energy deals.⁵

The impact of fuel poverty on individual households but also on our communities is truly devastating. At an individual level it can mean people being regularly unable to heat their homes (self disconnecting) during the winter because they can't afford to pay the bills leaving them in the cold and without hot water; making desperate choices between 'eating or heating'; and using dangerous heating appliances because they can't afford to get them serviced regularly. On average over 500 people needlessly die in Wales each year due to living in a cold home and in the winter of 2017-18 this figure rose to over 1,000 deaths. It has also been well documented that a range of health conditions can be exacerbated by inadequate heating, damp and mould growth including increasing the risk of heart attacks, strokes, falls, as well as anxiety and depression caused by the worry of crippling debt.

² Fuel poverty estimates for Wales (Headline results) 2018. Available at: <https://gov.wales/fuel-poverty-estimates-wales-headline-results-2018>

³ See <https://www.trusselltrust.org/2019/07/16/welsh-food-banks-fear-busiest-summer-ever-ahead/>

⁴ <https://www.ofgem.gov.uk/publications-and-updates/vulnerable-consumers-energy-market-2019>

⁵ See 4.

To society, it has been estimated that the total cost to the NHS in Wales of dealing with category one hazards (damp, mould growth and excessive cold) was around £67 million per year⁶ with the overall cost to society estimated at around £168 million per year.

Fuel poverty is also a significant problem for disabled people. One report by Scope suggests that over £500 a year extra in energy costs are incurred by disabled people as a direct result of their condition, when compared to the average household.⁷

Cold homes can also have particularly harmful effects on the development of babies and young infants which can persist into later life.⁸ Evidence⁹ suggests that infants living in cold conditions have a 30% greater risk of being admitted to hospital or primary care facilities in the first 3 years of life.

Conversely, tackling fuel poverty can result in widespread benefits through positive physical and mental health improvements, less GP visits and demands on the NHS and social care, improved air quality and quality of life; the creation of local jobs, regeneration of local communities and more money in people's pockets to spend in their local communities.

How Welsh Government action to date has helped to combat fuel poverty, in particular, the impact of the Warm Homes Programme (including Nest and Arbed) and the Welsh Housing Quality Standard

As noted in the recent report by the Wales Audit Office into fuel poverty¹⁰, £321.6m has been spent since 2009 on energy efficiency improvements via the Nest and Arbed schemes, resulting in over 54,659 homes in Wales being assisted, roughly a third of current levels of fuel poor households. This is a significant amount of investment, but as the report notes, it is currently unclear what impact these schemes have had in terms of lifting households out of fuel poverty. We simply do not know because no assessment has been done on whether the households are in fuel poverty before receiving the measures and whether they have been lifted out of fuel poverty after receiving the improvements. This also raises concerns about the effective targeting of the schemes.

Indeed, during our call for evidence with our stakeholders they raised concerns around the eligibility of the Nest scheme and that it should be widened so that more households on low incomes who do not receive means-tested benefits could receive energy efficiency improvements. NEA's Fuel Poverty Monitor highlighted two case studies of extremely vulnerable households who were experiencing difficulties with inefficient heating systems, one of which obtained help from the Nest scheme whilst the other household was not eligible for support (see Appendix 1).

⁶ Thomson H et al (2009) The Health Impacts of Housing Improvement: A Systematic Review of Intervention Studies from 1887 to 2007. American Journal of Public Health, 99, 681-691.

⁷ Out in the cold, March 2018, Scope. Available from <https://www.scope.org.uk/Scope/media/Images/Out-in-the-cold.pdf>

⁸ (Marmot Review Team, 2011) (Climate Just, 2014).

⁹ See 8.

¹⁰ <https://www.audit.wales/news/fewer-households-fuel-poverty-welsh-government-misses-targets>

The Welsh Government should work collaboratively with stakeholders to help overcome the challenges it faces in targeting and evaluating the impact of its significant investment in its energy efficiency programmes as outlined by the Wales Audit Office's report. Anecdotal evidence from stakeholders in the past has raised several issues including the transparency of the schemes, as well as the type of advice and support provided to households.

Health Pilot

A positive example of such collaboration is the improvements made to the Welsh Government health conditions pilot programme¹¹. Introduced in 2017 the pilot was intended to help households who suffer from certain health conditions made worse by the cold to access home improvements available through the Nest scheme such as a free boiler, insulation or central heating.

There was poor uptake initially but with input from NEA as well as other stakeholders changes have been made to improve the pilot including changes to the eligibility criteria, referral routes and incomes thresholds which has significantly increased the referral rate and as a result the scheme will be able to assist more households going forward. The Wales Audit Office has indicated that it intends to investigate these schemes further and NEA welcome this.

Social Housing

As noted in the Welsh Housing Condition Survey¹² homes in Wales have become more energy efficient over the last 10 years, and housing in the social sector have improved the most with the highest percentage of dwellings in EPC bands C or above. The new fuel poverty figures indicate that an estimated 9% of social housing tenants were living in fuel poverty in 2018.

The Welsh Government provides £108m each year to improve over 200,000 social housing homes and as stated in the Welsh Housing Quality Standard (WHQS) latest report¹³, the number of social housing dwellings that are compliant with WHQS (including acceptable fails) has increased to 93% in 2019. Central heating systems showed the highest compliance at 99%.

Despite the improvements in the social housing stock there are still 21,000 households in fuel poverty. This suggests that households would benefit from more holistic advice including income maximisation advice such as benefit entitlement checks and Warm Home Discount Scheme, energy switching, and behaviour change advice.

How the Welsh Government's successor to the fuel poverty strategy (due for consultation in Autumn 2019) should differ from its 2010 strategy.

¹¹ <https://nest.gov.wales/en/eligibility/>

¹² <https://gweddiill.gov.wales/statistics-and-research/welsh-housing-conditions-survey/?lang=en>

¹³ <https://gov.wales/sites/default/files/statistics-and-research/2019-10/welsh-housing-quality-standard-31-march-2019-256.pdf>

The overwhelming majority (93%) of stakeholders who responded to our call for evidence wanted the Welsh Government to set new fuel poverty targets in a new fuel poverty plan, and more than half (60%) felt that the 10% indicator was generally effective in both identifying households in, or vulnerable to, fuel poverty and enabling them to support clients in applying for fuel poverty schemes.

The Welsh Government has recently accepted in principle the recommendations from the Decarbonisation of Homes Advisory Group to prioritise the homes of the fuel poor over the next 10 years to reach EPC Band A as part of its plans to tackle climate change. We want the Welsh Government to progress this recommendation as soon as possible.

At present rates Wales is spending less than Scotland and Northern Ireland on energy efficiency programmes for fuel poor households. According to E3G, an independent climate change think tank, in 2017 Wales spent £17 on energy efficiency, Scotland £35, Northern Ireland £23, and in England £8 per capita on average via a combination of UK wide government and supplier obligation investment funded regressively through consumers' bills.¹⁴

We are also calling on the Welsh Government to back NEA's call, and those of many other organisations, for energy efficiency to be made a national infrastructure priority. This will help to unlock the necessary UK funding to achieve the EPC Band A target and the Welsh Government's net zero ambitions to ensure that decarbonising domestic homes is done in a fair and equitable way.

Additionally, the UK Fuel Poverty Monitor highlights a number of recommendations for how the Welsh Government can improve its efforts to address fuel poverty:

Recommendations

- The Welsh Government should accept the recommendations outlined in The Decarbonisation of Homes in Wales Advisory Group to prioritise fuel poor households to an energy performance standard of EPC Band A (SAP 90+) over the next 10 years.
- The Welsh Government should review the eligibility criteria for its Nest scheme to consider how low-income households, not on means-tested benefits, and living in energy-inefficient homes can be assisted.
- The Welsh Government should consider how it can support local authorities to help maximise funding for energy efficiency improvements via the ECO flexible eligibility scheme.
- Funding for more holistic advice should be included within the new fuel poverty plan to include the provision of in-home visits offered to all households who call the Nest advice line for assistance.
- Local authority-led Affordable Warmth Groups should be established to bring together multiagency partnerships to co-ordinate action at a local level and share best practice.

¹⁴ <https://www.energysavingtrust.org.uk/blog/fuel-poverty-policy-wales-taking-inspiration-scotland>.

- The Welsh Government should develop a Cold Weather Plan for Wales to address the burden of excess winter deaths and cold-related ill-health in the country.
- A Strategic Monitoring Board should be implemented to monitor and oversee the delivery of the new fuel poverty plan and to bring together multi-sector partnerships to implement an accompanying Action Plan, as well as to review and report on progress.
- The Welsh Government should work collaboratively with stakeholders to help refine its fuel poverty schemes and advice services to ensure they are targeted and evaluated effectively.
- The Welsh Government should continue the health prevention based affordable warmth pilot and it should become an integral part of the Nest scheme to ensure households who have health conditions exacerbated by the cold can receive help.

We are also calling on the Welsh Government to back NEA's call, and those of many other organisations, for energy efficiency to be made a national infrastructure priority. This will help to unlock the necessary UK funding to achieve the EPC Band A target and the Welsh Government's net zero ambitions to ensure that decarbonising domestic homes is done in a fair and equitable way.

What steps the Welsh Government should take to ensure that new-build homes, as well as existing homes, are highly energy efficient to prevent them causing fuel poverty in the future.

As noted in our 2019 UK Fuel Poverty Monitor and in the recommendations for the Welsh Government's new fuel poverty plan we want to see fuel poor households prioritised for assistance under a new retrofitting scheme. Households in fuel poverty are more likely to be living in older properties than in more modern properties, with 70,000 households experiencing fuel poverty in pre 1919 homes.

Additionally, the Welsh Government should ensure there is adequate enforcement of the Minimum Energy Efficiency Standards (MEES) to improve the conditions in the private rented sector and support NEA's calls for the UK Government to increase the current MEES cost cap for landlords to £5k, in line with recommendations made by the Committee on Fuel Poverty.

<i>Case Study: Using existing mechanisms to deliver support to households</i>	<i>Case Stud: Current barriers to delivering support to vulnerable households</i>
<p data-bbox="193 517 794 779"><i>Mr Peters is in his 70s and lives with his wife in a semi-detached property in Chepstow. His property used to contain an aged heating system which was extremely inefficient, making it unaffordable for Mr Peters and his wife to keep warm.</i></p> <p data-bbox="193 887 794 1234"><i>As Mr and Mrs Peters owned their property and were in receipt of a means tested benefit, they were able to apply to the Nest scheme for energy efficiency improvements. Melin Homes assisted the couple with the application where they were able to receive a new back boiler and full central heating system.</i></p> <p data-bbox="193 1341 794 1644"><i>Mr Peters suffers from arthritis which was exacerbated by the cold. Since the home improvements he has noticed an improvement in both his physical health and mental well-being. Mr Peters is now able to afford to keep the heating on when it is needed.</i></p>	<p data-bbox="801 517 1399 734"><i>Mr and Mrs Jones, a couple in their 80s, live in a stone wall terraced property in Rhondda Cynon Taff. There is no working boiler in the property and therefore no heating or hot water.</i></p> <p data-bbox="801 842 1399 1189"><i>Mr and Mrs Jones live in a single room where they wear coats for most of the day and huddle around a gas fire. This inefficient form of heating has resulted in extremely high and unaffordable energy bills. Mrs Jones has multiple health conditions, including mobility issues and is prone to trips and falls.</i></p> <p data-bbox="801 1296 1399 1644"><i>Mr and Mrs Jones do not qualify for Nest home improvements because they are not in receipt of a means tested benefit. They have savings, but they have stated that this is to pay for their funerals. Mr and Mrs Jones have very low earnings, with no disposable income, and are unable to afford a new boiler.</i></p>