



Gweithredu dros Gartrefi Cynnes
Action for Warm Homes

CONSULTATION RESPONSE

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NEA Cymru response to the Welsh Government Tackling Fuel Poverty 2020–2035 Plan

About NEA Cymru

NEA¹ works across Wales, England and Northern Ireland to ensure that everyone in the UK² can afford to live in a warm, dry home.

NEA Cymru works across Wales, engaging with key stakeholders, members and partners to help ensure the needs of those in, or at risk of fuel poverty are recognised and addressed. This includes chairing the Fuel Poverty Coalition Cymru and providing secretariat for the Cross-Party Group on Fuel Poverty and Energy Efficiency. NEA Cymru also convenes and provides platforms for frontline organisations across sectors to come together to share views, experiences, and best practice (including via our Fuel Poverty Forums). We provide accredited training and national qualifications, equipping and upskilling frontline workers to provide advice on key issues associated with fuel poverty, fuel debt, affordable warmth and domestic energy efficiency. NEA also provides free energy advice and support direct to low-income and vulnerable households via our Warm and Safe Homes (WASH) Advice service.

Section 1: Summary of our response

Despite positive 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. Whilst NEA welcomes that the number of households in fuel poverty in Wales has halved since 2008, an estimated 12% of households (i.e. 155,000 households) are still living in fuel poverty⁵. Last year, there was a 45% increase in excess winter deaths in Wales. 2,000 last winter, up from 1,380 in 2018/19⁶. NEA believes that at least 600 of these deaths were attributable to cold homes and could have been prevented⁷. This alarming increase was before the impact of COVID-19 struck. COVID-19 is likely to have left many households more exposed to the risks of living in a cold home than ever before⁸. It is therefore timely that the Welsh Government has committed to developing a new Fuel Poverty Plan and we welcome the opportunity to contribute to this consultation.

The Welsh Government's response⁹ to the Climate Change, Environment and Rural Affairs Committee inquiry into fuel poverty in Wales¹⁰ has indicated its acceptance of all of the Committee's recommendations on how to establish an effective framework. We welcome this commitment and, in particular, the commitment to consult on stretching, meaningful targets which if adopted will be subject to continuous monitoring, review and reporting. NEA makes several recommendations which we hope will help ensure the final plan honours this commitment and represents the strongest possible response to fuel poverty in Wales.

To date, NEA has also worked closely with the Welsh Government to support the consultation process.¹¹ Our engagement during the consultation has underlined the urgency required to get an effective framework in place as soon as possible and the breadth of support there is to end fuel poverty in Wales. NEA and other key stakeholders have also welcomed many of the specific proposals in the draft plan. However NEA and many of the attendees at the recent consultation events also highlighted there are several areas that require addressing before the plan is finalised so that the final strategy can be as effective as possible. A summary of our key recommendations is highlighted below and the remainder of this section provides an overview of these key issues before responding to the detailed questions.

SUMMARY OF NEA'S KEY RECOMMENDATIONS

Targets

1. The Welsh Government must ensure that it meets its statutory obligation to introduce interim targets, meeting the obligations set out in the Warm Homes and Energy Conservation Act 2000. These targets should be:
 - a. Bringing forward the target to eliminate severe fuel poverty to 2028
 - b. At least match the requirement in England for all fuel poor homes to reach EPC C by 2030
2. Set all targets, final and interim, on a statutory basis in order to ensure they are, and remain, meaningful

Monitoring, evaluation and reporting

3. The Welsh Government should produce annual fuel poverty statistics and consider good practice in other nations when designing the way in which Welsh fuel poverty data is presented
4. The first review of performance towards the fuel poverty objectives should be complete by the end of 2022 so that any findings can be implemented for work in 2023 and beyond

Definitions and measurement

5. The Welsh Government must ensure that it changes the fuel poverty metric so that it includes an income cap of 60% of the median income
6. The Welsh Government must ensure that the definition for homes vulnerable to being at 'risk of fuel poverty' is more tightly defined. In particular ensure that this definition includes a reference to 'low income', including for single occupants aged under 25 years
7. NEA also recommends the Welsh Government adopts a more nuanced approach to vulnerability overall which is based on households that fall into at least two of the vulnerability categories and also refines the approach to health-based vulnerability to capture those people with conditions that are affected by the cold
8. The Welsh Government should publish the proposed methodology for calculating the number of households in persistent fuel poverty for consultation before committing to either the metric or the target based on it
9. The Welsh Government should continue to report on the Low Income High Cost indicator and the fuel poverty gap in Wales but also embed the measurement of a fuel poverty gap in relation to the Welsh definition of fuel poverty to give a better impression of progress towards Welsh targets

Action plan

10. Include a plan that stretches beyond 2023, through the mid to late 2020s and early 2030s in the plan, showing a route towards the final targets. Without this, support could easily reduce after the initial period, and targets are at greater risk of being missed
11. NEA agrees with the need to revise the criteria used to determine eligibility for support under the Warm Homes programmes. The Welsh Government should look to expedite the changes made under the Nest Health Conditions pilot instead of pursuing a lengthy consultation process. At the very least, the Welsh Government should commit to keeping the pilot in place until new legislation underpinning the changes come into force
12. The final plan must highlight how the level of resources targeted at fuel poor households in Wales will be reviewed in advance of the first budget that comes after the publication of the plan
13. The action plan must build on the proposal to 'consult on the level of financial support offered to beneficiaries of the programme, especially for householders living in rural areas of Wales', committing to delivering a holistic plan for addressing fuel poverty in rural communities. This should include allowing greater grant maximums for the future schemes within the Warm Homes Programme to ensure that rural households are able to meaningfully upgrade the energy efficiency of their homes and working with others to assess and coordinate opportunities for fuel syndicates to help rural households harness their buying power and reduce the cost of their fuel

14. As well as supporting enhanced investment in the domestic Warm Homes Programme and leveraging support via GB-wide programmes like the Energy Company Obligation (ECO), the Welsh Government must work with the UK Government to access support to end cold homes through the upcoming Shared Prosperity Fund (SPF)
15. A key priority and one of NEA's main recommendations 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) and address the current absence of action on fuel poverty within the Welsh Government Winter Protection Plan for Health and Social Care

Working with partners

16. The final plan must include further details on how the Welsh Government will maximise GB-wide resources under obligated schemes and cultivate the role of energy networks
17. The action plan should also set out how the Welsh Government will work with local authorities, the Department for Housing and Local Government and the UK Government Ministry of Housing and Communities and Local Government (MHCLG) to enhance co-operation on improving energy efficiency within the Private Rented and Social Rented sectors
18. The Welsh Government should consider promoting their Rent Smart Wales model to other UK nations and providing national guidance on permissible energy efficiency measures within listed conservation areas
19. Actions to address growing levels of utility debt must be included in the new advice service, alongside accessible information about the benefits of smart meters, and how to obtain one from their energy supplier. NEA also highlights other key actions which can help ensure households in need are better identified, how to raise awareness of existing support and other steps to address growing utility debt

Alignment with other policy areas

20. Better align the plan with broader public health objectives, particularly the near term, acute impacts of COVID-19, but also the longer-term impacts post COVID of living in a cold home
21. Do not rely on an energy saving metric to judge the success of energy efficiency schemes. This is impracticable and does not account for the significant energy rationing that occurs in fuel poor homes. This approach values energy savings over increased comfort, something that is not appropriate for a fuel poverty plan and runs counter to the public health agenda

Section 2: Details of NEA's key recommendations

As noted above, NEA believes the plan must set targets that meet statutory obligations and accelerate action for those most in need.

NEA believes that the setting of fuel poverty targets can reinvigorate political and practical action to end fuel poverty in Wales. We are therefore pleased to see that within the plan, it proposes new targets to replace those that have now lapsed. However, each of the three targets have the same end date and do not ensure the Welsh Government meet their stated objective of “Prioritising and protecting those with the greatest need”¹²; a key principle of the 2010 fuel poverty strategy and one that NEA believes must be embedded within the final plan.

In particular, the current approach sets a target to halve the number of households at risk of fuel poverty on the same timescale as ending severe fuel poverty. This effectively means action to help those most in need has the same priority level as helping those on the fringes of fuel poverty. This would be an unacceptable outcome as it could lead to a perverse set of actions, where the less costly task of helping those on the fringes is undertaken earlier, leaving people in severe fuel poverty for longer.

NEA also notes that the Welsh Government has a statutory obligation, through the Warm Homes and Energy Conservation Act¹³ to “specify interim objectives to be achieved and target dates for achieving them”. The proposed plan does not include any such interim targets and must be amended to do so as a priority in order for it to meet the legal requirement. **NEA therefore believes that in order to accelerate action for those most in need, and satisfy the requirement for interim targets, the target to eliminate severe fuel poverty should be brought forward to 2028, helping to drive action for the households in the deepest fuel poverty this decade.**

Additionally, NEA is concerned that the Welsh Government have dismissed the opportunity to introduce fuel poverty targets related to the energy efficiency of homes. Later in this response we respond to concerns that Energy Performance Certificates (EPCs) are not an effective method for setting policy aspirations and we note the latest Welsh House Condition Survey 2019 (WHCS) shows Welsh homes have an average SAP rating of 61¹⁴. Whilst there may have been some modest improvements since the last survey was undertaken, this is the lowest across each GB nation¹⁵.

Within the report *Better Homes, Better Wales, Better World* which was presented to Welsh ministers in July by the Decarbonisation of Homes in Wales Advisory Group they also noted the Welsh Government should set a 2030 target of Energy Performance Certificate (EPC) Band A for homes in social ownership and privately-owned homes in fuel poverty. NEA is also a long-standing advocate for using energy efficiency as a key lasting solution to end fuel poverty. This approach, in England, has allowed the costs of meeting such a target to be modelled¹⁶, meaning that appropriate strategies and programmes can be planned and created to reach the target. Whilst we agree that other parallel actions must be taken across incomes and energy prices, improvements to energy efficiency in the homes of those on the lowest income and least efficient homes are directly in the control of the Welsh Government and must be a priority in the final plan. **NEA therefore recommends that at least one target, final or interim, should relate to improving the energy efficiency of fuel poor homes. At the very least, we would expect this to match the statutory target in England, for all fuel poor households to reach EPC C by 2030¹⁷.** This will also help deliver three of the four policy goals which the Welsh Government note in the consultation:

- Proactively identify people who are in, or at risk of, being in fuel poverty
- Ensure people receive the most appropriate package of support so they can always continue to heat their homes
- Improve the thermal and energy efficiency of lower income homes in the owner occupier and private rented sector, reducing energy bills and harmful carbon emissions

Finally, NEA underlines the importance of ensuring fuel poverty targets are set on a statutory basis. This can ensure that there is an enduring policy objective to tackle fuel poverty in Wales, regardless of which administration is in power. This in turn provides a steady footing to secure ongoing investment for fuel poverty schemes, in an environment where varied and occasionally competing demands of spending priorities within government departments exist. **NEA therefore recommends that the Welsh Government sets all targets, final and interim, on a statutory basis in order to ensure that they are, and remain, meaningful.**

Another key priority is to ensure there is a comprehensive plan to reach the final target. A successful fuel poverty strategy requires a comprehensive set of actions that will ensure reaching the final target(s). This includes actions to improve home energy efficiency, reduce energy bills and boost household incomes. It is therefore a positive step to see a 10-point action plan covering these areas, with the Welsh Government also seeking opportunities to influence policy-making beyond its own limited powers. The breadth of activity is undoubtedly a positive step. However, although broad in scope, the 10-point action plan is limited in timescale and the details of how each action will be delivered are very limited.

For the most part, the actions set out in the plan do not go beyond 2023, with very little detail or strategy on how to meet the targets beyond that. We therefore recommend that **the final plan should set out a trajectory for which areas will need to be considered in the medium to long-term, setting out the ambition in the mid to late 2020s and early 2030s.** This approach would also complement our recommendations above for the target to eliminate severe fuel poverty to be brought forward to 2028 and setting a new interim objective to improve the energy efficiency of fuel poor homes. NEA would also like the Welsh Government to set out further details on the following planned actions:

Monitoring, evaluation and reporting

NEA welcomes the proposals for monitoring, evaluation and reporting of the plan and is pleased that the Welsh Government has acted on recommendations from the Wales Audit Office (WAO)¹⁸, the Senedd Climate Change, Environment and Rural Affairs (CCERA) Committee¹⁹, the Committee on Climate Change and its Adaptation Committee²⁰ and The Welsh Government's Ministerial Advisory Group on Housing Decarbonisation²¹. We are particularly pleased that there are proposals to improve the governance of delivering the strategy, as recommended by the CCERA Committee. The establishment of a new administrative advisory board on fuel poverty to monitor and review progress on action to tackle fuel poverty in Wales will help to enhance the level of engagement between the Welsh Government and its stakeholders. This will lead to a more robust challenge of work to end fuel poverty in Wales, leading hopefully to a continuous improvement cycle. The scope of this group is crucial, and there could be merit in using this group to raise awareness of the fuel poverty strategy for different sets of stakeholders.

The action to publish annual energy data will, as planned, also help to focus support on the communities who are at greatest risk of living in fuel poverty, but we are concerned that there is

no commitment to produce annual fuel poverty statistics and few details on what other data will be included in this dataset. **We therefore recommend that the Welsh Government produce annual fuel poverty statistics and takes the English Fuel Poverty Statistics²² as an example of good practice when designing the way in which Welsh fuel poverty data is presented.**

NEA also welcomes the commitment to publish a biennial review of performance towards the fuel poverty objectives, which shall include the publication of fuel poverty estimates for Wales. The first date of this review will be crucial, and must work within the cycle of creating new actions. **NEA recommends that the first such review should be complete by the end of 2022 so that any findings can be implemented for work in 2023 and beyond.**

The Warm Homes Programme

The draft action plan commits to continue to invest and deliver home energy efficiency improvements to support households in fuel poverty or at risk of living in fuel poverty, including through the Warm Homes Programme. The proposals for the Warm Homes Programme are sensible, and will eventually result in improved schemes for fuel poor households. NEA also agrees with the need to incorporate the revisions to the criteria used to determine eligibility for support, including health conditions and lower incomes, as tested in the ongoing pilot of such criteria. However, the stated timescales for implementing this are not ambitious enough. NEA's own work has shown that using health criteria for fuel poverty schemes can be very successful, and the **Welsh Government should look to expedite the changes made under the Nest Health Conditions pilot instead of pursuing a lengthy consultation process.** At the very least, the Welsh Government should commit to keeping the pilot in place until new legislation underpinning the changes comes into force.

The 10-point action plan does not specify how the Welsh Government intends to enhance the scale of resources within the required Warm Homes Programme to meet its new targets (and the interim targets we also propose in this response). This is a significant omission **and the final plan must highlight how the level of resources targeted at fuel poor households in Wales will be reviewed in advance of the first budget that comes after the publication of the plan.** This is particularly the case for rural areas and other off-gas and hard to heat homes. By tackling the most challenging homes, it will reduce fuel poverty and emissions in homes which have not yet benefited from current programmes. This outcome would be more feasible if the Welsh Government adopted a key guiding principle of helping the poorest households living in the least efficient homes, which are mainly in rural areas. **The draft action plan must therefore build on the proposal to 'consult on the level of financial support offered to beneficiaries of the programme, especially for householders living in rural areas of Wales', committing to delivering a holistic plan for addressing fuel poverty in rural communities.**

As well as supporting enhanced investment in the domestic Warm Homes Programme and leveraging support via ECO, **NEA recommends the Welsh Government must work with the UK Government to access support to end cold homes through the upcoming Shared Prosperity Fund.** As a member of the European Union, the UK received structural funding worth about £2.1 billion per year²³ which has helped boost several aspects of economic development across the different nations of the UK, including vital support for domestic energy efficiency in Wales²⁴. The Shared Prosperity Fund was promised in the recent Spending Review to "reduce inequalities between communities". Whilst there are several areas that will need to be prioritised when setting up the new fund, NEA stresses that the SPF must help the nations across the UK end cold homes by improving energy efficiency levels. This UK-wide assistance could be funded by the increasing revenue that will be generated by the new UK Emission Trading Scheme (UK ETS)²⁵.

Links to health

Work to strengthen links with the health sector is underdeveloped in Wales. The misalignment between fuel poverty work and broader health objectives is evident in that the Welsh Government Winter Protection Plan for Health and Social Care for 2020 to 2021 makes no mention of fuel poverty. This is a significant gap, and one which the final plan needs to work to address. It is however welcome that the draft action plan commits to prepare, publish and keep under review a plan to improve winter resilience to reduce the risk of avoidable ill health or premature death from living in a cold home. The details provided in the annex however only indicate that this will recap on the actions the Welsh Government is already taking. Far more actions are required to act on the well-established links between cold homes and ill health and improving winter resilience and reducing winter pressures requires year-round collaboration. **A key priority and one of NEA's main recommendations 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).**

Working with partners

The plan commits to leverage support by the UK Government, local government, Ofgem and industry. We agree that the Welsh Government ought to leverage its influence and have a strong voice in UK-wide policy design, GB-wide energy regulation and facilitate industry-led initiatives that can directly impact fuel poor households in Wales. Again however, these areas are underdeveloped in the draft plan and obvious opportunities to maximise GB-wide resources under obligated schemes are not sufficiently referenced²⁶, nor is the crucial importance of ensuring energy networks play an active role in supporting fuel poor households in Wales.²⁷ **The final plan must include further details on how the Welsh Government will maximise GB-wide resources under obligated schemes and cultivate the role of energy networks.**

The action plan should also set out how the Welsh Government will work with local authorities, the Department for Housing and Local Government and the UK Government Ministry of Housing and Communities and Local Government (MHCLG) to enhance co-operation on improving energy efficiency within the Private Rented and Social Rented sectors. One specific area that should be a clear focus of engagement is to ensure improvements are made within Houses of Multiple Occupation (especially single-bed HMO tenancies) who are not currently required to have an EPC within mandatory licensing conditions and therefore are not fully captured by PRS regulations. The Welsh Government also need to enhance work to ensure that local authorities meet current housing responsibilities to enforce housing standards under the Minimum Energy Efficiency Standards (MEES) regulations and the Housing Health and Safety Rating System (HHSRS). **The Welsh Government should also consider promoting their Rent Smart Wales model to other UK nations and consider providing national guidance on permissible energy efficiency measures within listed conservation areas.**

Ensuring the fuel poor are able to get maximum benefit from a fair and functioning energy market

Whilst actions to address growing levels of utility debt are referenced in the draft plan in relation to addressing an over-reliance on prepayment meters, there are a number of wider actions that NEA believes should be a key focus in this area. The Competition and Markets Authority stated, in its initial ruling of the energy market investigation, that PPM customers have higher actual and

perceived barriers to switching that arise from both lack of internet connectivity and the need to physically change meter to switch to a wider range of tariffs and associated perceptions of the complexity of this. They also stated that PPM customers are often likely to: have a poor credit history; be severely indebted or; be stranded on PPM due to the preferences of their landlords. These areas need to be addressed in discrete ways and NEA hopes the final plan will provide further necessary details in these areas.

Additionally, in a report this year²⁸, NEA found that the impact of Coronavirus on households has been stark, with some households having to decide whether to leave their homes to top up their meter, putting themselves at risk, or to stay inside in the cold and dark. The remedy is to complete the smart meter roll-out for households. While this is partially addressed in other parts of the plan, **the new advice service must work to ensure that vulnerable households have robust information about the benefits of smart meters, and how to obtain one.** Until PPM customers have upgraded to smart meters, they will continue to feel the detriment of the market. **Wider recommended actions to ensure the fuel poor are able to get maximum benefit from a fair and functioning energy market include: households in need should be better identified²⁹, more should be done to raise awareness of existing support³⁰ and address growing utility debt³¹.**

Aligning with broader Government objectives

NEA firmly believes that fuel poverty should not be considered in isolation, and work to end fuel poverty should be aligned to other long-term objectives. The section above has briefly highlighted opportunities exist to align several wider areas of public policy. One essential area is the immediate context of COVID-19 and significant opportunity to help reduce stress on the NHS. The Public Health Wales report 'Making a Difference: Investing in Sustainable Health and Well-being for the People of Wales' said that that "Investing in insulation and heating to address cold and damp housing could save £859 million (assuming full coverage) at a cost of £251 million, resulting in a return of £608 million to the NHS in England. This would translate to nearly £35 million for the NHS in Wales".

Where possible, any fuel poverty strategy should also aim to align with decarbonisation where there are statutory targets. Aligning with the ambition to reach net zero will help to ensure that fuel poverty objectives are not siloed within the Welsh Government. 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 often the most expensive to run and use the most polluting fuels, the direct impact of upgrading them will bring substantial environmental benefits, on top of both personal health benefits, and cost savings for the NHS in Wales. As noted above, this is especially true of rural fuel poor households. 14% of rural households in Wales live in fuel poverty, compared to 10% in urban areas. Wales has a large proportion of inefficient, solid-wall properties, with a higher number in rural areas. The local authorities with the highest proportion of fuel poor households are in rural, central, and western areas, especially Gwynedd (23%) and Ceredigion (21%), compared with national average of 12%. Rural households often face greater depths of fuel poverty, owing to:

- Higher energy prices; as rural households often do not have access to the gas grid, and therefore rely on more expensive ways of heating their homes, such as liquid or solid fuels, or even direct electric heating. Compared to urban households, fewer rural households in Wales have central heating, compounding the issue further.

- Higher energy costs, as a lack of a gas connection means that households cannot access savings opportunities such as dual fuel discounts. Additionally, rural households tend to be harder to upgrade in terms of reaching higher levels of energy efficiency, so they are often less thermally efficient and less likely to access schemes to upgrade their homes (due to the higher cost, and difficulty in achieving higher standards).
- Broader inequalities, such as fewer support services, fewer opportunities for social mobility, and poorer access to the internet. The fuels that rural households use (instead of electricity and gas) deprive them of higher levels of consumer protection. Digital exclusion alone can lead to a premium in the energy market, which we estimate to be almost £500 for some households.

In order to better support rural households, **NEA recommends that the plan includes the following:**

- **Allowing greater grant maximums for the future schemes within the Warm Homes Programme to ensure that rural households are able to meaningfully upgrade the energy efficiency of their home**
- **Working with others to assess and coordinate opportunities for fuel syndicates to help rural households harness their buying power and reduce the cost of their fuel**

This will require a targeted focus on supporting fuel poor households to move away from high polluting technologies (e.g. solid fuels) and improvements to make homes more thermally efficient for low carbon technologies to run effectively. It will also require the Welsh Government to work with network companies so that households on the lowest incomes can afford to upgrade their connection to the electricity grid. **The Welsh Government will also need to influence the UK Government to investigate each policy which seeks to decarbonise heat for any potential distributional impacts** and investigate the impact of wider policies paid for by Welsh energy consumers before policies are introduced.

Section 3: NEA response to consultation questions

Question 1: The Welsh Government proposes to deliver 10 actions over the next two years as part of our efforts to tackle fuel poverty. Are you aware of additional actions the Welsh Government could take, which would contribute to our efforts to reduce fuel poverty in the next two years?

Yes. As noted in the section above, there are many welcome actions with the 10-point plan but also many critical actions which are incomplete or missing and further details must be included in the final plan. In summary, these areas are:

Monitoring, evaluation and reporting

- NEA welcomes the proposals for monitoring, evaluation and reporting of the plan but we are concerned that there is no commitment to produce annual fuel poverty statistics and few details on what other data will be included in this dataset. We recommend that the Welsh Government produces annual fuel poverty statistics and takes the English Fuel Poverty Statistics³² as an example of good practice when designing the way in which Welsh fuel poverty data is presented.
- NEA also welcomes the commitment to publish a biennial review of performance towards the fuel poverty objectives, NEA recommends that the first such review should be complete by the end of 2022 so that any findings can be implemented for work in 2023 and beyond.

The Warm Homes Programme

- NEA agrees with the need to revise the criteria used to determine eligibility for support. The Welsh Government should look to expedite the changes made under the Nest Health Conditions pilot instead of pursuing a lengthy consultation process. At the very least, the Welsh Government should commit to keeping the pilot in place until new legislation underpinning the changes comes into force.
- The 10-point action plan does not specify how the Welsh Government intends to enhance the scale of resources within the required Warm Homes Programme to meet its new targets (and the interim targets we also propose in this response). This is a significant omission. The final plan must highlight how the level of resources targeted at fuel poor households in Wales will be reviewed in advance of the first budget that comes after the publication of the plan.
- The action plan has no detail on how rural areas and other off-gas and hard-to-heat homes will be supported. NEA therefore recommends that the Welsh Government builds on the proposal to ‘consult on the level of financial support offered to beneficiaries of the programme, especially for householders living in rural areas of Wales’, committing to delivering a holistic plan as to how the Warm Homes Programme can deliver for rural communities.
- As well as supporting enhanced investment in the domestic Warm Homes Programme and leveraging support via ECO, NEA recommends the Welsh Government must work with the UK Government to access support to end cold homes through the upcoming Shared Prosperity Fund.

Links to health

- The action plan commits to prepare, publish and keep under review a plan to improve winter resilience for people struggling to meet the cost of their domestic fuel needs and at risk of avoidable ill health or premature death from living in a cold home. A key priority and one of NEA's main recommendations 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) and the current absence of action on fuel poverty within the Welsh Government Winter Protection Plan for Health and Social Care.

Working with partners

- The final plan must include further details on how the Welsh Government will maximise GB-wide resources under obligated schemes and cultivate the role of energy networks. The action plan should also set out how the Welsh Government will work with local authorities, the Department for Housing and Local Government and the UK Government Ministry of Housing and Communities and Local Government (MHCLG) to enhance co-operation on improving energy efficiency within the Private Rented and Social Rented sectors. The Welsh Government could also consider promoting their Rent Smart Wales model to other UK nations and consider providing national guidance on permissible energy efficiency measures within listed conservation areas.
- Actions to address growing levels of utility debt are referenced in relation to addressing an over-reliance on prepayment meters. However, there are a number of wider actions which are missing. These include ensuring the new advice service works to ensure that vulnerable households have robust information about the benefits of smart meters, and how to obtain one as well as other key actions which can help ensure households in need are better identified, raising awareness of support and tackling growing utility debt.

Finally, NEA notes that we have a significant concern that although broad in scope, the 10-point action plan is limited in timescale. For the most part, the actions set out in the plan will be complete in 2023, with very little detail or strategy on how to meet the targets beyond that. Given that the proposed targets are set on a much longer timescale which will last for several Senedd terms, the final plan must set out a strategy for meeting targets in the medium to long-term, setting out the ambition in the mid to late 2020s and early 2030s. As stated above, the limited strategic nature of the plan may be due to overly complex targets, and a lack of modelling available to show the actions required to meet them. NEA recommends that the Welsh Government lay out their overarching strategy for the mid to late 2020s and early 2030s. Our recommendation for a target based on EPCs would make this a significantly easier task.

Question 2: The Welsh Government is proposing to maintain the definition of fuel poverty established in the Warm Homes and Energy Conservation Act 2000 in relation to Wales. Do you think this is appropriate or are you aware of a more appropriate definition to be used in relation to Wales, and if so, why?

Yes, NEA is pleased with the clear intention to retain the definition of fuel poverty first established in the Warm Homes and Energy Conservation Act 2000. Our observations and recommendations on the details of the different fuel poverty metrics are contained below.

Question 3: The WAO suggested the Welsh Government should clearly set out whether, and if so how, it will support fuel poor households who are not eligible for Nest and do not live in an area covered by Arbed. We believe expanding our current programmes to deliver support to people living on lower incomes, not necessarily on means-tested benefits, is appropriate. Is the lower income definition proposed in this plan an appropriate level to target support, or should the threshold be set at a different level?

Yes, NEA believes that the definition proposed in the plan is at an appropriate level and so fully supports the proposed change. This will align support more closely to schemes in England, where the fuel poverty metric is based on the same income level. As noted above, NEA is also pleased to see the proposal to continue with the Health Conditions pilot and the intention to embed this into the Warm Homes Programme going forward.

Question 4: The Welsh Government proposes to amend the definition of a home vulnerable to being “at risk” of living in fuel poverty to include homes with single occupants aged under 25 years of age. Do you agree young people living alone should be included in this definition, or should the definition in the 2010 Strategy be retained?

NEA agrees with including young people living alone within the definition of a home vulnerable to being “at risk” of living in fuel poverty. However, it is apparent that the overall definition should be tightened to avoid defraying the targeting of support³³. NEA recommends that this definition includes a reference to ‘low income’ single occupants aged under 25 years.

The annex for this consultation also states that “People in the 18-24 age group, however, who live alone, or with partners of similar age, are at increased risk of living in a cold home as they are more likely than other age groups to live in the private rented sector. This sector has the joint lowest SAP rating within the owner occupier sector. Combined with lower incomes across this age group, the risk of fuel poverty is greater. Also in this age group are care leavers, identified as a priority group for support by the Welsh Government.” This implies that age is not the indicator for vulnerability in this instance, but also housing tenure (i.e. those living in the private rented sector). NEA therefore recommends that if the Welsh Government maintain their current approach to include single occupants aged under 25 years without a reference to ‘low income’, more research must be undertaken to determine whether, as well as specifying this age group, ‘within the private rented sector’ should be added to this indicator.

In addition, whilst NEA also supports the other different indicators of vulnerability (i.e. homes where the occupants include a person aged 60 and over; and/or a dependent child or children under the age of 16; and/or a person living with a long-term illness or who are disabled; and/or homes with single occupants aged under 25 years of age), they do not necessarily represent vulnerability in isolation of each other. For example, a householder may be of an older age, but well off and in good health, meaning that they are not particularly vulnerable. Similarly, many people with health conditions could be high earners, and able to afford to keep their homes adequately warm relatively easily. NEA therefore recommends the Welsh Government adopts a more nuanced approach to vulnerability which is based on households that fall into at least two of the vulnerability categories, in order to better capture those who are truly vulnerable and to focus the strategy onto those who really need help. NEA also recommends the Welsh Government refine their approach to health-based vulnerability and instead of capturing any person living with a long-term illness they should capture those people with conditions that are affected by the cold. Our project “Under One Roof”³⁴ identified these conditions in the table below.

Respiratory disease	<p>With each 1°C drop in temperature below 5°C, GP consultations for respiratory illness in older people increase by 19%. Hospital admissions for Chronic Obstructive Pulmonary Disease (COPD) are four times more likely to happen over the winter.</p> <p>Homes which have damp or mould have been linked with a 30-50% increase in respiratory problems (with asthma sufferers two to three times more likely to live in a damp home than non-sufferers).</p> <p>Children living in cold homes are more than twice as likely to suffer from asthma or bronchitis as children that do not (those in damp and mouldy homes are three times more likely). They have a 32% greater risk of wheezing illness and 97% greater risk of suffering from breathing problems at night.</p>
Cardiovascular disease	<p>It has been estimated that 9% of hypertension in Scotland could be prevented by maintaining indoor temperatures above 18°C.</p> <p>Increased plasma fibrinogen levels and factor VII clotting during winter account for a 15% and 9% rise in coronary heart disease, respectively.</p> <p>A 1°C drop in living room temperature can lead to a 1.3mm Hg rise in systolic blood pressure and a 0.6mmHg rise in diastolic blood pressure in people aged 65-74.</p>
Mental ill health	<p>Living in a cold home can lead to social isolation, stress and worry. NATCEN found that 10% of people suffering from a Common Mental Disorder (CMD) were not able to keep their homes warm enough during the winter and 15% reported mould in their homes (compared with 3% and 8% of people without CMD).</p> <p>Children living in poor quality cold housing are more like to suffer from mental ill health. It can impact upon child motivation, educational attainment and task persistence, as well as resulting in feelings of helplessness.</p> <p>NATCEN found that 28% of young people living in cold homes manifested multiple mental health risks, as opposed to 4% for those living in warm homes. Inadequately heated homes were independently shown to be the only housing quality indicator associated with 4 or more negative mental health outcomes in young people.</p>
Other health conditions	<p>Sickle Cell Disease (SCD)</p> <p>Comfortable temperatures for someone with SCD range from 20°C to 30°C, though those on low incomes may struggle to afford to meet the cost of maintaining a healthy temperature at home. A hospital admission for SCD can cost £637- £11,367 a time, and some have argued that part or fully subsidising the heating bills of SCD sufferers would be more cost effective to the NHS.</p> <p>Falls</p> <p>Cold homes can be linked to the experience of aches, pains, underlying joint and muscular problems or skin conditions, or arthritic and rheumatic pain (increasing the risk of falls and accidents amongst the elderly by reducing strength and dexterity).</p> <p>Nutrition</p> <p>Cutting back on food spending to meet the cost of paying for energy can lead to malnutrition, poor infant weight gain, and adverse impacts upon other health conditions such as tuberculosis (TB) or diabetes.</p>

Question 5: The Welsh Government proposes to maintain the current measures of fuel poverty used in relation to Wales, adding the measure of 8% to measure homes “at risk” of fuel poverty and a measure of persistent fuel poverty as being fuel poor for two out of the last three years. Do you consider these measures to be appropriate for measuring fuel poverty in Wales or should alternative measures be developed?

Fuel Poverty Measure (10% Measure)

No. NEA believes that the current metric for measuring fuel poverty in Wales should be altered to better reflect the Warm Homes and Energy Conservation Act definition that it is based on. The Act defines living in fuel poverty as: *a household is to be regarded as living “in fuel poverty” if a member of a household is living on a “lower income” in a home which cannot be kept “warm” at “reasonable cost”*. While the current measurement of fuel poverty in Wales clearly reflects the second part of this definition (keeping warm at a reasonable cost), it does not reflect the first part (living on a lower income).

In 2008, there were 19,000 fuel poor households in income deciles 7 to 10³⁵. This reduced to 4,000 in 2018 (a reduction of almost 80%)³⁶. By contrast, there were 311,000 fuel poor households in deciles 1 to 6 in 2008, and 150,000 in 2018 (a reduction of just over 50%). This means that almost 10% of the reduction in fuel poverty over that 10-year period was within the highest earners. NEA therefore proposes that the Welsh Government implement an income cap of 60% of the median income to the 10% measure. This will help ensure that the measure is consistent with the definition, and help to more adequately target support, while also remaining simple and easy for frontline practitioners and those working on related schemes to apply.

Severe Fuel Poverty

NEA agrees with the definition of severe fuel poverty as a measure of the number of households that are in the deepest fuel poverty and therefore should be targeted first within the strategy. NEA also highlights the points above, which seek to ensure those on the lowest incomes are identified as a priority under this measurement.

Persistent Fuel Poverty

NEA broadly agrees with the proposal to measure and report on persistent fuel poverty as a means to reaching a target based on the measure. The proposed metric of “living below the defined poverty measure in two of the preceding three years” would be useful in assessing the churn in and out of the metric and to what extent it is the same households being captured year on year. We are however concerned that this new metric would be very difficult to measure in practice and may require an assessment at individual household level which would be costly and challenging to achieve and rely on a householder to provide past consumption information due to the historic nature of the assessment. As it is proposed that there is a target associated with it, this could lead to significant difficulties and we note that neither within the consultation proposals or the technical annex is there a description on how the data will be collected and used to determine a figure for persistent fuel poverty. NEA therefore recommends that Welsh Government publish the proposed methodology for this metric for consultation before committing to either the metric or the target based on it.

At risk of fuel poverty

NEA supports the proposal to create a new measure for “at risk of fuel poverty” to be set at spending 8% of income on energy on the condition that an income cap is included so that it does not capture higher-income households with high energy costs. Unlike the proposal above for the 10% indicator, the level of low income should be set at those with incomes below the median (not 60% of it) to capture those at risk of fuel poverty.

Additional Measure – Depth of Fuel Poverty

In addition to the proposals, there would be merit in an additional metric to understand the depth of fuel poverty in Wales. The UK Parliament, for example, reports annually on the fuel poverty gap in England. This is a measure of the additional fuel costs (in pounds) faced by fuel poor households to meet the threshold that would make them non-fuel poor, by the Low Income, High Cost fuel poverty indicator in England. This depth measurement also exists in Scotland and gives an indication against the progress towards eliminating fuel poverty entirely, in monetary terms. It gives a sense of the depth of the issue that cannot be fully achieved through a combination of the other measures. NEA notes the Welsh Government already reports on the fuel poverty gap in Wales (in terms of the English fuel poverty indicator)³⁷. We believe this reporting under the LIHC indicator should continue and the fuel poverty gap should also be used in relation to the Welsh definition of fuel poverty to give a better impression of progress towards Welsh targets.

Question 6: Do you think the reduction in KWh is a more effective measure for improving home energy efficiency in homes experiencing fuel poverty, or should the current EPC measures be retained as a measure of success?

No. NEA does not believe that aiming for a reduction in KWh is a more effective measure for improving home energy efficiency in homes experiencing fuel poverty, and believes that the current EPC measures should be retained.

Whilst NEA agrees with the Welsh Government that Energy Performance Certificates (EPCs) should evolve and respond to some of the well-known issues within the current Standard Assessment Procedure (SAP) methodology that underpins the scoring³⁸, BEIS has recently released an action plan³⁹ to significantly improve the reliability of EPCs in the 2020s. NEA also stresses the establishment of EPCs has been broadly welcome. EPC certificates compare current ratings of properties to see which are more energy efficient. They help tenants, landlords or homeowners find out how they can save energy and money by installing improvement measures and the grading from A to G is easy to understand for non-energy specialists. NEA is concerned about the complexity of the new measurement in contrast and the possibility of a hiatus or at worse, a reversal of commitments that have subsequently adopted an EPC-based framework.

Beyond the complexity for non-energy specialists, the new measurement would also be technically difficult to achieve. Any measurement of a reduction in energy usage is reliant on establishing an accurate baseline or counterfactual for individual households. This would be challenging, especially adjusting for variations in weather/outside temperatures, wider price impacts or disaggregating the contribution of other domestic energy efficiency programmes or household generation such as solar panels. It is also entirely predicated on the Welsh Government having access to precise information about energy usage. This will not be possible until at least 2024 when the installation

of smart meters is complete (and then only for 85% of households), and even then, access to the data will not be guaranteed. With all of this in mind, it is simple to conclude that measuring energy usage to determine success would be expensive to administer due to the significant challenges of verification and monitoring behaviour change initiatives. NEA believes that this money is better spent on measures to help households rather than verification of a metric.

As well as the cost of verification and monitoring behaviour change initiatives and establishing an accurate baseline or counterfactual, NEA is extremely concerned that a metric based on reducing consumption will result in colder, not warmer, homes due to energy rationing⁴⁰. NEA is very concerned this could present significant risks to fuel poor households who often ration their usage and underheat their homes. The proposed measurement could both:

- Perversely measure a success where a home that was already underheated, continues to adopt this behaviour, which is unacceptable and a clear risk to health and well-being of the occupants; and
- Deem positive improvements to the energy efficiency of a home a failure, should those benefits in thermal comfort enable a household to then adequately heat their home for a similar level of consumption as before

The UK Government's department for Business, Energy and Industrial Strategy has undertaken research⁴¹ on the rationing of energy usage across different households. This study found that fuel poor households spent, on average £319 less on energy that they theoretically are required to consume for a healthy lifestyle, compared to £110 less for households that are not fuel poor. This indicates that fuel poor households ration their energy to the tune of at least £200 per year. This has also been acknowledged in the technical annex to this consultation. The Wales Audit Office noted the tensions between goals of eradicating carbon emissions from domestic housing and prioritising efforts and funding on fuel poor households who tend to use less energy and may indeed need to increase their energy use in order to not live in a cold, unhealthy home. Increasing the thermal efficiency of a home may not result in any reduction in energy costs at all. If the physical measures are coupled with, for example, debt or income advice, then energy usage may actually increase.

Measuring energy reduction instead of thermal efficiency improvements could also result in outcomes that are misaligned with broader climate change and public health goals – two areas of policy that NEA would expect a fuel poverty strategy to align closely with. The Welsh Government has targets in the social housing sector based on a SAP score of 65 (SAP being the mechanism underpinning EPCs), and there is legislation in the private rented sector to reach EPC E, and proposals to reach EPC C. Setting targets in fuel poverty schemes apart from this makes these schemes outliers and less attractive for the supply chain, who may not be able to deliver the required savings if the result is added comfort and not energy savings. This is especially important in the context of the Energy Efficiency Strategy for Wales, which identifies the supply chain as a key area for action. Additionally, whether or not the occupants are fuel poor, to reach decarbonisation targets the fabric of almost all homes will need to be upgraded, meaning that any money spent on upgrading fabric based on EPCs will not be wasted. Moving away from EPCs as a measurement of success would detach from efforts to decarbonise, which are often based around EPC-based targets.

In summary, whilst we support the Welsh Government's wider aim of closing the 'performance gap' and driving up installation standards, NEA is extremely concerned about this proposal, and certainly could not consider supporting it without significantly more information on the practicalities behind it. First and foremost, NEA recommends that an EPC-based target is used as a measurement for success as part of the Warm Homes Programme.

Question 9: We have asked a number of specific questions. If you have any related issues which we have not specifically addressed, please use this space to let us know what you think:

NEA's main response in the previous section outlines a number of additional areas that are not fully captured by the consultation questions. The main areas are summarised below but we encourage the Welsh Government to review the aforementioned main response to understand the context of these key areas.

Targets

- The plan must set targets that meet statutory obligations and accelerate action for those most in need. NEA believes that in order to accelerate action for those most in need and satisfy the requirement for interim targets, the target to eliminate severe fuel poverty should be brought forward to 2028, helping to drive action for the households in the deepest fuel poverty this decade. NEA also recommends that at least one target, final or interim, should relate to improving the energy efficiency of fuel poor homes. At the very least, we would expect this to match the statutory target in England, for all fuel poor households to reach EPC C by 2030⁴². Finally, NEA recommends that the Welsh Government sets all targets, final and interim, on a statutory basis in order to ensure that they are, and remain, meaningful.

Aligning with broader Government objectives

- NEA firmly believes that fuel poverty should not be considered in isolation, and work to end fuel poverty should be aligned to other long-term objectives. The section above has highlighted opportunities that exist to align several wider areas of public policy.

Health

- A key priority and one of NEA's main recommendations is for the final plan 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). The next Welsh Government Winter Protection Plan for Health and Social Care also needs to embed action to tackle fuel poverty and enhance its focus on prevention. NEA has also recommended the Welsh Government refine their approach to health-based vulnerability and instead of capturing any person living with a long-term illness that they should capture those people with conditions that are affected by the cold.

Decarbonisation

- Where possible, any fuel poverty strategy should also aim to align with decarbonisation. NEA recommends that the plan includes allowing greater grant maximums for the future schemes within the Warm Homes Programme to ensure that rural households are able to meaningfully upgrade the energy efficiency of their homes. The Welsh Government should also work with network companies so that households on the lowest incomes can afford to upgrade their connection to the electricity grid. Finally, the Welsh Government will also need to influence the UK Government to investigate each policy which seeks to decarbonise heat

for any potential distributional impacts and investigate the impact of wider policies paid for by Welsh energy consumers before policies are introduced.

Warm Homes Programme

- Despite the failure to meet the previous fuel poverty commitments in Wales, NEA has consistently supported both Nest and Arbed, the two flagship energy efficiency programmes in Wales. 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. NEA therefore believes that it is important to set out expectations of the next phase of the Warm Homes Programme before the planned consultation in June 2021. There are some key principles on which the energy efficiency schemes should be based:
 - **Investment needs to be sufficient to address need in terms of the overall scale of the scheme.** Total scheme envelopes must be sufficient in order to meet targets, and the per-property levels sufficient to ensure that the schemes support both rural and urban areas. A target for all fuel poor homes to reach EPC C by 2030, as proposed above, would simplify the calculation of the total required spending from the scheme up to that end date.
 - **The schemes must take a fabric first approach.** In 2019-20, only 6.2% of installations funded by the Nest scheme were for energy efficiency⁴³, while the rest funded central heating installations. Since the scheme began in 2011, in only one year have installation measures accounted for more than 15% of the total measures installed. There is no available data on the mix of measures that are funded through the Arbed schemes. In order to meet targets, it is clear that fabric will need to be improved alongside heating measures themselves. This approach is well established, and has been used to inform the way in which recommendations on EPCs are generated, with fabric improvements receiving priority. Although funding heating measures can have a significant impact in the short and medium term, improving the fabric of housing remains the best lasting way to reduce energy costs in homes.
 - **The schemes must be designed to help the worst affected first, and must prioritise those most in need.** In 2019-20, less than 10% of the households helped in the Nest scheme were in severe fuel poverty, and 26.7% in fuel poverty (by the 10% measure)⁴⁴. In the population, it is estimated that approximately 12% were living in fuel poverty, and 2% in severe fuel poverty at that time⁴⁵. By tackling the most challenging homes, it will reduce fuel poverty and emissions in homes which have not yet benefited from current programmes. Alongside targeting the poorest households who live in the least efficient EPC rated E, F and G homes, it is also well established that one of the key aims for ending the cost and suffering of fuel poverty must be to help halt the serious adverse effects that living in a cold home can have for low-income households with particular health conditions which are badly affected by the cold.
 - **Designed to interact with other programmes but not be reliant on them.** The targets for the current ECO3 period have already been set and run from October 2018 until March 2022. As long as future phases of ECO continue to be rightly focused on low-income and vulnerable households, mechanisms to

leverage schemes in Wales with future ECO obligations beyond this point should be allowed and will need to be considered when future ECO obligation targets are set. The interplay between programmes will be particularly important in the context of ensuring future schemes can work in tandem with the LA flexibility mechanism which provides support to fuel poor households which may not be in receipt of means-tested benefits or low income households with particular health conditions which are badly affected by the cold. The Warm Homes Programme must additionally work well with the current, and future, minimum energy efficiency standards in the private rented sector, setting out the role for local authorities to enforce against these standards, and building on the success of Rent Smart Wales in achieving this.

- **The right measures delivered to the right households.** There is a very wide range of domestic energy efficiency technologies that could be deployed to ensure fuel poor households living in the least efficient homes can make as much possible progress towards the fuel poverty interim milestones and 2030 target. A particular priority is to ensure that schemes support whole house packages of measures to reach higher EPC standards. To verify success, post intervention EPCs should be provided to households. All forms of insulation should be able to be accessed under the programme as well as low cost complementary energy or water saving measures⁴⁶. This will require greater deployment of hard-to-treat cavity insulation and SWI as it is critical to mature these technologies to meet the wider insulation challenges over the next decade and beyond. In order to target the right households, there needs to be consideration how to make better use of data-sharing (for example through working with stakeholders in Wales to facilitate data-sharing agreements), and through raising awareness of the schemes with groups that have been unlikely to receive assistance to date.
- **Free to access and guaranteed assistance if eligible.** As the Warm Homes Programme focuses on those below or near the poverty line, there must be no requirement for contributions towards the cost of energy efficiency interventions, unlike the supplier-led ECO. The need for supporting the cost of energy efficiency enabling work must also be considered. In addition, it is essential that households that meet the criteria are able to access support and the scheme administrator (or related contractors) must not be able to ‘cherry-pick’ the clients from an eligible cohort, as is currently the case under ECO. Without these key considerations being taken into account, it will prevent uptake in the very groups the policy is designed to help.
- **High quality installation standards and advice.** Following the positive introduction of PAS 2035 and TrustMark scheme under ECO, the highest retrofit standards must also be applied to when carrying out work under the Warm Homes Programme so that the measures deliver the expected benefits and do not lead to unintended negative impacts for householders because of poor installation practice. The concern over installation standards is noted in the annex to this consultation, as is the intention to continue to work to PAS 2035. This is something that must be maintained for the future of the scheme. Additionally, adequate arrangements for redress must be in place to support people if failure occurs.

- **Robust governance, evaluation and monitoring.** Given the likely scale of the funding for the Warm Homes Programme, it is vital that the scheme can be assessed against agreed performance indicators, outputs and outcomes. This should include the impact on fuel poverty. The extent of public reporting on scheme budgets, performance indicators, outputs and outcomes should be agreed prior to the next stage of the scheme commencing and should also include independent experts on a Delivery Strategy Board. Representatives from organisations such as the Wales Audit Office (WAO) should also be invited to provide early input on how to assess value for public money. Publicly reported impacts under the scheme should also be independently monitored periodically to determine the direct improvement the scheme is having on the lives of individuals and families in fuel poverty.

As well as supporting enhanced investment in the domestic Warm Homes Programme and leveraging support via ECO, NEA recommends the Welsh Government must work with the UK Government to access support to end cold homes through the upcoming Shared Prosperity Fund.

Sources and further information

- 1 For more information visit: www.nea.org.uk.
- 2 NEA also works alongside our sister charity Energy Action Scotland (EAS) to ensure we collectively have a UK-wide reach.
- 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 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 See NEA's new release here: <https://www.nea.org.uk/news/271120-01/?parent=about-us/media-centre/media/>.
- 7 Excess winter mortality statistics record the 'additional' deaths that occur in December to March compared to the preceding August to November and following April to July. Of these the World Health Organization estimates that 30% are due to cold housing (WHO 2011)
- 8 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 by 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.
- 9 To view the Welsh Government response visit: <https://senedd.wales/laid%20documents/gen-ld13227/gen-ld13227%20-e.pdf?platform=hootsuite>.
- 10 For more information visit: <https://business.senedd.wales/mglIssueHistoryHome.aspx?lId=25969>.
- 11 This has included running three online workshops, in partnership with the Welsh Government, to provide a platform for stakeholders to share their views on the Welsh Government's draft plan. These took place in November 2019 and were attended by almost 100 delegates from a variety of sectors, including local authorities, social housing, academia, industry, and the third sector.
- 12 A "worst first" principle is something that: was in the eight key principles in the 2010 Strategy (as shown in Point 124 of the annex accompanying this document); the Welsh Government say remains relevant today (as shown in Point 125 of the annex accompanying this document); and is embedded in its proposed four policy goals in this new plan (as shown in Point 124 of the annex accompanying this document).
- 13 <https://www.legislation.gov.uk/ukpga/2000/31/contents>
- 14 Welsh Housing Conditions Survey (energy efficiency of dwellings): April 2017 to March 2018
- 15 The average SAP rating in England is now 63, up from 53 in 2008 and 60 in 2013. A third (34%) of dwellings are now in the highest SAP energy efficiency (EER) bands A to C, up from 9% in 2008. In Scotland the average SAP rating is 64.9 and in 2019, 45% of Scottish homes were rated as EPC band C or better and half had an Energy Efficiency Rating of 67 or higher.
- 16 The Committee on Fuel Poverty produces an annual report which models the required spending to reach the 2030 Fuel Poverty Target, and milestones for 2020 and 2025. For an example, please visit <https://www.gov.uk/government/publications/committee-on-fuel-poverty-annual-report-2020>
- 17 The fuel poverty target for England, as set out in the fuel poverty strategy 2015, is "to ensure that as many fuel poor homes as is reasonably practicable achieve a minimum energy efficiency rating of Band C, by 2030". For more information, visit: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/408644/cutting_the_cost_of_keeping_warm.pdf
- 18 <https://www.audit.wales/publication/fuel-poverty>
- 19 <https://senedd.wales/laid%20documents/cr-ld13147/cr-ld13147-e.pdf>
- 20 <https://www.theccc.org.uk/publication/uk-housing-fit-for-the-future/>
- 21 <https://gov.wales/sites/default/files/publications/2019-07/independent-review-on-decarbonising-welsh-homes-report.pdf>

22 For an example of the English Fuel Poverty statistics, see <https://www.gov.uk/government/collections/fuel-poverty-statistics#2018-statistics>

23 The UK Shared Prosperity Fund, House of Commons Library briefing paper, Number 08527, 22 May 2020.

24 Energy efficiency resources have been leveraged via the European Regional Development Fund (ERDF), the European Social Fund (ESF), the Joint European Support for Sustainable Investment in City Areas (JESSICA), European Local Energy Assistance (ELENA) and the research grants provided by Horizon 2020.

25 According to the UK Government's analysis the UK ETS will generate additional revenue compared to the EU ETS of between £2.5bn-£3.5bn per annum. See page 23, Table 13. Estimated auction revenue to government / cost to businesses from purchasing https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/889038/The_future_of_UK_carbon_pricing_impact_assessment.pdf

26 The Warm Home Discount (WHD) scheme provides the poorest pensioners across Great Britain (GB) with an automatic reduction of £140 off their energy bills each winter as well as support to other vulnerable customers through further discretionary rebates and advice and support provided by range of third parties, including NEA. On 14 October 2020, the UK Government confirmed an extension to the Warm Home Discount (WHD) from 2021-22. Following our campaigning, NEA welcomed the news saying the policy provides a "winter lifeline" to millions of the poorest pensioners across Great Britain but there is a need to extend the programme over a longer period and expand this assistance overall given it is the principle funding vehicle for offering vulnerable customer assistance during the current crisis. Whilst expansion may imply the increased cost of the scheme would be borne by energy consumers, NEA and our campaign partners Fair by Design have previously highlighted how this outcome could be achieved in a cost neutral way for energy consumers. Another key priority on energy efficiency is to maximise the GB-wide Energy Company Obligation (ECO) from April 2022- March 2026. The UK Government recently confirmed the new phase of ECO will maintain its key focus on low income and vulnerable households. Beyond sustaining current levels of investment and the key focus on vulnerable households, the Welsh Government should push for key improvements to be made to the programme to improve its targeting and the accessibility of those it is there to support up until 2026.

27 For more information please visit: <https://www.nea.org.uk/publications/nea-response-to-ofgems-riio-2-sector-specific-consultation-ed2/?parent=what-we-do/resources-publications>.

28 <https://www.nea.org.uk/researchpolicy/ukfpm-2020/>

29 Better use of available data, already within reach of energy suppliers, can help identify those most in need. The Welsh Government should consult publicly on how accessing the shielded patients list which could help utility companies to provide more targeted support to their customers who are most vulnerable. The Welsh Government should also actively support NEA in pushing for Section 36(3) of the Digital Economy Act to be further expanded to allow local authorities, public sector health bodies and energy network companies to undertake direct data-matching access with the Department for Work and Pensions (DWP), independent of licensed gas and electricity suppliers.

30 Ensuring digitally excluded households in Wales have access to different communication channels to ensure they do not miss out on support/advice, especially during COVID-19. The Welsh Government can also help ensure that utilities have plans in place to provide information in Welsh on emergency support (and other different languages) and use a variety of formats, including Braille and BSL.

31 The Welsh Government should urge the UK Government to bring forward its Breathing Space and extend the respite period offered. The Welsh Government can also help fund and facilitate new methods of payment matching schemes to accelerate the repayment of utility debts, alongside the UK Government. The Welsh Government could urge regulators and local authorities to introduce consistent 'Ability to Pay' and debt collection principles should be implemented across all essential household bills and strengthen funding for income maximisation and debt advice which is currently underfunded. Finally, the Welsh Government should urge the UK Government to maintain and strengthen enhancements to Universal Credit and improve the application process. Delays in accessing universal credit payments have a material impact on utility debt build-up. This relationship should be investigated by the Welsh Government and its findings fed back to BEIS and the Department for Work and Pensions (DWP).

32 For an example of the English Fuel Poverty statistics, see <https://www.gov.uk/government/collections/fuel-poverty-statistics#2018-statistics>

33 Our answer to this question assumes that the definition for a household vulnerable to being "at risk" of living in fuel poverty will be used as part of the formation for the targeting of future schemes

34 <https://www.nea.org.uk/wp-content/uploads/2020/11/NEA-Under-One-Roof-FULL-REPORT-FINAL-Feb-19.pdf>

35 <https://gov.wales/sites/default/files/statistics-and-research/2019-05/living-in-wales-survey-2008-fuel-poverty-statistics.pdf>

36 <https://gov.wales/sites/default/files/statistics-and-research/2019-12/fuel-poverty-estimates-wales-2018.pdf>

37 In the 2018 Wales Fuel Poverty estimates, it is stated that "Under the low income high costs (LIHC) definition, 132,000 Welsh households were living in fuel poverty in 2018, equivalent to 10% of all households in Wales (Table 7.2.1). The average fuel poverty gap for Wales 2018 was approximately £431, this is the average reduction in annual fuel bill that was needed to move these households out of fuel poverty. The aggregate fuel poverty gap for Wales in 2018 was a total sum of £56.9 million." <https://gov.wales/sites/default/files/statistics-and-research/2019-09/fuel-poverty-estimates-wales-2018-Q20.pdf>

38 In particular it is important to address a variance in the quality of EPC assessments. Two identical households could be judged as having two different EPC scores just because the assessing of EPCs can be unreliable. This is especially true of deemed EPCs and NEA has heard frequent concerns with the quality and accuracy of 'bulk EPC' data which looks to predict EPCs for similar properties. This could be addressed by ensuring fuel poor households are required to meet at least a median SAP level or greater within EPC band C before it can be considered to have researched the required standard. The UK Green Building Council has also identified two areas that need to be addressed in order to increase the reliability of EPCs: The various accreditation and certification bodies are all competing for customers, which does not necessarily encourage rigour in the auditing process; and audits of EPCs are predominantly desk-based, which means that there is little risk to an assessor in delivering inaccurate assessments of items which are difficult to desk-audit or are not necessarily revealed by the photographs required as part of the EPC assessment.

39 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/922660/EPC_Action_Plan.pdf

40 Energy rationing is something that has been acknowledged by the Wales Audit Office. As stated in the annex complementing this consultation "The WAO acknowledged the Welsh Government has sought to work with other bodies and coordinate its own departments to address the wider causes of Fuel Poverty, including wider investment in programmes that can support its Fuel poverty ambitions. These wider programmes include investment in work to achieve the WHQS across social housing. It noted the tensions between goals of eradicating carbon emissions from domestic housing and prioritising efforts and funding on fuel poor households who tend to use less energy and may indeed need to increase their energy use in order to not live in a cold, unhealthy home.

41 See: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/789775/Comparison_of_theoretical_energy_consumption_with_actual_usage.pdf

42 The fuel poverty target for England, as set out in the fuel poverty strategy 2015, is "to ensure that as many fuel poor homes as is reasonably practicable achieve a minimum energy efficiency rating of Band C, by 2030". For more information, visit. https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/408644/cutting_the_cost_of_keeping_warm.pdf

43 NEST annual report 2018/19 <https://nest.gov.wales/workspace/uploads/files/nest-annual-report-2019-engli-5d3ac3dfd5d07.pdf>

44 NEST annual report 2018/19 <https://nest.gov.wales/workspace/uploads/files/nest-annual-report-2019-engli-5d3ac3dfd5d07.pdf>

45 Fuel poverty estimates for Wales, 2018: revised - <https://gov.wales/sites/default/files/statistics-and-research/2019-12/fuel-poverty-estimates-wales-2018.pdf>

46 BEIS estimate that over 70% of domestic energy consumption involves heating water for space heating, washing, cooking and there is a strong correlation between households in fuel debt and those in water debt. Both energy and water sectors have focused, but different, schemes for consumer engagement, special assistance or priority services registers, debt and welfare advice, financial assistance, special tariffs and efficiency campaigns or measures that deliver support to households as energy and water consumers.



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