

## 1. The scale and impacts of fuel poverty in Wales

- 1.1 In terms of the private sector, Wales still has the lowest average SAP rating of UK nations, impacting significantly on levels of fuel poverty. SAP ratings have improved over the last 10 years following various Welsh Government funding programmes such as NEST and Warm Homes Arbed schemes, aimed particularly at vulnerable, elderly, disabled, low income households in Wales. However the Welsh private housing stock is the oldest in the UK, predominantly pre1919 terraced solid wall properties, measures to date have not improved matters sufficiently.
- 1.2 The scale of the issue is outlined in the recent WG publication ‘key statistical bulletin Fuel Poverty Estimates for Wales 29<sup>th</sup> August 2019’. The Authority have enquired whether these statistics can be broken down into Authority area but WG confirmed that this could not be done.
- 1.3 It must be recognised, that the current definition of fuel poverty is very broad and doesn’t take into account a household’s disposable income and actual energy spend. It is more a measure of poverty in general. A low income family might have access to discounts in other household expenditure e.g. Welsh Water HelpU, free TV licence, free bus travel, discounted leisure service membership, warm home discount, winter fuel payments. These other benefits could therefore mean that the fuel expense is manageable.

## **2. Why the Welsh Government failed to meet its statutory target of eradicating fuel poverty in Wales by 2018**

- 2.1 Austerity measures have exacerbated incomes of families living in Wales, leaving them with less money whilst the cost of living has continued to rise. Private rental costs between 2010 – 2015 rose by 15.2% whilst cuts to benefits and freeze on benefit uprating have significantly reduced income. For example, in 2011 the local housing allowance was reduced to the 30<sup>th</sup> percentile which has reduced the eligible rent figure that is used in calculating financial support (i.e. Housing Benefit) to help claimants pay their rent.
- 2.2 Uprating of benefit rates were changed in 2011, using retail price index instead of consumer price index and from 2016 benefit rates were frozen, affecting all working age claimants (with the exception of those who have limited capability for work related activity) particularly affecting those in low paid employment and those with children. In addition, there have been other significant cuts / removal of benefits including the reduction of support provided for childcare reduced from 85% to 70% within tax credits; the increase of the percentage of income taken into account when calculating entitlement to tax credits from 39% to 41%. The removal of the elements, including the 50+ and baby element, together with the abolition of the work related activity component within Employment and Support Allowance and the introduction of Universal Credit.
- 2.3 These cuts will have reduced income, thereby reducing the available amount of disposable income which would impact on the numbers of households experiencing fuel poverty.
- 2.4 The ageing housing stock in Wales across all tenures makes it more difficult to bring properties up to high SAP/EPC levels. For example 43% of tenants in the PRS are living in pre 1919 houses. In addition only 10% of Welsh homes were built in the last 18 years.
- 2.5 In more rural areas of Wales a significant number of properties are 'off gas' properties which have to rely on expensive alternative fuel sources.

2.6 In the private sector many solid walled construction properties have failed to receive the required 'whole house' approach when energy efficiency programmes have been introduced.. Instead, many WG funding programmes have seen pepper potting improvements to households rather than area based improvement programmes involving large numbers of stock. Hence, these programmes have had a limited impact on fuel poverty. In addition a number of the funding programmes have concentrated on the easiest install measures that quickly improve SAP ratings such as boiler replacements and loft insulation, without addressing the problem of improving the thermal efficiency of the fabric of the dwellings.

2.7 Households living in poor thermally efficient homes can suffer from fuel poverty even where there is a decent household income as a result of increasing fuel prices, heat loss through the fabric and ineligibility for WG grant programmes.

### **3. 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**

3.1 Since 2011, more than £265m has been invested in 55000 homes through the Arbed and Nest schemes in Wales. Swansea Council have been heavily involved in Arbed from its inception 2010 to the present day. We have delivered various schemes to both the private and public sector housing stock, incorporation measures including solid and internal wall insulation through to new boilers and the introduction of renewables in the form of photovoltaics and solar hot water. There has also been assistance on the education of energy use.

3.2 Since 2003, over £1bn has been spent by Authorities on bringing their stock up to WHQS. By 2021 Swansea Council would have spent nearly £500m on its stock since 2003 in bringing its stock up to the WHQS with there being a positive impact for all tenures. However it is difficult to quantify how the WHQS has benefited tenants.

3.3 The Homes as Power Stations project, which forms part of the Swansea Bay City Deal with the Welsh and UK Governments, aims to deliver smart, low carbon, energy-efficient homes across the City Region. The project will

deliver a programme of new build developments, the retro-fitting of existing buildings and local supply chain development. The project will help to tackle fuel poverty, cut carbon emissions and meet the need for more housing in the region. The health and well-being aspects of warmer homes and the reduction in fuel poverty will be monitored as part of the project. A pilot scheme to inform the Homes as Power Stations concept is under development in Neath.

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

4.1 The strategy should recognise that post achievement of WHQS in 2020, the private sector should be targeted in terms of measures to improve fuel poverty as its likely the most extreme cases of fuel poverty exist in this sector with many pre 1919 properties having received little or no improvements to bring them up to modern thermal efficiency standards. Therefore the strategy should review the minimum EPC rating for PRS properties.

4.2 In addition the new strategy should:

4.3 Recommend that Energy Suppliers simplify tariffs.

4.4 Recommend that energy customers are not automatically placed on the highest priced tariff at the end of a tariff contract period.

4.5 Include an action about Smart Meters so that take up can be encouraged.

#### **5. 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?**

5.1. Swansea Council would like the WG to take the following steps:

- 5.2. Monitor properties built under IHP to determine which specification is the optimum one in term of addressing fuel poverty
- 5.3. Carry out retrofit pilots to determine what solutions are best for certain property types
- 5.4. Introduce incentives for owner occupiers to undertake improvements
- 5.5. Implement the recommendations in Better Homes, Better Wales Better World that refer to new build. This is relatively easy to achieve with social new build as it can be made a condition of grant but how will this be tackled in private sector.