

Scale and impact of fuel poverty in Wales

The Housing Conditions Evidence Programme recently published detailed analysis of the fuel poverty estimates for Wales 2018. Key points from the analysis were:

- 155,000 households were living in fuel poverty (12% of all households);
- Private rented sector households were more likely to be fuel poor with 20% of these living in fuel poverty;
- 50% of single person households without children were living in fuel poverty;
- Households living in older properties are more likely to be fuel poor (20% of households living in pre 1919 dwellings were fuel poor);
- 21% of households living in properties with uninsulated solid walls were fuel poor;
- 30% of households in properties lacking central heating were fuel poor; and
- 43% of households living in properties with lower energy efficiency (EPC bands F and G) were fuel poor compared to 5% of households living in properties in bands B to C).

Evidence indicates that there is higher poverty in rural areas especially where they are off mains gas. Citizens Advice Research shows that 46% of households in Wales who are off mains gas are also in fuel poverty (against 26% in England).

In Ceredigion, 82.4% of properties are not connected to mains gas and these households are heavily reliant on more expensive forms of heating such as oil with the need for bulk purchases. Paying for such fuel is challenging amongst low-income households, leading to self-disconnection and under-use of

heating. 33% of the housing stock in Ceredigion is pre 1919 and these have the highest percentage of homes without central heating (16%). In 2015, 24.91% of Ceredigion households were considered to be fuel poor (total of 7643 households).

Importantly, the number of households in fuel poverty are greater than those officially recorded because some households are not spending greater than 10% of their disposable income on fuel bills as they are living in cold homes which they are under heating. A large number of households with one or two pensionable aged occupants on state pension are in fuel poverty and living in cold homes.

The impact of fuel poverty on a household can be substantial and this is in direct conflict with the well-being objectives of the Well-being of Future Generations (wales) Act 2015. Poor quality and difficult/expensive to heat homes can contribute to feelings of isolation, loneliness and health issues that can come at an enormous cost to the NHS, Social Services and other public services.

Impacts include:

Lifestyle

The household live in a cold home that may be damp and have mould growth. Such conditions in the home can cause physiological and psychological impact on the householder. A household in energy debt and finding it difficult to pay future bills can experience a negative impact on their mental health, causing severe anxiety and an ever increasing circle of poverty. They may only be heating one room adequately therefore the whole family would spend their time together in this one room; this can impact on the dynamics of the family and evidence indicates that this can negatively affect children's education.

Social and Community Influences on Health

Feeling of isolation/loneliness as they are unable to invite family and friends to the home. Insufficient funding for leisure and enjoyment, and a feeling of being trapped within their own home.

Mental well-being

Isolation, anxiety, depression and stress as well as possible addiction to various drugs/substances. Insufficient money to fund all essential bills. Lacking in confidence.

Living and Environmental Conditions affecting health

A cold home can be damp with associated mould growth. This affects the air quality and may exacerbate any underlying respiratory conditions with the added cost to the NHS.

Economic conditions affecting health

Lacking in confidence due to mental health associated with living conditions and lack of money. This may mean that occupants are unable to find employment and feel isolated. There can be a necessity to decide whether to heat the property or buy food for the family to eat.

Access and Quality of Services

Lack of services in rural areas and households must rely on public transport. In rural areas public transport is infrequent and the bus stop may be a considerable distance from their home. Lack of internet access in the home to deal with everyday life and to assist children with their education is common.

Why the WG failed to meet its statutory target of eradicating fuel poverty in Wales by 2018

WG Arbed Warm Homes scheme and the Nest (British Gas) scheme have helped in reducing the number of households in fuel poverty however this has not been sufficient for various reasons as listed below.

Timescale

The schemes have had their flaws and as with the Arbed scheme, it was difficult for Local Authorities to deliver the schemes within the deadlines as the funding was only available for the financial year.

In Ceredigion we have been successful in 3 applications under Arbed 2 and 3. Notification of the funding was towards the end of autumn and delivery of the scheme was over the winter months. Due to the nature of the works (i.e. external wall insulation) this was difficult due to the product not being able to be installed/applied in poor weather and low temperatures. In addition to this, a large percentage of the homes were privately owned, therefore it was necessary to have additional lead in time for the home owners to see the benefits of the works included in the scheme and to agree to the works.

The schemes were run over a tight timeframe, from application stage, through the delivery and to completion in a matter of months (working to the end of the financial year). This was a difficult deadline to meet without the added problem of the inclement weather.

Local contractors

There was funding available from Welsh Government in the form of revenue to assist local Small Medium Enterprises (SMEs) to train and qualify in the installation of insulation/heating installations. However, this meant a large commitment on the part of the company with no promise of work over the future years. Every Local Authority had to submit an application for funding for the various schemes on a yearly basis through competitive bidding. There was no continuation/guarantee of work and therefore the contractors would not commit. In addition, due to the short delivery times the contractors would not be qualified in sufficient time to deliver the ongoing scheme. The added disadvantage is that local companies are not qualified to install the energy efficiency measures for private works or to engage in the conversation with the private owners encouraging the installation of energy efficiency measures. All the main contractors employed for the scheme were not Ceredigion based, although local contractors were used for some of the associated works (e.g. plumbing, electrician).

Area approach does not deal with the pockets of fuel poverty

Rural areas like Ceredigion have pockets of deprivation and not large areas, therefore using a street/area approach does not address the worst issues in the County. The application process should be based on a countywide area. Client applications would be received with a Test of Financial Resources

completed and hence targeting the individuals in greatest need and not the areas.

Enabling Works

Enabling works due to poor housing was not covered by Arbed and Nest. Pointless to insulate the loft if the roof is leaking and cavity wall insulation cannot be installed if cavities are poorly pointed (thus allowing water ingress). There should be funding towards repair items to enable insulation works to be undertaken. Cost of loft insulation is low, however cost of ensuring roof is water tight is high therefore works cannot be undertaken. Home Improvement Loans are available but in the majority of cases where households qualify for the Arbed or Nest they would not satisfy the affordability check for the loan.

Nature of the measures carried out

The original Arbed schemes concentrated on external wall insulation and this had a greater impact on the households. However, the more recent scheme targeted minor energy efficiency installations (i.e. loft and cavity wall insulation and heating systems). The majority of loft insulations have been carried out over the years and as most of Wales are an Exposure Zone 4 this means that cavity wall insulation is not suitable in the cavities. It is worth noting that there are new beads on the market for cavity wall insulation but clients need to be educated following the poor press received from the failed cavity fills already undertaken.

Other influences on fuel poverty

Average Income levels are particularly low in the county and across Wales, and this is linked to the quality of employment opportunities such as part time working, self-employment. When this is combined with poor, difficult to heat homes, this increases the numbers of households in fuel poverty. Therefore it is our opinion that there needs to be greater links and awareness within employment and regeneration programmes of the importance of income maximisation as part of the provision of good quality employment opportunities. Furthermore, there has been insufficient emphasis within the national schemes run (Arbed, ECO, Nest) on the importance of behaviour change as well as income maximisation as part of these capital energy

efficiency schemes. We provide evidence below of how in Ceredigion we have blended both capital housing improvements with revenue funded behaviour change programmes linked to income maximisation and energy efficiency resulting in significant increases in household income. This is work that we have commissioned locally using the third sector Citizens Advice service. However, the difficulty with such schemes has always been that they are short term project funded and not integrated as part of the capital schemes, so happens in a piecemeal fashion depending on funding availability.

How WG 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

WG have provided funding avenues for the installation of energy efficiency measures in properties in Wales in the form of Nest, Arbed and Home Improvement Loans. The works undertaken to date has resulted in a reduction of households in fuel poverty from 23% to 12% with the delivery of the schemes.

Funding that has been available for these improvements has had a positive impact on the households who have received the installations.

In Ceredigion alone, through the Arbed scheme, WG have funded:

Capital Projects:

- i) 2013–2015 – Llandysul. 109 external wall insulation and minor measures to the value of £1.3 million.
- ii) 2015–16 – Cardigan and Llanarth. 109 External wall insulation and minor measures to the value of just under £2 million.

Revenue Projects:

- i) 2014–16 Project Manager, EPCs and GDAs, Energy Advice and behavioural change advice and training of local contractors.

Other non–WG funding / initiatives have been secured including:

- National Grid and Community Interest Company, Affordable Warmth Solution (AWS) established a £150m Warm Homes Fund (WHF) designed to assist local authorities, registered social landlords and partnership organisations to address some of the issues affecting fuel poor households. Ceredigion County Council has been successful in obtaining funding from the Warm Homes Fund to install first-time central heating systems in properties that do not currently have full central heating systems, located in the Tregaron and hinterland area. The scheme is called Caron Cynes/Cozy Caron and eligible households must meet the following criteria:
 - The property must be energy inefficient.
 - The property must not have an existing full central heating system.
 - The household must be on low income and vulnerable **and/or** living in fuel poverty.
- Ceredigion County Council also backs the ECO 3 Flexibility Scheme. The aim of the scheme is to install energy efficiency measures in properties that are currently energy inefficient which in turn reduce households' fuel bills. Under ECO Flexibility, Councils can define their own criteria to help vulnerable people get funding towards heating and insulation upgrades in their homes. As such, a broader range of vulnerable people can be supported. Ceredigion County Council qualify households based on the information supplied on the application form and issue declarations for those who could benefit from improvements. Funding is available to owner occupiers and private rented tenants. To be eligible for inclusion of flexible eligibility in Ceredigion:
 - your home must be energy inefficient; and/or
 - the householder is;
 - a. spending greater than 10% of their income on fuel bills; or
 - b. on a low income and vulnerable to the effects of living in a cold property

Unfortunately, there is a missed opportunity with ECO flexibility because the funding is only available directly from OFGEM. This makes it difficult for Local Authorities to run and manage these schemes without any degree of local accountability to govern the quality of the installations, avoid cold calling on vulnerable residents as well as ensuring whether the objectives have been achieved in terms of bringing the household out of fuel poverty.

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

Countywide Scheme

Funding should be given to LAs to deliver an energy efficient scheme in-house with a means test to determine the worst cases and not make these area based. Rural areas lose out with area based schemes as they do not have large numbers in one area to substantially reduce costs. Also rural areas like Ceredigion have higher works cost due to its rurality and distance from M4 corridor.

Enabling Works

Enabling works to be included to improve poor housing conditions prior to the installation of energy efficiency measures.

Local Contractors

Local contractors should undertake the works thus enabling funding to be brought back into the local community. This would assist in raising incomes and bringing households out of fuel poverty. There needs to be continuation and a guarantee of work for local contractors so that they are prepared to invest time and money into the training. This would help to facilitate the development of skills and jobs in the local community.

Longevity of programme

Ideally 3-5+ year programme to attract local contractors to become involved (long term programmes). If this is not possible then the flexibility should be allowed for LAs to either carryover funding across financial years, or provide funding in advance.

Energy Efficiency and Income Maximisation Advice

The cause of fuel poverty is two-fold, namely cost of fuel and income. There should be a requirement for Energy Efficiency Advice and Benefit Entitlement Check. The fuel bills can be reduced through raising awareness of energy efficiency measures and current schemes, changing behaviour, switching energy provider/tariff, budgeting advice, discussing and reducing fuel debts

and assessing household eligibility for Warm Homes Discount. In some cases by reducing their fuel bills and increasing their income this may ensure that the households are brought out of fuel poverty.

Inclusion of Energy Efficiency and Income Maximising Advice to all receiving the heating and insulation measures under the various schemes available. This will ensure that the occupants are receiving the full benefit from the measures and bringing them out of fuel poverty. Ceredigion have run an advice scheme concurrently with the Arbed schemes in the past and have realised the benefits of this to the households.

Cold Weather plans for Wales

There should be a cross party group to tackle fuel poverty and improve energy efficiency together with the development of cold weather plans for Wales in order to address winter mortality.

ECO schemes: top-up grants/funding from Welsh Government (where schemes do not cover whole cost of the install).

Consideration to be given to top-up grants for ECO, etc. to bridge the gap between the amount of funding and the amount of grant aid available as not all schemes are fully funded. In the majority of cases the households may not be able to fund the difference themselves or via the Home Improvement Loan. Furthermore, revenue funding needs to be available alongside these capital schemes to ensure that effective programme management is in place and that income maximisation happens alongside the capital improvements.

ECO funding to be available directly to Local Authorities so that LAs can run/manage the schemes. This would give local accountability to govern the quality of the installations, together with the ability to assess whether the households receiving the installed measures have been brought out of fuel poverty.

Gas Networks

Working with Gas Networks in the area and providing funding for the installation of the boiler/heating system for the client. Possibly considering this for the able to pay as well to ensure maximum sign up – economies of

scale. Provision of free or low cost connections to the network for first time central heating customers.

Small Medium Enterprise (SMEs)

Training and continued improvement in energy efficiency knowledge/skills for advisors, installers, contractors, apprenticeships, etc. Map work against skills and identify gaps in the supply chain. This is also needed in response to the WGs drive to build additional zero carbon homes, as investment is needed to ensure the contractor base is ready to meet the challenges of such construction projects.

Deliver projects with Community Benefits

To include SMEs, apprenticeships, etc. and improvements to local community amenities. This will maximise the benefits of the money brought to the area by the works/scheme being delivered.

Better support for vulnerable customers at risk of disconnection

There are inconsistencies between suppliers. Self-disconnections by customers can be the result of lack of credit in payment meters, affordability, connection issues, forgetfulness and customer choice.

Proposed Log Books for each property

Welsh Government to fund Log Books for all residential properties to include details on the existing thermal measures, heating elements, etc. and a list of the required energy efficiency improvements required.

Bring energy efficiency and fuel poverty awareness into schools as part of their education/curriculum

What steps the WG 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

There is cross linkages with this aspiration to the Affordable Housing Review recommendations.

It will be necessary to look at the carbon cycle of new development (cradle to grave approach) and construct sustainable homes. Planning and Building Regulations to include the necessity for all new builds and conversions to be a Band B on an EPC. These should include some form of renewable technology.

There is a need for a new generation of social housing with the creation of innovative housing at scale and pace, achieved through sustainable communities.

Social Housing to have a 10 year programme and Welsh Government funding to bring every home to EPC A (30,000 homes per year). Department for Business, Energy and Industrial Strategy (BEIS) have launched a whole house retrofit programme for social landlords, and this links with the Decarbonisation Proposal report recently published by WG.

Research into innovative measures and more Welsh Government funding for innovative pilot schemes.

Welsh Government to fund energy efficiency and renewable technology schemes for privately owned properties, both owner occupiers and private rented sector.

Need to deliver a holistic package for all tenures to encourage change.