

Cynulliad Cenedlaethol Cymru | National Assembly for Wales

Y Pwyllgor Newid Hinsawdd, Amgylchedd a Materion Gwledig

Climate Change, Environment and Rural Affairs Committee

Ymchwiliad i Dlodi Tanwydd | Inquiry into Fuel Poverty

FP 30

Ymateb gan : Panel Arbenigol o Benaethiaid Iechyd yr Amgylchedd Cymru ar gyfer Tai yn y Sector Preifat

Evidence from : The Welsh Heads of Environmental Health Private Sector Housing Expert Panel

1. The scale and impacts of fuel poverty of Wales

Current data

The Housing Conditions Evidence Programme recently published detailed analysis of the fuel poverty estimates for Wales 2018. The 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).

The percentage of fuel poor households in Wales has reduced from 26% to 12% over a ten year period, but Welsh Assembly Government targets were not reached.

Evidence indicates that there is higher poverty in rural areas of Wales, 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). Data gathering from individual council areas supports these findings. In Ceredigion, 82.4% of properties are off mains gas and these households are heavily reliant on more expensive forms of heating with the need for bulk fuel purchases. Paying for such fuel is challenging amongst low-income households, leading to self-disconnection and under-use of heating. Thirty-three percent 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).

A report produced by Denbighshire County Council in 2017 ('Wylfa Newydd Key Study Area: Housing Energy Efficiency Assessment') has noted that the current percentage of fuel poor households in the Wylfa Newydd Key Study Area was likely to be higher than the national average of 12%. The study found that fuel poverty was more prevalent in the PRS and owner-occupied dwellings, compared to social rented properties.

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 pose substantial cost implications to the NHS, Social Services and other public services.

Health impacts

Fuel Poverty is known to have number of negative health, social and economic impacts. These include the following:

- Heat or Eat – people living in fuel poverty often have to choose between heating their home to an acceptable standard and eating a

healthy balanced diet. An increased number of individuals are being referred to food banks by local council services and charities.

- Health Issues – failure to heat the home adequately can lead to increased stress on the cardiovascular and respiratory systems of the occupants. This is strongly linked to increases in the rates of respiratory system infections and cardiovascular events. Respiratory conditions such as asthma and chronic obstructive pulmonary disorder are also exacerbated. These conditions have the greatest effect on those over 65 and under 14 years of age.
- Heightened risk of falls within the home – falls and domestic accidents are more common in cold homes. Exposure to low indoor temperatures decreases co-ordination and balance as well as slowing reaction times. This makes initial ‘trip steps’ more likely and reduces the likelihood of successful recovery actions once the fall has started. This impacts the over 65 age group most severely. A fall is often the first event of a gradual decline in the mobility and general health of elderly persons. An initial fall will also make subsequent falls more likely.
- Excess Winter Deaths – there were 3,400 excess winter deaths in Wales during 2017/18 (up from 1,850 excess winter deaths during 2016/17).
- Social Exclusion – people living in cold, damp homes tend to avoid inviting friends or relatives to their home because they are embarrassed of the condition it is in. This can lead to mental health issues such as stress and depression.
- Mental Health Issues – in addition to the mental health issues caused by social exclusion, worrying about paying energy bills can increase levels of stress and other mental health conditions. It can also alter the way in which homes are used, with some occupiers restricting their use of the property to a single room that can be kept warm. This can impact on the dynamics of a family and evidence indicates that this can negatively affect children’s education.
- Lower Educational Attainment – periods of ill health caused by living in a cold, damp home will likely mean that children will miss

lessons in school, leading to lower educational attainment. A cold and uncomfortable living situation also provides a poor study environment.

- Cost to the NHS – poor housing costs the NHS in Wales approximately £67 million per year in treatment costs, with the full cost to Welsh society estimated to be around £168 million per year.
- Wider impacts on the economy – through increased days lost due to sickness, and reduced disposable household income that might otherwise be spent in the local economy.

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

Welsh Government has succeeded in reducing fuel poverty in Wales, despite the fact that they have failed to meet their ambitious statutory target of eradicating fuel poverty in Wales by 2018. One factor that is likely to have contributed to this failure is the lack of up to date fuel poverty data available at a local level. Improved data assists Local Authorities and other agencies could better target areas for support.

A key action from the 2010 strategy that has not been fully achieved is the co-ordination of support, to ensure that new services are developed in partnership with trusted local agencies, health and social services, Local Authorities and third sector organisations.

Welsh Government does not have the power to legislate energy prices, and it is therefore acknowledged that very little can be done to mitigate this factor apart from encouraging consumers to switch energy suppliers regularly and behavioural change. Increased visibility of Nest's Energy Advice line could have helped with this.

Welsh Government could have helped low income households maximise their incomes, by increasing the level of co-operative interventions undertaken with different organisations (Citizens Advice Bureau, Trussell Trust etc.) and other Government funded schemes (Supporting People, Families First etc.). This could have been linked into the role of Nest's Partnership Development Manager.

Another barrier to tackling fuel poverty is the fact that few people identify themselves as living in fuel poverty. Welsh Government could have worked with health boards to ensure that GPs are able to identify the signs of fuel poverty, and refer individuals to other agencies who are able to help.

Nest and Arbed

Welsh Government's main focus in tackling fuel poverty seems to have been addressing energy efficiency as a driver of fuel poverty, through investing in retro-fit schemes such as Nest and Arbed. However the eligibility criteria for the Nest scheme should be looked at, and there should be improved co-ordination of the Arbed scheme. There is also a lack of resource within Local Authorities to implement, bid for and promote these schemes.

Timescale

It was difficult for Local Authorities to deliver the Arbed schemes within the deadlines given as the funding was only available for the financial year. For example Cyngor Sir Ceredigion County Council had three successful 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. Main contractors employed for schemes were often not Ceredigion based, although local contractors were used for some of the associated works (e.g. plumbing, electrician).

The area approach does not deal with the pockets of fuel poverty

Rural areas (e.g. 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 maintenance were not covered by Arbed and Nest. It is 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.

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

The Warm Homes Programme:

The Warm Homes programme has had a significant effect on fuel poverty in Wales. Welsh Government data shows that more than £265 million has been invested in nearly 55,000 homes through the Arbed and Nest schemes since 2011 (it is noted that neither of these schemes currently provides energy efficient glazing solutions, however these can be funded through Local Authority interest-free home improvement loans).

The 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. Local Councils have 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. Interventions have been targeted at households on low incomes, vulnerable occupiers and those living in fuel poverty.

Nest and Arbed

Nest has targeted assistance on individuals with low incomes. Data published in the Fuel Poverty Health Data Linking Report shows lower National Health Service use among people who benefitted from the Nest scheme. However, it seems that the scheme isn't targeting those who are in fuel poverty. Nest's 2018-19 report shows that 57% of households who

received an energy efficiency package were not living in fuel poverty. The eligibility criteria for this scheme needs to be reviewed.

Nest also provide a free energy advice line. There is a poor level of awareness about this service.

Nest's web site only lists a "Partnership Development Manager" for South and West Wales, therefore it is possible that agencies in North Wales are less informed about the support available from Nest.

Arbed, as an area based scheme has been successful at targeting those who live in rural, off-gas, hard to treat homes. The fact that the scheme is not means tested has meant that it has benefited those that are in work, but on lower incomes and who may be living in hard to heat homes. Areas in North Wales have benefitted from retro-fit and gas connection schemes. This scheme could work better at a local level if there were better co-working and communication with Local Authorities. For instance the eligibility criteria for Arbed schemes have been consistently changing with little communication with Local Authorities.

Nest and Arbed have had a positive impact on the households who have received the installations. 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.

For example in Ceredigion, through the Arbed scheme, the Government 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 funding / initiatives

The ECO 3 Flexibility Scheme has been used to install energy efficiency measures in properties that are currently energy inefficient. This in turn reduces 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. Funding is available to owner occupiers and private rented tenants. To be eligible for inclusion criteria would be likely to include poor dwelling energy efficiency and a householder who is spending greater than 10% of their income on fuel bills or on a low income and vulnerable to the effects of living in a cold property.

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, as well as ensuring whether the objectives have been achieved in terms of bringing the household out of fuel poverty.

Welsh Housing Quality Standard:

The Welsh Housing Quality Standard has created obligations for social housing managers, which have undoubtedly had a positive effect on the quality of our housing stock. This has helped minimise the effects of poor energy efficiency as a driver of fuel poverty for social housing tenants. Social housing continues to improve through cyclical planned maintenance programmes.

Despite the improvement to the energy efficiency of social housing stock, we continue to see a number of households living in fuel poverty in the social rented sector. It is worth considering the impact of failures by tenants (and owner occupiers) to change their energy suppliers frequently. The impact of occupier behaviour on excess cold in residential properties is being addressed by some Local Authorities through the commissioning of Energy Wardens, alongside their Financial Inclusion Officers, to help tenants to use their energy systems more efficiently, support them to switch energy suppliers and apply for schemes such as the Warm Homes Discount.

4. How the Welsh Government'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 Local Authorities 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 have higher works costs due to their 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 other 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 programmes

Three to five year programmes (or longer) to attract local contractors to become involved (long term programmes).

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 Checks. 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 the 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.

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 the whole cost of the installations)

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 the ability to pay as well, to ensure maximum sign up. Economies of scale could be achieved through multiple installations. Provision of free or low cost connections to the network could be made available 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.

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 energy efficiency improvements needed.

General

Bring energy efficiency and fuel poverty awareness into schools as part of childhood education.

Welsh Government's new fuel poverty strategy should take into account the 'Social Services and Wellbeing Act 2014' and the 'Wellbeing of Future Generations Act 2015'. It is anticipated that the new strategy will be very similar to Welsh Government's 'Energy efficiency in Wales – A strategy for the next 10 years – 2016–2026'.

Welsh Government's successor to the 2010 strategy should take the decarbonisation programme into consideration. In particular, the measures offered by Welsh Government's Warm Homes programme should reflect the recommendations made by the 'Better Homes, Better Wales, Better World – Decarbonising Existing Homes in Wales review.

The new fuel poverty strategy should give more consideration to fuel poverty amongst those who are in work, but earning a low wage. This should be achieved by working with agencies/providers such as the Trussell Trust, Supporting People, Families First and Flying Start. As stated previously, Nest's 2018–19 report shows that the eligibility criteria for the scheme isn't targeting those truly in need.

The Scottish Government published their "Draft Fuel Poverty Strategy for Scotland 2018" in June 2018. Welsh Government should consider implementing some similar actions, such as considering the development of a fuel poverty assessment tool, engaging with councils to identify opportunities to make schemes work better locally, and ensuring robust and effective governance for monitoring the progress of the strategy.

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.

The UK Government's Energy Act 2011 will help with ensuring that private rental sector homes are more efficient. From April 2020 all private rental sector properties will need to have an EPC rating of 'E' or above. Welsh Government should ensure that Rent Smart Wales have the power and resources to enforce this effectively.

Welsh Government could ensure that new-build homes are highly energy efficient by following the recommendations from the 'Better Homes, Better Wales, Better World – Decarbonising Existing Homes in Wales' report. Homes could be built to a higher standard, as advised by UK's Committee on Climate Change (e.g. heating through low carbon sources, improved insulation, heat reclamation within ventilation systems and the use of lower carbon materials such as timber frame construction). We acknowledge that there would be an increased cost of building, but this would be cheaper than trying to retrofit properties at a later stage. It is necessary to look at the carbon cycle of new developments (cradle to grave approach) and construct sustainable homes taking a holistic approach to climate and fuel poverty considerations. Planning and Building Regulations should include the

necessity for all new builds and substantial conversions to be achieve Band B on an EPC.

Welsh Government should continue to provide funding to trial innovative energy efficient housing through its successful Innovative Housing Programme.

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 should have a ten 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.

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

There is a need to deliver a holistic package for all tenures to encourage change.