

Fuel poverty - Summary note of engagement

13 February 2020

Background

As part of the **Climate Change, Environment and Rural Affairs Committee's** inquiry into **fuel poverty**, the National Assembly for Wales' Citizen Engagement Team has been gathering the views of people across Wales.

Methodology

The Citizen Engagement Team arranged a series of focus groups with people in, or at risk of, fuel poverty and staff supporting individuals with energy issues, between **3 December 2019** and **23 January 2020**.

4 sessions were arranged across Wales involving **25 citizens** from **three Assembly regions**. Sessions were arranged in **Powys (Knighton)**, **Swansea**, **Denbighshire (Rhyl)** and **Gwynedd (Bangor)**. Those participating in the sessions came from the aforementioned local authority areas and other local authority areas in Wales.

A number of relevant organisations and groups were contacted in order to source participants. There included, but not limited to, Age Cymru, Bevan Foundation, Citizens Advice Bureau, Disability Wales, Tai Pawb, Trussell Trust and Universities in Wales.

Format

The following topics were discussed as part of the sessions:-

- Experience of fuel poverty;
- Support for those in fuel poverty or at risk of fuel poverty;
- Causes of fuel poverty;



- Demographics of people in fuel poverty;
- The impact of fuel poverty on health and wellbeing;
- Fuel poverty in rural Wales;
- Education;
- Welsh Government’s Warm Homes Programme;
- Housing

Summary of key themes

Heating or eating

The day-to-day challenges of living in, or at risk of fuel poverty, was a theme which pervaded discussion at all focus groups. Making a conscious decision between “*heating or eating*” was described as a frequent dilemma for many.

One participant who advises clients on energy issues, described advising an individual in receipt of Employment and Support Allowance (ESA) and Housing Benefit. Approximately 30% of his income is spent on energy bills.

“For clients like that, they often never see a way out. He has a 30 year old freezer and a 25 year old fridge with no seal. In the summer, he’s storing his insulin in a bucket of cold water on the floor.”

Focus group participant, Pembrokeshire

Focus group participants explained that the pressures on individuals in receipt of benefits is significant and agreed that whilst some may have budgeting issues, it is a criticism which is often unfairly levelled at most people in fuel poverty.

“If any of them are on the base rate, they don’t have the extra income to allow them to budget.”

Focus group participant, Denbighshire

“People have more bills these days than has traditionally been the case. We live in a digital by default era. If people have debt in other areas, our local authority’s budgeting sheet doesn’t include ‘communications’ as a priority...and yet, people are increasingly being asked to do most things online. For example, you’ll get the best deals for fuel bills online.”

Focus group participant, Anglesey

Some participants explained that the specific groups of benefit claimants who may feel the pressures of fuel poverty include single benefit claimants with no disabilities or components payable, and Universal Credit claimants (both as single claimants and families).

A focus group participant in Knighton, a local councillor, explained that in her view, a number of people in Knighton regularly choose between fuel and food.

“There’s a lot in this area. I have people on the phone crying to me quite regularly. Fathers who feel they’re letting their families down because they’ve got to make that choice. It’s not a choice they should have to make.”

Focus group participant, Powys

Some participants discussed the increase in the number of people, and changing demographics of those who visit food banks, partly as a result of the challenges in paying fuel bills. Most agreed that some people may have previously been able to rely on charitable support, but with the third sector facing increasing cuts, this is no longer the case.

“We sometimes have to think carefully about what food to give, because some people can’t afford the fuel to cook. Some might have just a kettle, toaster and a ring. We often give them food they can heat quickly.

We’re finding ourselves helping more and more people. It’s now approximately 50/50 in terms of families who are in work and out of work.”

Focus group participant, Powys

Rural Wales

The unique issues faced by people in, or at risk of, fuel poverty in rural parts of Wales, was discussed at length by all focus groups.

The multifaceted challenge of retrofitting old, stone-built housing stock, living in an off-grid area and thus managing comparatively high energy bills, often on low income, was described as debilitating for many individuals.

Some participants with experience of providing energy advice to people who rely on oil, storage heaters or liquefied petroleum gas (LPG hereafter), discussed the shifting demographics of those in fuel poverty. They explained that people often associate fuel poverty with older people or those in receipt of benefits, but the *“in-work poor”* is a group increasingly finding themselves drawn into fuel poverty.

“Fuel bills can often be double what Ofgem estimate is the annual average for those heating their homes by gas. So it brings in families you wouldn’t necessarily have thought would be in, or at risk of fuel poverty – people earning £23,000 to £25,000 who are spending between £2,000 - £3,000 on their fuel bills.”

Focus group participant, Ceredigion

One participant explained the challenges faced by people living in Anglesey, a significant proportion of which live off-grid.

“I had a client who owed £40 to a leading LPG supplier. They were threatening to disconnect her, which would have meant she’d have had to pay £300 to reconnect. She was a vulnerable woman who had to flee domestic violence and was effectively, in hiding. How can a company like that be held accountable? If it was a traditional energy supplier, you could contact the Energy Ombudsman.”

Focus group participant, Anglesey

Some participants suggested that some form of grant initiative designed to support people living in rural parts of Wales who struggle to pay their energy bills, could alleviate the pressure on many.

“Some of my clients are on oil and can’t afford it, but don’t have much choice. One lady I advise lives in the living room of her house with a one-bar gas fire. She has to scramble for gas bottles from her builder friends.

If people can’t afford to fill their oil tank, they’ll go to the petrol station and pay 75p for a litre of kerosene to heat their home.”

Focus group participant, Pembrokeshire

Participants in a focus group in Knighton also discussed poverty more generally, and its impact on social mobility.

“If you want a job, you’ve got to run a car. Combine that with paying for electricity, heating and food – it’s almost impossible for many. Imagine being a single mother living in a rural area with little or no support, trying to juggle those financial commitments.”

Focus group participant, Powys

Some of the other challenges facing people living in rural areas according to participants were variance in prices, poor standards of support for vulnerable people and customers having to spend a significant amount to fill tanks or place minimum orders.

Housing stock

All participants agreed that accessing good quality housing is difficult, particularly for those on low incomes.

“People on low incomes are limited to accommodation with cheaper rent, which you’ll often find are not energy efficient...and even those in housing association properties have issues.”

Focus group participant, Anglesey

“If you have new housing built on existing housing association estates and they have all the energy efficiency benefits, but existing homes are not upgraded, it can cause problems – particularly when it comes to social cohesion.”

Focus group participant, Ceredigion

Students participating in the focus groups explained that whilst the standard of student property has increased, the majority are not energy efficient.

Smart meters

Some participants explained that smart meters are useful in monitoring usage and were particularly encouraged by the recent release of Ofgem’s Vulnerable Customer strategy. However, some participants raised concerns.

“...I would however have some criticism of the roll out of first generation smart meters as they were unable to operate in smart mode if the consumer changed supplier. This leads to its own problems, when customers switched supplier and were not informed of the functionality issue.

I dealt with numerous cases of customers believing that their meters were operating in smart mode and their usage was accurate only to be informed by the new supplier that their usage was estimated, leading to catch up bills often putting clients in debt.”

Focus group participant, Rhondda Cynon Taf

Health and wellbeing

All participants agreed that living in, or at risk of fuel poverty, can have a significant impact on the health and wellbeing of an individual.

“Anxiety and depression is a by-product of being in fuel poverty. We can do brilliant work with people to help boost their income, but they’re often extraordinarily vulnerable people who will struggle.”

Focus group participant, Pembrokeshire

“Imagine living in that level of poverty? So many people are suffering with depression and anxiety. It’s not uncommon for people to come to me for advice about their debts and say that they don’t want to be here anymore.”

Focus group participant, Conwy

Welsh Government Warm Homes Programme

“Dealing with Nest is fine, because when you figure out what the client is entitled to, it’s great because it really will make a difference to their life. The eligibility criteria is really generous, particularly now that the health criteria has been added.”

Focus group participant, Anglesey

The perception of the Welsh Government’s Warm Homes Programme and Nest in particular was mostly positive.

However, focus group participants with experience of advising clients on energy issues and making Nest applications on their behalf, explained that there is room for improvement. The following points were made:-

- **Windows:** it would be helpful if windows were included as part of the Nest Scheme. People are losing heat if their windows are single glazed or their window frames are rotten.
- **Consistency:** One participant raised concerns regarding consistency in approving Nest applications. She advised a family with two children who were in receipt of the enhanced rate of Personal Independence Payment (PIP) and Disability Living Allowance (DLA) and were renting privately. The family met the qualifying criteria for a new boiler in their home and their Nest application was initially accepted. However, Nest discovered that the landlord owned a number of properties and had made multiple applications to Nest. As such, Nest

rejected the family's application. The issue was only resolved when Lesley Griffiths, Minister for Environment, Energy and Rural Affairs, intervened.

- **Progress:** Participants with experience of advising people on their energy issues explained that they would find it useful if they could track the progress of Nest applications.
- **Address:** Some participants raised issues regarding individuals who are self-employed who use their home address as their business address. This can pose difficulties if Nest run searches.

One participant explained that he has advised a client in her fifties who works part time, largely due to her health issues. She lives off-grid and heats her property by oil. She had a brand new oil central heating system installed two years ago by Nest but cannot afford the oil. The tank has been empty since its installation.

"Yes, you can put a new heating system in, but if they can't run it, what's the point? It needs to be sustainable. It's setting people up to fail."

Focus group participant, Pembrokeshire

"Fitting a new boiler is not always the answer, particularly where the fabric of the building needs addressing."

Focus group participant, Rhondda Cynon Taf

The level of public awareness of the scheme was generally low to non-existent.

The Energy Ombudsman

"The Energy Ombudsman's powers are pretty quick...but even if they rule in your favour, the award is pretty small. They often refer to them as 'goodwill' amounts."

Focus group participant, Pembrokeshire

One participant explained that he has encountered a few situations where energy clients have fallen outside the remit of the Energy Ombudsman. The first example was where the energy supplier was in liquidation and the client owed money to the energy supplier. The client is not protected by billing rules and as such, you deal directly with the liquidator and have no recourse to the Energy Ombudsman. The second example is where a client has had work done by Nest but there has been an issue with the installation. It can be difficult to resolve the matter. One participant queried whether the Public Service Ombudsman can accept complaints about Nest.

Education

All participants agreed that the level of understanding of bills and confidence in switching tariffs or energy suppliers is generally low.

“There’s a lot of people who will self-disconnect. So they’re consciously making the choice between heating and eating but not realising they still have to pay a standing charge.”

Focus group participant, Pembrokeshire

“The knowledge and understanding about how energy markets work is next to zero. I helped one gentleman save £825 a year on his fuel bills. He was on a pre-payment meter and then moved to direct debit. Sometimes it’s an issue with familiarity – people feel comfortable in sticking to what they know.”

Focus group participant, Merthyr Tydfil

Some participants, including students, explained that a greater emphasis on understanding financial matters which included fuel bills, should form part of formal education.

“Reading and understanding bills can be confusing. They’re not always user-friendly and can vary quite a bit. Ideally it’s something that should have been dealt with as part of the school curriculum.”

Focus group participant, Conwy

“Energy is seen as a low priority issue for many of the people we advise. However, whenever we have someone with a debt or welfare benefit issue, more often than not, there’s an energy issue there too.”

Focus group participant, Anglesey

Students participating in the focus groups explained that fuel bills often feature quite low in their list of priorities. Fuel bills will often be included in their rent payment so they rarely have the opportunity or inclination to challenge the cost.

“If you’re renting a house from someone, you don’t feel as though you can switch supplier. I’d be surprised if you find a student who’s switched tariff. Most students have no idea what would constitute a ‘good’ deal or tariff.”

Focus group participant, Gwynedd

Disability

Some focus group participants discussed the unique challenges fuel poverty poses for disabled people.

“If you have a long term disability, you often need to use more electricity because of the various equipment you use. I’m blind, so if I need to do things, I need the light on – that’s throughout the year, not just when it’s dark. I often need to change the equipment so I can do things independently, but that has a knock-on effect on bills.

Whilst I’m not in fuel poverty, we’re only just about managing. We have one income coming in that we both live off. We’re just above the threshold so not entitled to any additional help.”

Focus group participant, Powys

Other issues

- Smaller energy companies being forced to close which is having a knock-on effect on billing. The number is increasing with three to four energy companies going bust per year in the last three years.
- Some participants said they have switched energy providers as a result of doorstep sellers and cold calling, with some energy providers being worse than others.
- Some have struggled to understand how air source heating works, whilst others have had measures installed, but their property is unsuitable for low level background heat.