



Welsh Government
Consultation Document

Tackling Fuel Poverty 2020 -2035

A plan to support people struggling to meet the cost of their domestic energy needs

Date of issue: 30 September 2020
Action required: Responses by: 31 December 2020

Mae'r ddogfen yma hefyd ar gael yn Gymraeg.
This document is also available in Welsh.

Overview

This consultation seeks views on the Welsh Government's proposed plan for tackling fuel poverty in Wales between 2020 and 2035.

How to respond

This consultation will close on 31 December 2020. You may respond online, by email or by post.

Online - Please complete the online form on the consultation pages of the Welsh Government website

Email - Please send emails with your comments about the draft plan to FuelPovertyandEnergyEfficiency@gov.wales

Post - Please submit your comments in writing to:

Domestic Energy Efficiency and Fuel poverty Team
Third Floor North Wing
Welsh Government
Cathays Park
CF10 3NQ

Further information and related documents

Large print, Braille and alternative language versions of this document are available on request.

Contact details

For further information:
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The Welsh Government will be data controller for any personal data you provide as part of your response to the consultation. Welsh Ministers have statutory powers they will rely on to process this personal data which will enable them to make informed decisions about how they exercise their public functions.

Any response you send us will be seen in full by Welsh Government staff dealing with the issues which this consultation is about or planning future consultations. Where the Welsh Government undertakes further analysis of consultation responses then this work may be commissioned to be carried out by an accredited third party (e.g. a research organisation or a consultancy company). Any such work will only be undertaken under contract. Welsh Government's standard terms and conditions for such contracts set out strict requirements for the processing and safekeeping of personal data.

In order to show the consultation was carried out properly, the Welsh Government intends to publish a summary of the responses to this document. We may also publish responses in full. Normally, the name and address (or part of the address) of the person or organisation who sent the response are published with the response. **If you do not want your name or address published, please tell us this in writing when you send your response. We will then redact them before publishing.**

You should also be aware of our responsibilities under Freedom of Information legislation. If your details are published as part of the consultation response then these published reports will be retained indefinitely. Any of your data held otherwise by Welsh Government will be kept for no more than three years.

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- to lodge a complaint with the Information Commissioner's Office (ICO) who is our independent regulator for data protection.

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Website: <https://ico.org.uk/>

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MINISTERIAL FOREWORD

In February last year, I announced my intention to consult on a new plan to tackle fuel poverty in Wales. Estimates published in August 2019, suggested the level of fuel poverty in Wales had halved since 2008. Whilst these headline estimates are welcome, this means an estimated 155,000 homes in Wales continue to struggle to afford a safe and comfortable home environment.



Since the estimates were prepared and published, the onset of the COVID 19 pandemic in March has had a significant impact on households in Wales. Despite the action the Welsh Government has taken to protect people from the virus, too many people have fallen victim to its effects. Whilst it is too early to fully understand the full impact on Welsh households, it is clear our homes have assumed a more prominent role in our daily lives, increasing the energy we use. The higher fuel bills of many households into the autumn and winter will mean meeting the cost of energy is more difficult, especially for lower income households. Taken together with the reduced household incomes many people will be experiencing as a result of furlough and the wider economic impacts this year, I expect many more households may experience difficulty maintaining a warm home during the winter months.

The Welsh Government cannot tackle this challenge on its own. Further action by Government, working with the wider public sector and energy companies is needed to support our partners in the Third Sector to reduce fuel poverty further. The UK Government holds many of the key powers to effect change and we will continue to use our influence to shape their actions and policies.

In developing this draft plan with key stakeholders, I have attempted to strike the balance between stretching, meaningful but achievable targets to significantly reduce the levels of fuel poverty in a challenging economic climate. I welcome the contribution made by key stakeholders at the round table discussion I hosted on 5 June 2019 to inform this plan. I also welcome the 21 recommendations made by the Senedd Committee for Climate Change, Environment and Rural Affairs published in April following their inquiry into fuel poverty. On behalf of the Welsh Government, I accepted all of the recommendations, either in full or in principle.

It is clear to me further action is needed to lift people living on lower incomes out of poverty in all its forms and to safeguard against poverty in the future. This draft plan sets out clearly what we are seeking to achieve and how we are proposing to proactively support people to secure a better deal from the energy market, provide support to improve their home energy efficiency, support the decarbonisation agenda and make the best use of newer technologies to help maintain a safe and secure home environment.

The actions set out in this plan will make a key contribution to our efforts to tackle poverty in all its forms, especially for children, young people, older people and disabled people. Continuing to invest in our support to people living on lower incomes to improve the energy efficiency of their homes will help with our efforts to decarbonise Welsh housing as part of our efforts to respond to the challenges resulting from Climate Change.

On this basis, I am keen to receive your views on this draft plan, the proposed targets and the actions I intend to take to deliver on these commitments.

A handwritten signature in cursive script, reading 'Lesley Griffiths', enclosed within a thin black rectangular border.

Lesley Griffiths AC/AM

Gweinidog yr Amgylchedd, Ynni a Materion Gwledig
Minister for Environment, Energy and Rural Affairs

SUMMARY

We say someone is in fuel poverty if they have to spend more than 10% of their income on a satisfactory heating regime. Supporting people out of fuel poverty helps them live greener, healthier and more prosperous lives.

Although we don't control all of the factors involved, since 2003 we have been working to reduce fuel poverty. Our Home Energy Efficiency Scheme and more recently, our Warm Homes Programme have provided free advice and home energy efficiency improvements to thousands of homes across Wales.

Since 2008, it is estimated we had more than halved the amount of households in fuel poverty in Wales. Approximately 155,000 households are still in fuel poverty.

We are consulting on a new plan for reducing fuel poverty further by 2035. As a first step, this plan includes the actions we believe will make the biggest impact between now and 2023.

The activity and action plan are based on the four things we can do as Welsh Government:

Identifying people who need help	Prioritising and protecting those with the greatest need	Making homes more energy efficient	Influencing the people who control the energy market
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We want your views on our goals, our approach and how we can get there together.

PURPOSE OF THIS DOCUMENT

1. We are seeking the views and comments of stakeholders on our proposed fuel poverty plan so the Welsh Government can develop a stronger, better-informed and appropriate response to addressing fuel poverty in Wales.
2. This document summarises:
 - How we define and measure fuel poverty, our legal responsibilities and the factors which influence levels of fuel poverty;
 - The action we have taken since 2003 to reduce fuel poverty and help people living on lower incomes to access the advice, support and home energy efficiency improvements they need to avoid living in a cold home;
 - What we have learned from this work and from the fuel poverty strategy we published in 2010; and
 - How we want to build on our existing work and reduce fuel poverty further between now and 2035, starting with the two years from 2021.
3. This document is supported by, and should be read in conjunction with a wider suite of published information and the technical annex to this plan. The wider suite of documents include:
 - Technical Annex to this fuel poverty plan, which includes the evidence used to inform the draft plan <https://gov.wales/sites/default/files/consultations/2020-09/tackling-fuel-poverty-2020-to-2035-technical-annex.pdf>
 - Detailed analysis of the estimated level of fuel poverty in Wales, prepared by the Building Research Establishment (BRE) Ltd published August 2019, which can be viewed by visiting <https://gov.wales/fuel-poverty-estimates-wales-2018;>
 - Findings produced by analysing data from the Welsh Government Warm Homes Schemes linked with routine health records published October 2019 <https://gov.wales/impact-health-welsh-government-warm-homes-schemes.html>;
 - Wales Audit Office (WAO) Landscape Review of fuel poverty in Wales,¹ together with the 21 recommendations made by the Senedd Committee on Climate Change, Environment and Rural Affairs following their inquiry into fuel poverty², published in April 2020, which can be viewed by visiting <https://senedd.wales/laid%20documents/cr-ld13147/cr-ld13147-e.pdf>

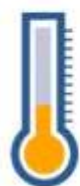
¹ <http://www.audit.wales/publication/fuel-poverty>

² Fuel poverty in Wales April 2020

CONTEXT AND BACKGROUND

Fuel Poverty in Wales, 2018

In Wales, a household is defined as **being in fuel poverty** if they have to spend more than **10%** of their income on maintaining a satisfactory heating regime



A satisfactory heating regime requires a minimum indoor temperature of 21 degrees centigrade in living rooms and 18 degrees in other areas.

Any household having to spend more than **20%** is defined as **being in severe fuel poverty**



Source: Welsh Housing Conditions Survey 2017-18



OUR STATUTORY RESPONSIBILITIES

4. The Warm Homes and Energy Conservation Act 2000 (“the Act”), requires us to ensure, as far as reasonably practicable, people in Wales do not live in fuel poverty. The Act obligates us to publish a strategy for achieving this goal. Targets for Wales were initially published in 2003 in “A Fuel poverty Commitment for Wales”. We committed to eradicate fuel poverty, as far as reasonably practical:

- For vulnerable³ households by 2010
- For people living in social housing by 2012
- For everyone in Wales by 2018

5. In 2010 we published a new fuel poverty strategy, which replaced “A Fuel Poverty Commitment for Wales”. This document maintained our commitment to the targets above.

THE FACTORS WHICH AFFECT FUEL POVERTY

6. Fuel poverty is a complex problem which can be affected by many factors. The three main factors are set out below. There is growing evidence, however, attitudes and behaviours around energy use and severe weather conditions caused by climate change are increasingly having an effect on levels of fuel poverty.

³ By ‘vulnerable households’ we mean households which include someone aged over 60 years, someone under 16 years or a person who is disabled or has a long term limiting condition

7. The three main recognised contributing factors are:

**The cost
people pay for
energy**

**People's
household
incomes**

**The energy
efficiency of
people's homes**

8. In Wales, we do not hold all of the levers which influence these contributing factors. For example, although we have taken action as a Government to increase people's incomes, the UK Government's policy of austerity between 2010 and 2019, together with the damage inflicted on household incomes with the onset of the COVID 19 pandemic has had an impact on household incomes. Likewise, the UK energy market is regulated by Ofgem and policy is driven by the UK Government.

ACTION WE HAVE TAKEN TO TACKLE FUEL POVERTY

9. To achieve our goal of eradicating fuel poverty in Wales as far as reasonably practical, we have focussed on the areas where we have the greatest ability to influence these underlying causes:

- Helping people improve the energy efficiency of their homes through advice and by installing energy efficiency improvements
- Helping people make more informed decisions on energy to lower their bills

10. The Welsh Government takes its responsibility to support people struggling to meet the cost of their domestic energy needs seriously. Our investment in housing has helped improve the energy efficiency of Welsh homes, with the average energy efficiency band moving from Band E in 2008 to Band D in 2017-18.

11. Between 2001 and 2009, we supported more than 108,000 homes with energy efficiency measures under the Home Energy Efficiency Scheme. In 2011 we introduced the Warm Homes Programme (WHP), which replaced the Home Energy Efficiency Scheme. Since 2011, investment delivered through the Warm Homes Programme⁴ has reached more than £366m (up to March 2020), improving the energy efficiency of more than 61,400 homes in Wales and providing advice and support to more than 144,800 people.

12. The Warm Homes Programme delivers two schemes:

- The Nest scheme, which provides advice and free home energy efficiency improvements to eligible households across Wales; and

⁴ Investment includes funding provided by Welsh Government, European Regional Development Funding and Energy Company Obligation

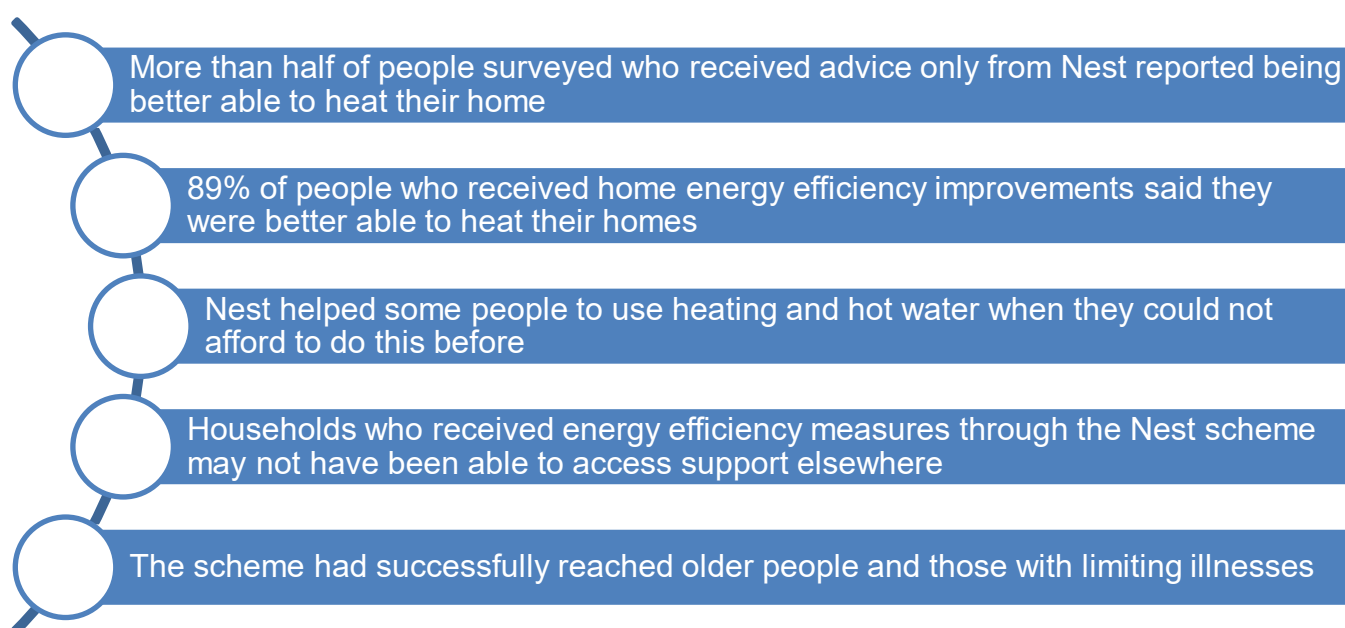
- The Arbed scheme, which provides free home energy efficiency improvements in areas most likely to be affected by fuel poverty.

13. Alongside the Warm Homes Programme, we have also worked with UK Government initiatives such as the Energy Company Obligation (ECO) scheme and the Fuel Poor Network Extension Scheme (FPNES) to reduce fuel poverty in Wales. The UK Government reports that, as of December 2019⁵, 107,398 homes in Wales have benefitted from energy efficiency measures installed under the ECO scheme since 2013.

14. We have also invested to improve the lives of people living in social housing. We have provided around £108m annually to help social landlords ensure their homes meet the requirements of the Welsh Housing Quality Standard (WHQS), which includes improvements to energy efficiency⁶.

THE IMPACT OF THE WARM HOMES PROGRAMME SINCE 2010

15. An interim evaluation of Nest in 2015⁷ concluded that:



"I have been without proper heating and hot water for two years. This Nest scheme has already had a major positive impact upon my life. Heat helps reduce the pain I experience in my muscles and joints which can leave me incapacitated."

Cardiff resident

⁵ <https://www.gov.uk/government/statistics/household-energy-efficiency-statistics-detailed-report-2019>

⁶ Assessment of 2010 Tackling Fuel poverty Strategy in Wales Plan and Integrated Impact Assessment for New Plan - pg.16

⁷ <https://gov.wales/sites/default/files/statistics-and-research/2019-07/150310-evaluation-nest-energy-efficiency-scheme-en.pdf>

16. An independent evaluation on the Arbed scheme in 2017⁸ reported high overall satisfaction. Many people reported warmer houses and reductions in fuel bills. Some householders said that External Wall Insulation (EWI) had led to significant visual improvements to streets and communities. One resident said that *'it is a pleasure to walk around the village since the work has been completed'*. Whilst the reported benefits associated with EWI are recognised, there are, however, some examples in parts of Wales where EWI has required remedial action to address issues such as discolouration of rendering and internal damp.

17. Wider benefits from Nest and Arbed schemes have also been reported through the data linking evidence brief, which showed:

- People experiencing either respiratory or infection health events who had benefitted from home energy efficiency measures under the Warm Homes Programme needed to visit their GP less frequently compared to people in the control group who had not benefitted from energy efficiency measures⁹
- People who benefited from the Nest scheme had, on average, 11% fewer respiratory events and 12.4% fewer asthma events since 2011¹⁰

It's wonderful, it's like magic for me. I've never had hot water instantly. The last system took about an hour to heat up before you felt the warmth. Now you can feel it straight away. I have Raynaud's disease, so I feel the cold more than someone else, so this has made a massive difference to me."

Home-owner near Caerphilly, Wales

18. Improving the energy efficiency of people's homes also contributes to our wider goal of decarbonisation. Our low carbon delivery plan Prosperity for All: A Low Carbon Wales¹¹ outlines how more energy efficiency homes can help to tackle the climate emergency. Warmer homes can also keep people healthier and improve their wellbeing and quality of life. The Ministerial Advisory Group on the Decarbonisation of Housing submitted recommendations in 2019 regarding action needed to improve the energy efficiency of Welsh Homes. "Better Homes, Better Wales, Better World"¹² noted our 1.4 million homes are responsible for 27% of all energy consumed and 15% of all demand-side Green House Gas Emissions. We estimate that home energy efficiency measures installed through the Nest Scheme alone in the year ending March 2020 have reduced carbon emissions by more than 96,000Kt CO₂¹³

⁸ <https://gov.wales/tackling-fuel-poverty-2020-2035>.

⁹ <https://gov.wales/impact-health-welsh-government-warm-homes-schemes-html>.

¹⁰ Findings produced by analysing data from the Welsh Government Warm Homes Schemes linked with routine health records published October 2019, which can be viewed by visiting <https://gov.wales/impact-health-welsh-government-warm-homes-schemes-html>

¹¹ <https://gov.wales/low-carbon-delivery-plan>.

¹² <https://gov.wales/independent-review-decarbonising-welsh-homes-report>

¹³ <https://nest.gov.wales/en/about-nest/>

WHAT WE HAVE ACHIEVED AND WHERE WE ARE NOW

19. The latest estimates of fuel poverty levels in Wales were published in on 29 August 2019¹⁴. They tell us the fuel poverty gap in Wales (the amount needed to move households out of fuel poverty) using the UK Government's Low Income High Cost (LIHC) measure was an average of £431 per household in 2018. This adds up to an overall fuel poverty gap for Wales of £56.9 million.

Between 2008-2018, the number of households living in Fuel poverty in Wales more than halved

We have lifted an estimated 177,000 households out of Fuel poverty

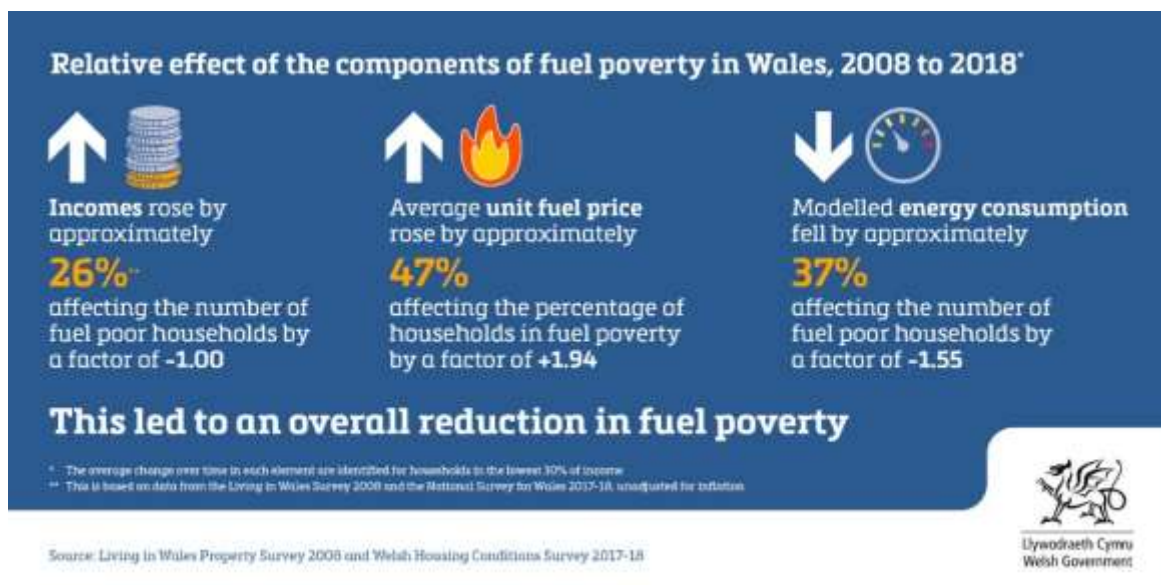
An estimated 155,000 households in Wales continue to live in Fuel poverty, equivalent to 12% of households

130,000 of these households are classed as vulnerable – this is equivalent to 11% of vulnerable households across Wales

32,000 households are living in severe Fuel poverty, equivalent to 2% of households. 19,000 of these households are vulnerable

An estimated 145,000 households are at risk of being in Fuel poverty, spending between 8% and 10% of their household income on fuel costs

20. The overall reduction in fuel poverty in Wales can be attributed to the following factors:



¹⁴ <https://gov.wales/fuel-poverty-estimates-wales-2018>.

21. The data also suggests:

- 50% of those living in fuel poverty were single person households without children
- Households living in the private rented sector were more likely to be fuel poor with 20% of these households living in fuel poverty
- Households living in properties built before 1919 are more likely to be fuel poor - 20% of these households were fuel poor
- 21% of households living in properties with uninsulated solid walls were fuel poor
- 39% of people living in properties who do not have central heating were fuel poor
- 43% of households living in properties with poorer energy efficiency (EPC Bands F and G) were fuel poor compared to 5% of households living in properties in bands B to C
- The highest estimated proportions of fuel poverty can be found in local authorities in central and western areas of Wales¹⁵

¹⁵ <https://gov.wales/local-area-fuel-poverty-estimates-april-2017-march-2018>

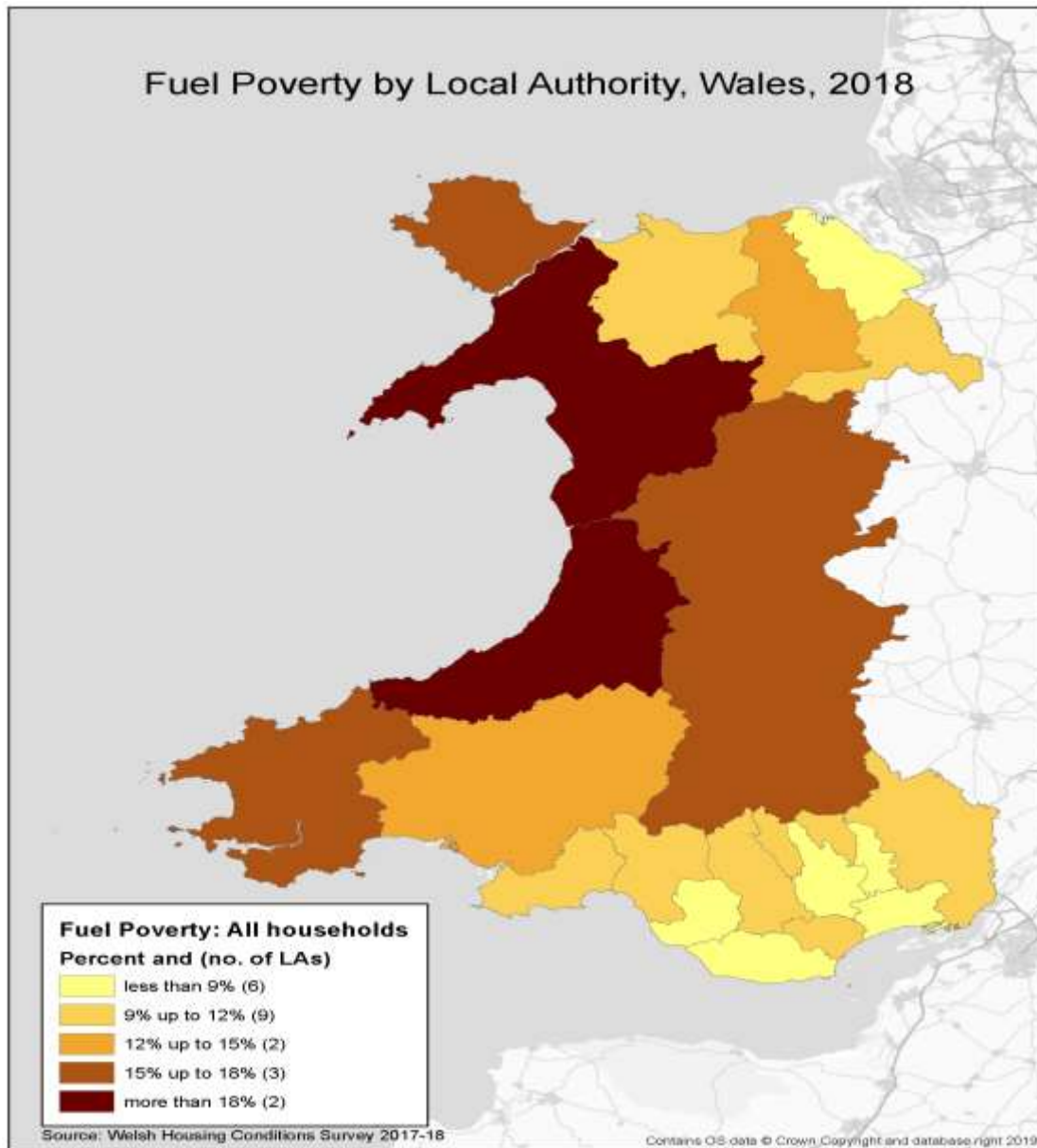


Figure 1 - Average levels of fuel poverty in Wales by Local Authority Area

22. Estimates of fuel poverty in Wales, together with the wider landscape across the UK is explained within the detailed analysis of fuel poverty published in August 2019. The analysis can be viewed by visiting <https://gov.wales/fuel-poverty-estimates-wales-2018>

DATA ON THE FACTORS AFFECTING LEVELS OF FUEL POVERTY

23. One of the three underlying causes of fuel poverty is **energy prices**. After a short trend of decreasing costs, the average UK weekly expenditure on all fuels (excluding motor fuels) increased from £22.36 in 2016/17 to £22.80 in 2017/18 and £24.92 in 2018/19¹⁶. Average UK spending on electricity by consuming households increased by 8.4% between 2017/18 and 2018/19. The increase in expenditure was greater for those with electric central heating systems, which increased by 10.5%. Between 2017/18 and 2018/19, average UK expenditure on gas increased by 6.7% for consuming households and decreased by 3.1% for those with no gas central heating.

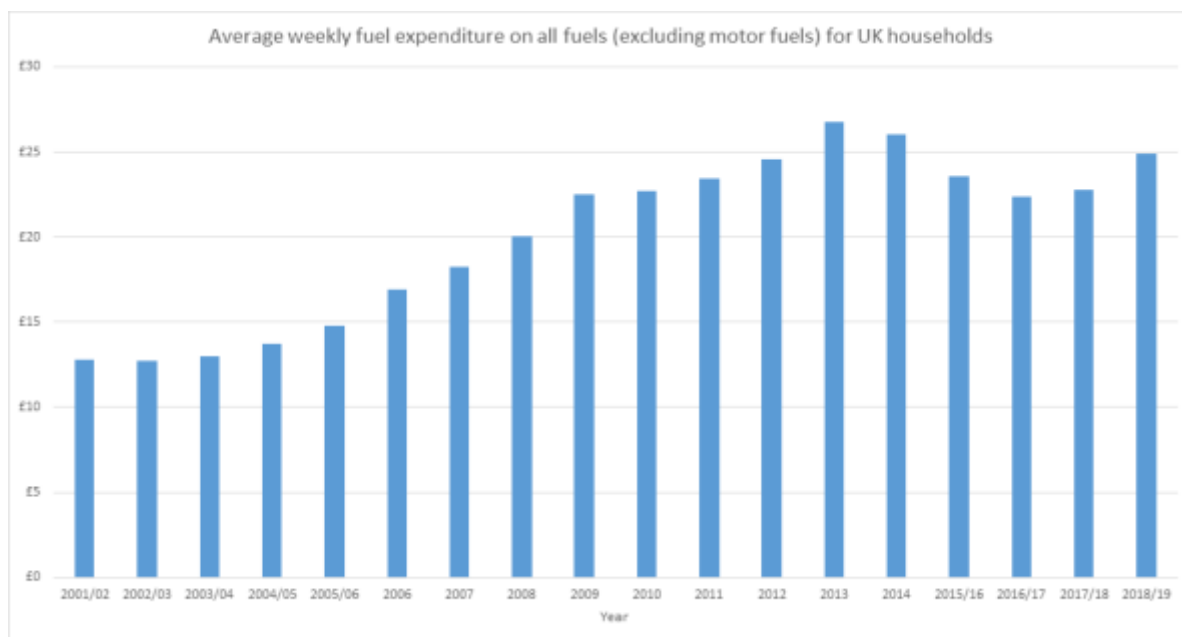


Figure 2 - The average UK weekly expenditure on all fuels (excluding motor fuels) published by BEIS¹⁷

24. The most vulnerable in our communities may be more likely to be on a higher cost energy tariff, due to being unable, or unwilling to switch suppliers. Additionally, many people paying for their domestic energy needs using a pre-payment meter may be paying more for their fuel than the average householder.

25. In 2020, this situation has been made worse by COVID 19 and the social distancing regulations and requirements imposed to combat the virus, which has brought unprecedented change in domestic energy use during the spring and summer. Whilst official figures are yet to be released, some energy suppliers have reported domestic energy use has increased above the levels normally expected during the warmer spring and summer months. Analysis by one energy company¹⁸ estimates household electricity usage has increased by an average of 4%, though some households, who they suspect are working from home, have seen an increase of up to 32%. Average gas customer use has also increased by 4% despite the milder weather and a quarter of their gas customers' usage has increased by as much as 20%.

¹⁶ <https://www.gov.uk/government/statistical-data-sets/annual-domestic-energy-price-statistics> 26 March 2020

¹⁷ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/875756/table_262.xlsx

¹⁸ <https://octopus.energy/blog/domestic-energy-usage-patterns-during-social-distancing/>

26. The **energy efficiency of homes** is a key factor affecting levels of fuel poverty, which is why we have invested so comprehensively in the Warm Homes Programme. The Welsh Housing Conditions Survey (WHCS)¹⁹ shows that social housing is generally of better quality (achieving an average SAP rating of 68), compared to private housing (both owner occupied and private rented, achieving an average SAP of 60).²⁰ Across all tenures in Wales, the average energy efficiency band has improved from Band E in 2008 to Band D in 2017-18. Homes built since 2002 have an average SAP rating of 73 compared with an average SAP of 53 for older homes built before 1919. More than 40% of privately rented homes were built before 1919²¹.
27. **Household incomes** in Wales are lower than the UK average. In 2019, average earnings for full time employees in Wales were £27,500 per year compared with £30,353 per year for the UK²². In Wales, gross disposable household income was £17,100 per head in 2018, which was the lowest of the four UK countries and lower than the UK value of £21,109 per head.
28. The National Survey for Wales²³ reports material deprivation as a measure of poverty and its effects. The National Survey first included questions about material deprivation in 2014-15 and then again from 2016-17 to 2019-20. It includes results for material deprivation and also on food poverty. The latest reports for 2018-19 and 2019-20 found:
- In 2019-20, 13% of adults in Wales are materially deprived as are 32% of parents with three or more children and 49% of single parents.
 - In 2018-19, 9% of adults had gone at least one day without a substantial meal during the last fortnight, and 1% cannot afford to eat meat (or equivalent) at least every other day.
 - In 2019-20 41% of people living in social housing are materially deprived, compared with 23% in private rented accommodation and 5% in owner-occupied housing.
29. The COVID 19 pandemic has depressed household incomes in Wales still further. Latest statistics published by the UK Government (August 2020)²⁴ reports 400,800 workers in Wales have been furloughed during the pandemic, receiving 80% of their salaries not exceeding £2,500 per month.

¹⁹ <https://gov.wales/welsh-housing-conditions-survey> <https://gov.wales/welsh-housing-conditions-survey-energy-efficiency-dwellings-april-2017-march-2018>

²⁰ Assessment of 2010 Tackling Fuel poverty Strategy in Wales Plan and Integrated Impact Assessment - pg.16

²¹ Assessment of 2010 Tackling Fuel poverty Strategy in Wales Plan and Integrated Impact Assessment - pg.17

²² Annual Survey of Household Incomes

²³ <https://gov.wales/national-survey-wales-april-2019-march-2020>

<https://gov.wales/national-survey-wales-april-2018-march-2019>

<https://gov.wales/poverty-and-deprivation-national-survey-wales-april-2017-march-2018>

²⁴ <https://www.gov.uk/government/publications/coronavirus-job-retention-scheme-statistics-august-2020/coronavirus-job-retention-scheme-statistics-august-2020#geography--countries-and-regions>

30. Other early indicators²⁵ also suggest downward pressures on household incomes. The median monthly pay from PAYE real time information for Wales was £1,701 per month in the three months to June 2020. Compared with the previous quarter (January to March 2020), the median pay in Wales decreased by £30 per month. This is a percentage decrease of 1.7% which was the largest decrease since comparable records began. As of the 9th July 2020 there were 266,100 people on Universal Credit in Wales, this is an increase of 6,000 people (2.3%) from the previous month. Compared with March 2020, it's an increase of 110,700 (71.2%). The “Working – with requirements” conditionality had the largest increase on the previous month, up 5.4% and “Working – no requirements” had the largest increase compared with March 2020, up 115.9%.

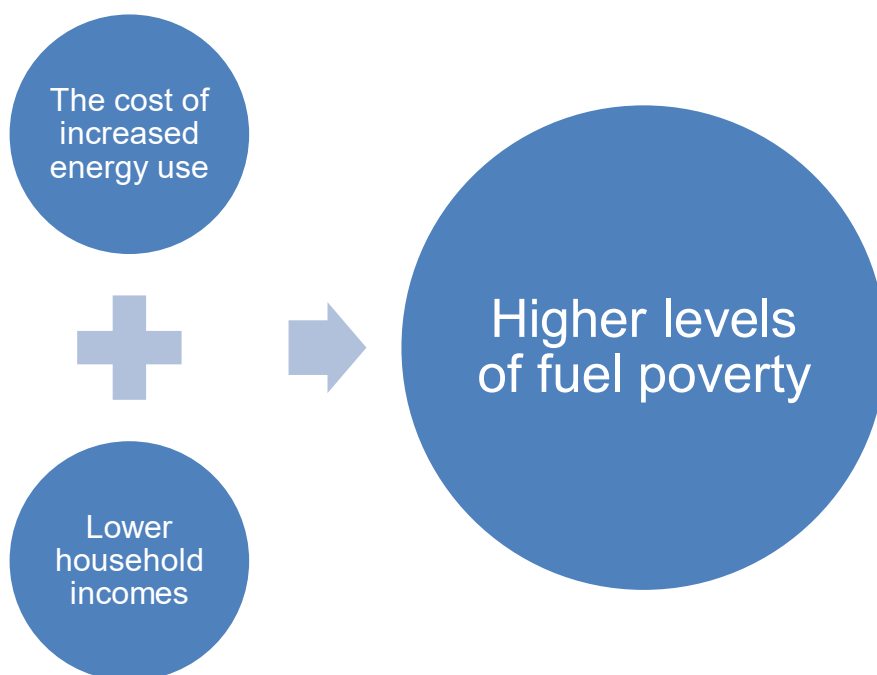


Figure 3 – Effect of COVID 19 on estimated levels of fuel poverty

LISTENING TO ANALYSIS AND EVIDENCE

31. We have worked hard to engage with stakeholders and listen to their expert views. In June 2019 the Minister for Environment, Energy and Rural Affairs hosted a round-table discussion with a range of stakeholders. Points raised in this discussion and in our wider engagement include:

- The importance of focussing on people living on lower incomes and not necessarily on means tested benefits, particularly those who are in **persistent fuel poverty**²⁶. We do not currently collect data on persistent fuel poverty, but changing this could help us better target our support;

²⁵ <https://gov.wales/sites/default/files/statistics-and-research/2020-08/key-economic-statistics-august-2020-374.pdf>

²⁶ The Social Metrics Commission defines persistent poverty as living below the defined poverty measure in two of the preceding three years.

- The **eligibility criteria** applied to the Warm Homes Programme excludes some people living on lower incomes from support. Future eligibility criteria should ensure support is available to groups such as older people, disabled people, households with children and veterans;
- Better advice and support could be made available to provide **seasonal resilience** for lower income homes, including helping homeowners make minor repairs to improve energy efficiency;
- We should make the most of new and emerging **smart technology** and ensure this benefits all households, including those on lower incomes; and
- We could strengthen **monitoring, evaluation and reporting** for our fuel poverty plan and its associated programmes to ensure measures continue to be targeted at people in most need of assistance.

INDEPENDENT REVIEWS

32. In October 2019, the Wales Audit Office (WAO) published its Landscape Review of Fuel Poverty in Wales.²⁷ The report aims to provide insight into the Welsh Government's efforts under the 2010 Fuel Poverty Strategy²⁸ and to identify key issues to consider when developing a new 2020-2035 plan. The WAO acknowledged some of the determinants contributing to fuel poverty were outside of the control of the Welsh Government, and highlighted the impact our activity has made to date. It concludes our investment in energy efficiency seems to have helped to reduce the levels of estimated fuel poverty, and the Warm Homes Programme has led to significant improvements in the energy efficiency of homes which have benefitted from the programme.

33. The WAO made 10 recommendations (Appendix A), including

- Ensuring lessons learnt from our activity so far inform the approach we take in the future;
- Considering whether we could develop more nuanced measures of the impact of our work, such as changes to the quality of life of people in fuel poverty;
- Clearly articulating how our fuel poverty work should link up with other work to raise incomes, improve homes at a local level;
- Ensuring our targets and goals align with our sphere of influence; and
- Outlining how we will specifically support people in severe fuel poverty, who may be less likely to engage with schemes and programmes.

²⁷ <http://www.audit.wales/publication/fuel-poverty>

²⁸ [Welsh Government, Fuel poverty Strategy 2010, July 2010](#)

34. In August 2019, the **Senedd Committee for Climate Change, Environment and Rural Affairs** announced an inquiry into fuel poverty and issued a call for evidence, which closed on 3 November. The Committee sought views on:

- The scale and impacts of fuel poverty in Wales;
- Why the Welsh Government failed to meet its statutory target of eradicating fuel poverty in Wales by 2018;
- 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;
- How the Welsh Government's successor to the fuel poverty strategy (due for consultation in autumn 2019) should differ from its 2010 strategy; and
- What steps the Welsh Government should take to ensure new-build homes, as well as existing homes, are highly energy efficient to prevent them causing fuel poverty in the future.

35. The Committee received 34 submissions in response to the call for evidence and the Minister for Environment, Energy and Rural Affairs attended a joint Ministerial evidence session with the Committee on 13 February, accompanied by Julie James MS, Minister for Housing and Local Government. The final report of the Committee containing 21 recommendations was laid before the Senedd on 24 April 2020. In June, the Welsh Government accepted, in full or in principle, all of the recommendations made by the Committee.

36. The recommendations, together with the Welsh Government's detailed response is attached at Appendix B.

37. In its February 2019 report²⁹, *Housing: Fit for the Future?*, the **Committee on Climate Change and its Adaptation Committee** assessed whether the UK's housing stock is adequately prepared for the challenges of climate change; both reducing emissions from UK homes and ensuring homes are adequately prepared for the impacts of climate change.

38. The Welsh Government's **Ministerial Advisory Group on Housing Decarbonisation** published 'Better Homes, Better Wales, Better World' on 18 July 2019³⁰. The recommendations of this report have been accepted by Welsh Government in principle and we are now developing a more detailed response and action plan. This plan will recognise that reducing our carbon emissions from Welsh homes is a key action in meeting our national and international obligations.

²⁹ <https://www.theccc.org.uk/publication/uk-housing-fit-for-the-future/>

³⁰ <https://gov.wales/sites/default/files/publications/2019-07/independent-review-on-decarbonising-welsh-homes-report.pdf>.

39. In July 2016, the Welsh Government published its report '**Understanding the characteristics of low income households most at risk from living in a cold home**'³¹. This report recommends improvements to the energy efficiency of homes for people living in or at risk of fuel poverty should continue to be funded through the Welsh Government's Warm Homes Programme.

OUR PROPOSED APPROACH FOR 2020-2035

REVIEWING OUR TARGETS FOR FUEL POVERTY

40. Our fuel poverty plan must have clear targets which meet our obligations under the Warm Homes and Energy Conservation Act 2000. We agree with the WAO our targets should reflect our restricted capacity to influence the wider determinants of fuel poverty. We are therefore proposing more meaningful but still stretching targets, taking account of the lessons learned over the past ten years and the views expressed by key stakeholders.

41. We are proposing our objective to ensure that people in Wales, as far as reasonably practicable, are not living in fuel poverty will have been achieved **if by 2035:**

- No households are estimated to be living in severe or persistent³² fuel poverty
- No more than 5% of households are estimated to be living in fuel poverty at any one time
- The number of households "at risk" of falling into fuel poverty will be more than halved based on the 2018 estimate³³

42. These three targets will be used to determine how successful the Welsh Government has been at achieving the statutory objective.

DELIVERING THE PLAN – HOW WE ARE GOING TO MEET OUR OBJECTIVE

43. The actions we have identified are those the Welsh Government can reasonably take to reduce fuel poverty further: helping people to change attitudes to energy use, securing better deals from the current energy market and improving the thermal and energy efficiency of their homes.

44. The proposed approach is grounded in the principle of delivering decent homes in Wales, informed by the experiences and lessons learned delivering our Warm Homes Programme. We will take a proactive approach to prevent people becoming fuel poor, reduce our carbon emissions by continuing to improve home energy efficiency and develop a more person-centered approach to working with people who need the most help.

³¹ <https://gov.wales/understanding-characteristics-low-income-households-most-risk-living-cold-homes-0>.

³² Persistent Fuel poverty being in Fuel poverty in two of the preceding three years

³³ An estimated 144,504 households at risk of being in Fuel poverty in Wales, spending between 8% and 10% of their household income on fuel costs. This is equivalent to 11% of households in Wales.

45. To achieve our objective to further reduce fuel poverty, across 2020-2035 we will take action within four policy goals within the control of the Welsh Government:

Goal 1 - Identify	• Proactively identify people who are, in or at risk of being in fuel poverty to ensure our support will benefit people living on lower incomes.
Goal 2 – Prioritise and protect	• Ensure people receive the most appropriate package of support so they can always continue to heat their homes.
Goal 3 - Decarbonise	• 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
Goal 4 - Influence	• Use our influence to ensure that the UK Government, Energy Regulator and energy companies consider and meet the needs of people living in Wales

46. To begin working towards these overarching goals, we have identified short-term actions which we can deliver between 2021 and 2023. The draft plan of action is at Appendix D. Whilst in an ideal world we would plan a longer term approach, we believe that the current level of economic volatility and uncertainty regarding the UK's future relationship with the EU, together with our efforts to restart and recover the economy following COVID 19, with sustainability at its core, make it more appropriate to deliver a shorter-term plan of activity whilst still working towards our longer term objectives. These actions will be subject to periodic reporting and review, which we are proposing will be every two years.

47. In addition to the actions set out at Appendix D, the Welsh Government will continue to lobby UK Government, industry and wider stakeholders on issues outside its sphere of control, which may have a significant impact on fuel poverty in Wales.

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 could contribute to our efforts to reduce fuel poverty in the next two years?

MONITORING AND REPORTING

48. The Welsh Government proposes to improve the monitoring and reporting arrangements in relation to fuel poverty, the delivery of our Warm Homes Programme and associated initiatives. We will prepare and publish a periodic review of our plan, which will report on our performance against the actions we have taken, and progress made reducing fuel poverty in Wales. It is proposed this periodic review and reporting will take place on a biennial basis. We cannot tackle fuel poverty alone and we will work with key stakeholders in the energy sector, local government and Third Sector as part of this review process.
49. For the purpose of this plan and as defined in the Warm Homes and Energy Conservation Act 2000, 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”.

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 which could be used in relation to Wales, and if so, why?

50. **Lower income** – The Households Below Average Income³⁴ (HBAI) report presents information on living standards in the UK based on household income measures. Estimates are provided for average incomes, income inequality, and for the number and percentage of people living in low income households. For the purpose of this plan and for defining lower income eligibility for provision of home energy efficiency measures, lower income is defined as being less than 60% of the average household income before housing costs as published annually in the HBAI report³⁵.

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?

51. **Kept comfortable and safe** – The definition of a “satisfactory heating regime” within the 2010 Tackling Fuel Poverty Strategy is 23°C in the living room and 18°C in other rooms achieved for 16 hours in a 24 hour period in homes with older or disabled people.

³⁴ <https://www.gov.uk/Government/statistics/households-below-average-income-199495-to-201718>

³⁵ As recommended in “Understanding the characteristics of low income households most at risk from living in a cold home” published 11 July 2016 SRN/41/2016

52. For other homes, a temperature of 21°C in the living room and 18°C in other rooms for nine hours in every 24 hour period on weekdays, and 16 hours in a 24 hours period on weekends is considered satisfactory. This is based on recommendations published by the World Health Organisation 30 years ago.
53. This heating regime, however, is broadly comparable with the regime proposed within the *Fuel poverty (Targets, Definition and Strategy) (Scotland) Act 2019*. For the purpose of this plan, the definition of a “satisfactory heating regime” will be retained as set out in the 2010 Strategy. The **Welsh Government will, however, commission advice** to determine whether the current definition is appropriate to ensure people can be kept comfortable and safe.
54. **Households vulnerable to being “at risk” of living in fuel poverty**, as defined in our fuel poverty strategy 2010, are homes where the occupants include a person aged 60³⁶ 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. The latest fuel poverty estimates for Wales³⁷ suggests younger people aged 16-34 are also more likely to be living in fuel poverty when compared to some of the other age groups. The Welsh Government proposes to amend this 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. This will align the definition to the current Welsh Government policy in relation to vulnerability.

Question 4: The Welsh Government proposes to amend the definition of a household 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?

55. **Affordability** – For the purpose of this plan, the current measure of fuel poverty and severe fuel poverty will be retained. This means the number of households needing to pay more than 10% and 20% respectively of their full household income to maintain a satisfactory, comfortable and safe temperature in their home environment will remain the primary measure of fuel poverty in Wales³⁸.
56. In Wales, fuel poverty will continue to be measured using the full income methodology. The Primary Benefit Unit (PBU) income is calculated by totalling the personal incomes of everyone in the household (aged 16 and over), plus any benefit or other income source payments that the household receives (from earned income, state benefits and savings etc.). Income from other benefit units and the Winter Fuel Payment (WFP), if applicable, is then added to give the ‘basic income’. Full Income is built upon ‘basic income’ by the addition of housing related income, including: housing related benefits (HB), Council Tax Benefit (CTB), and the deduction of Council Tax payable. This is the ‘Full household income’.

³⁶ A person aged 60 years and older is defined as an older person for the purpose of this plan

³⁷ <https://gov.wales/fuel-poverty-estimates-wales-2018>

³⁸ As recommendation 5.6 page 81 “Understanding the characteristics of low income households most at risk from living in a cold home” published 11 July 2016 SRN/41/2016

57. The Welsh Government is proposing to report estimates based on the 10% and 20% measure. Estimates of fuel poverty in Wales will be prepared based on the Low Income High Cost (LIHC) or Low Income Low Energy Efficiency (LILEE) Measures, the methodology used by the UK Government. Welsh Government reporting of fuel poverty estimates will also include analysis on the fuel poverty gap, or depth of fuel poverty, the average cost difference needed for people to pay less than 10% of their income for their home energy costs.

58. Recognising people transition in and out fuel poverty, depending on personal circumstances, there is also a need to estimate the risk of falling into fuel poverty. On this basis, the Welsh Government will include estimates of people both needing to pay more than 8% of their income on home energy needs, who will be considered to be “at risk” of living in fuel poverty, and people who have been in fuel poverty for two out of the past three years, who will be considered as living in persistent³⁹ fuel poverty.

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?

59. **Energy Efficiency** – The Standard Assessment Procedure (SAP) is the methodology used by the Government to assess and compare the energy and environmental performance of homes. Its purpose is to provide an accurate and reliable assessment of home energy performance. This assessment process underpins energy and environmental policy initiatives. Using the SAP methodology, homes are given an Energy performance certificate (EPC). The SAP methodology will continue to provide the basis of the Welsh Housing Conditions Survey (WHCS).

60. The Welsh Government is proposing future schemes designed to improve home energy efficiency as part of our efforts to tackle fuel poverty should aim to achieve a 21%⁴⁰, and not less than a 15%⁴¹ reduction in energy used for heating. A reduction of KWh achieved will enable more accurate measurements to be taken once housing retrofit has taken place. This in turn will translate into SAP and EPC improvements secured through our continued investment, based on actual measurements and not modelled estimates.

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 modelled estimates be retained as a measure of success?

³⁹ Persistent poverty is defined by the Social Metrics Commission as being in poverty two out of the past three years.

⁴⁰ <https://www.theccc.org.uk/wp-content/uploads/2019/05/Net-Zero-Technical-report-CCC.pdf> - page 79

⁴¹ Based on UKCCC report recommendation *Homes Fit for the Future?* Published February 2019

APPENDIX A – WELSH AUDIT OFFICE RECOMMENDATIONS

Strategic direction

R1 The Welsh Government should reflect on the purpose of the target related to eradicating fuel poverty and whether the purpose could be better served by setting an ambition or goal more closely aligned to the Welsh Government's sphere of control and influence.

R2 The Welsh Government should clearly articulate the lessons learnt from the failure to meet the targets set in 2010 and set out how those lessons have been applied in setting any new ambitions and the mechanisms for achieving them.

R3 The Welsh Government should consider developing a more nuanced suite of measures for the impact of its programmes and its efforts to tackle fuel poverty, in particular:

- Developing measures for its Warm Homes Programme based on working out how beneficiaries are better off in ways which matter to them alongside improvements to the energy efficiency of the home.
- Working with its partners to develop measures which enable a collective understanding of whether efforts to co-ordinate activity across organisational and sectoral boundaries are having the intended impact.

Co-ordination and integration

R4 The Welsh Government should explore and articulate a long-term financial and carbon analysis of the costs, benefits and trade-offs of prioritising fuel poor households as part of its wider plans for de-carbonising homes.

R5 The Welsh Government, working with partners, should more clearly articulate how Fuel poverty schemes should link up locally to other work to tackle the underlying causes which led individuals and communities to be vulnerable to experiencing fuel poverty.

R6 The Welsh Government should reflect, in light of the views expressed to us, on its approach to involving and engaging with stakeholders, including exploring whether any formal mechanisms for regular involvement and engagement with stakeholders need to be put in place.

Funding for energy efficiency schemes

R7 In setting future budgets for the Warm Homes Programme, the Welsh Government should take a broad view, in line with the ways of working under the Well-being of Future Generations Act, on how fuel poverty schemes could: prevent future costs in other service areas; and contribute to wider policy goals, including the 80% reduction in carbon from housing by 2050.

R8 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.

R9 The Welsh Government should clearly set out how it will support those in severe fuel poverty, as they are potentially less likely to be engaged with services.

R10 The Welsh Government should fully explore the reasons behind the underspend in Arbed and if there are fundamental issues with the area-based approach which mean this situation is likely to continue, the Welsh Government should look at options for changing the funding balance between Nest and Arbed.

APPENDIX B – SENEDD COMMITTEE FOR CLIMATE CHANGE, ENVIRONMENT AND RURAL AFFAIRS RECOMMENDATIONS FOLLOWING ITS INQUIRY INTO FUEL POVERTY

Recommendation	Welsh Government Response
<p>1 The Welsh Government's new fuel poverty strategy must comprehensively address the three determinants of fuel poverty - energy prices, household incomes and energy efficiency (pg24)</p>	<p>Accept in principle</p> <p>The draft plan to tackle fuel poverty and supporting technical annex will consider the determinants of fuel poverty and additional factors, such as the effect of climate change and the effect of attitudes and behaviours to energy use. The Welsh Government will take action on these factors, mindful of the Wales Audit Office's observations about the Welsh Government's ability to influence factors not directly under its own control.</p>
<p>2 The Welsh Government's new fuel poverty targets must be challenging but realistic. The overall targets must be accompanied by interim targets and clear milestones against which progress can be measured.</p> <p>In setting its new targets, the Welsh Government should consider:</p> <ul style="list-style-type: none"> • adopting a similar approach to that taken by the Scottish Government; and • how the targets can best align with the wider ambition to decarbonise Wales's housing stock by 2050. (pg24) 	<p>Accept</p> <p>The Welsh Government is committed to developing and consulting on stretching, meaningful targets which are also achievable. Proposed targets will be subject to public consultation and if adopted, will be subject to continuous monitoring, review and reporting. Targets proposed for Wales will be consistent with our efforts to decarbonise Welsh housing. In developing the targets being proposed for Wales, consideration has been given to the approach being adopted by the UK Government and other devolved governments of the UK. In Scotland their target is, by 2040, as far as reasonably possible no household in Scotland is in fuel poverty and, in any event (a) no more than 5% of households in Scotland are in fuel poverty, (b) no more than 1% of households in Scotland are in extreme fuel poverty, (c) the median fuel poverty gap of households in Scotland in fuel poverty is no more than £250 adjusted for inflation. Further targets in the draft Scottish strategy are by 2030: the overall fuel poverty rate is less than 15%; the median fuel poverty gap is no more than £350 (in 2015 prices before adding inflation); and to have made progress towards removing poor energy efficiency of the home as a driver for fuel poverty .</p>
<p>3 The Welsh Government should consider introducing new statutory fuel poverty targets. It should report back to the Committee on the outcome of its consideration before publishing its final fuel poverty strategy. If the Government decides against statutory targets, it must set out its reasons. (pg24)</p>	<p>Accept</p> <p>The Warm Homes and Energy Conservation Act 2000 as amended by the Energy Act 2013, imposes a requirement on the Welsh Ministers in relation to Wales, to publish and implement a strategy for reducing fuel poverty; to require the setting of targets for the implementation of the strategy and for connected purposes. We are not proposing to introduce Welsh Legislation to impose targets to tackle fuel poverty in Wales at this stage. The reasons will be set out in our draft plan to tackle fuel poverty as part of the public consultation. If a consensus in favour of introducing Welsh Legislation to establish targets emerges from the consultation, further consideration to the matter will be given and I will explain the rationale underpinning my decision to the Committee prior to the final plan to tackle fuel poverty being published.</p>

Recommendation	Welsh Government Response
<p>4 The Welsh Government must establish a robust monitoring framework to oversee progress in delivering its new fuel poverty strategy. This should include:</p> <ul style="list-style-type: none"> the publication of annual fuel poverty estimates (aligned with the new definition of fuel poverty), including estimates on the number of disabled households living in fuel poverty ; an Advisory Board on Fuel poverty, or a similar formal structure, recognising the key role of stakeholders in monitoring and reviewing progress, and in providing external scrutiny; and a commitment to regular reporting by the Welsh Government on progress towards its new fuel poverty target(pg25) 	<p>Accept in principle</p> <p>The new draft plan will include proposals to improve monitoring and reporting arrangements for fuel poverty, which will include a biennial fuel poverty report setting out fuel poverty estimates for Wales and progress being made against agreed targets. The Welsh Government will consider annual reporting if the outcome of the public consultation suggests a more frequent reporting pattern would be advantageous.</p> <p>Engagement with stakeholders and partners in the Third Sector was an issue considered by the Wales Audit Office⁴². The Welsh Government has made more effort to engage with key stakeholders and some have welcomed the opportunity to make early comment on what should be included in the new plan. Stakeholders have claimed the absence of formal ongoing arrangements means engagement peaks around certain projects and policy initiatives, and then wanes when work is completed putting much of the onus on the Third Sector to initiate and maintain engagement with the Welsh Government.</p> <p>The Welsh Government will be working with key stakeholders to set up more formalised joint working arrangements to deliver the new plan.</p>
<p>5 The Welsh Government should adopt a more appropriate definition of fuel poverty : one that more accurately reflects the lived experience of fuel poor households in Wales. As its starting point, it should consider the 'residual income' approach, learning lessons from England and Scotland. This work should be undertaken in conjunction with relevant stakeholders and be completed within 12 months of the publication of this report. (pg25)</p>	<p>Accept</p> <p>The Welsh Government agrees the definition and measures used to assess fuel poverty should be appropriate for the people of Wales. Any measure needs to take into account the transient nature of fuel poverty. The Warm Homes and Energy Conservation Act 2000 defines a person 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. This definition continues to apply to England and Wales. In Wales, we are proposing to maintain current measures of fuel poverty based on full income, whilst introducing a new measure to assist in the identification of people who are at risk of fuel poverty, or who are living in persistent fuel poverty. Further consideration will be given to the definition and measures of fuel poverty used in Wales subject to the outcome of the public consultation on the new plan to tackle fuel poverty.</p>

⁴² Para 2.11 Wales Audit Office Landscape Review into Fuel poverty published October 2019

Recommendation	Welsh Government Response
<p>6 The Welsh Government should ensure that fuel poverty estimates reflect the new definition. This work should be completed in time to inform the fuel poverty estimates for 2020 (pg25)</p>	<p>Accept</p> <p>The Welsh Government will report on the definition and measures of fuel poverty used in Wales.</p>
<p>7 The Welsh Government must work with Nest and Arbed am Byth to develop a robust monitoring and evaluation framework, which includes measuring the impact of the schemes on fuel poverty .(pg36)</p>	<p>Accept</p> <p>The Warm Homes Programme Nest annual reports have been published since the scheme was launched in 2011. Reporting requirements are now included for the Warm Homes Programme Arbed 3 scheme. Both schemes are subject to periodic independent evaluation which will include an assessment of the impact the schemes have made in relation to efforts to tackle fuel poverty.</p>
<p>8 The Welsh Government must work with Arbed am Byth, and its partners, to establish more sophisticated tools for targeting support for households in fuel poverty under the scheme. (pg36)</p>	<p>Accept</p> <p>The Welsh Government is proposing to prepare and publish Welsh domestic energy data annually to help us and partners focus on communities at greatest risk of living in fuel poverty.</p>
<p>9 The Welsh Government must report back to the Committee on:</p> <ul style="list-style-type: none"> the number of properties improved and the total spend through Arbed 3 for the second year of the three year programme; and action it intends to take in the event that figures on improvements and spend suggest that Arbed 3 is continuing to underperform.(pg37) 	<p>Accept</p> <p>The contract management arrangements introduced when the Arbed contract was awarded in 2018 has enabled the Welsh Government to work closely with Arbed Am Byth representatives, to ensure levels of activity are delivered as agreed forecasts. Activity delivered in year two of the contract will be reported in July 2020 as part of the Arbed annual report and shared with the Committee. The physical and social isolation measures necessary to tackle the COVID-19 pandemic will likely have an effect on scheme delivery in 2020/21. The Welsh Government will be working closely with Arbed Am Byth to assess the full impact the pandemic has had on our delivery programme.</p>

Recommendation	Welsh Government Response
<p>10 The Welsh Government must review the eligibility criteria for free energy efficiency improvement packages under Nest, taking account of the new definition of fuel poverty . The review must consider, in particular, broadening the eligibility criteria to include low-income households living in, or at risk of falling into, fuel poverty .(pg37)</p>	<p>Accept</p> <p>There is some evidence to suggest observance of inflexible eligibility criteria has resulted in vulnerable households, including disabled people and families, not being able to access support despite being in need. As part of the new plan, the Welsh Government will be proposing to review the Regulations setting out the eligibility criteria for support through the Warm Homes Programme based on the learning from the Nest Scheme Health Conditions Pilot. Based on the outcome of the proposed consultation, amendments to the Home Energy Efficiency (Wales) Regulations will be made, to ensure people living on lower incomes can access support through the Warm Homes Programme even if they don't receive means-tested benefits.</p>
<p>11 The Welsh Government must ensure that funding is available through the Warm Homes Programme to meet the cost of enabling works for households that would otherwise be unable to benefit from home energy efficiency improvements under government schemes. (pg37)</p>	<p>Accept</p> <p>The Welsh Government agrees the lack of financial support to undertake enabling works to better support homes needing home energy efficiency improvements is a barrier to helping some people most in need. In giving evidence to the Committee on 12 February, it was confirmed measures to remedy this situation will be included in the draft plan to tackle fuel poverty.</p>
<p>12 The Welsh Government must reflect on the evidence received about the need for adequate lead-in time for the completion of enabling works ahead of energy efficiency improvements under schemes.(pg37)</p>	<p>Accept</p> <p>If introduced, adequate time to complete enabling works will be incorporated into delivery performance indicators.</p>
<p>13 The Welsh Government should establish a pilot scheme for an in-house advice and support service for vulnerable households in, or at risk of falling into, fuel poverty.</p> <p>The service should:</p> <ul style="list-style-type: none"> • operate on the basis of a holistic approach, providing advice and support on improving energy efficiency, maximising income and reducing energy costs; and 	<p>Accept</p> <p>An action within the 2010 Fuel Poverty Strategy was to provide high quality and co-ordinated advice and support services to help reduce fuel bills, maximise income and improve home energy efficiency. Since 2011 this service has been delivered through the Warm Homes Programme Nest Scheme benefitting more than 129,000 households. The Welsh Government is working with key stakeholders to consider how proactive and holistic advice and support services can be provided in the future.</p>

Recommendation		Welsh Government Response
	<ul style="list-style-type: none"> provide direct assistance to households, for example, in taking up financial entitlements, checking energy tariffs and switching energy suppliers.(pg37) 	
14	The Welsh Government must establish a suitable support mechanism to enable local authorities to maximise funding for energy efficiency improvements through ECO Flex. (pg37)	<p>Accept</p> <p>Our Warm Homes Programme schemes have continued to deliver home energy efficiency measures in collaboration with UK Government schemes, such as the Energy Company Obligation (ECO) scheme and the Fuel Poor Network Extension Scheme (FPNES) designed to extend the mains gas grid to homes at risk of living in fuel poverty. Only about half of the local authorities in Wales have submitted ECO Flex statements. Whilst these are matters within the discretion of Local Authorities, the Welsh Government agrees more can be done to support our Local Authorities attract UK Government funding to support our efforts to improve the energy efficiency of Welsh homes. Our new plan to tackle fuel poverty will set out new arrangements for supporting Local Authorities in Wales.</p>
15	The new fuel poverty strategy should aim to increase the use of smart meters in households across Wales, in particular those using prepayment meters, and those living in, or at risk of falling into, fuel poverty .(pg41)	<p>Accept</p> <p>The UK Government announced an extension to the smart metering rollout programme, which will now run to 2024⁴³. It has consulted on smart meter roll out requirements to be imposed on energy companies. The Welsh Government is keen to adopt a leadership role in Wales, encouraging people to save energy and money by transitioning to smart metering.</p>
16	<p>The Welsh Government should:</p> <ul style="list-style-type: none"> provide details of the task and finish group on promoting take-up of Pension Credit, including its terms of reference and timeline for its work, and report back to the Committee on the findings of the task and finish group, and on the actions the Welsh Government intends to take and time lines involved. (pg41) 	<p>Accept</p> <p>To examine how to end the cycle of under-claiming and help more older people to access their legal entitlement to pension credit and other welfare benefits, the Welsh Government has recently set up a Pension Credit Take-up Working Group. The membership of the Working Group comprises of officials from across Welsh Government, the DWP and representatives from key organisations providing services to older people. Officials will provide the Working Group's terms of reference and projected timescales to the Committee for their information and will report the outcome of the group when this is available.</p>

⁴³ UK Government announcement September 2019

Recommendation	Welsh Government Response
<p>17 The Welsh Government must seek to secure a Welsh representative on the Board of Ofgem and to strengthen the regulator's presence in Wales (pg42)</p>	<p>Accept</p> <p>The Welsh Government has worked to strengthen an already positive working relationship with the energy regulator. GEMA, the Ofgem Board, holds one of its four annual meetings in Wales in order to hear from Welsh stakeholders. Previous sessions have involved visits to Citizens Advice centres, renewable energy developments and community energy projects in order to understand issues affecting Welsh citizens. Wales is represented by a senior official on Ofgem's Net Zero Steering Group, which promises to provide an effective route to influence Ofgem's direction. Securing representation on the board of Ofgem to reflect the interests of Welsh households, the energy sector and industry would be a positive step. It should be noted, however, the board is selected for specific areas of expertise rather than geographic location. Ofgem's direction, and the design of the schemes it operates, are designed by BEIS. Welsh Government continues to work with BEIS to inform the development of existing mechanisms.</p>
<p>18 The new fuel poverty strategy should include provisions aimed at addressing the distinct challenges faced in rural areas. This should include a bespoke programme with appropriate levels of funding that take account of the more complex and costly measures required to address rural fuel poverty. (pg45)</p>	<p>Accept</p> <p>In assessing the effectiveness of the 2010 Strategy, the Welsh Government has recognised the impact fuel poverty has on rural communities. It is estimated 17% of homes are not connected to the mains gas grid, the vast majority in rural areas. Energy inefficient homes are disproportionately found in rural areas, thus people living in these areas have an increased likelihood of living in a cold home. Support for homes in rural areas benefit from higher maximum spending thresholds through the current Warm Homes Programme. The Welsh Government will be exploring how support can be further expanded when consulting on new arrangements for the next iteration of the Warm Homes Programme, which may include an agent dedicated to tackling fuel poverty in rural areas. The Welsh Government does tailor the delivery of programmes to better meet the needs of rural communities but will consider how these continuing needs can be better addressed in the new draft plan.</p>
<p>19 The Welsh Government must work with relevant partners to develop financial support mechanisms to enable private landlords to improve the energy efficiency of their properties. This work must be undertaken as a matter of priority, given the introduction of new Minimum Energy Efficiency Standards from April 2020. (pg51)</p>	<p>Accept</p> <p>Evidence presented as part of the Fuel Poverty Estimates 2018 suggests households living in the Private Rented Sector were more likely to be fuel poor, with 20% of these households living in fuel poverty. The Welsh Government has taken steps to ensure fuel poor homes continue to be supported through the Nest scheme and will continue to work with the private rented sector to explore what further support can be provided.</p>

Recommendation	Welsh Government Response
<p>20 The Welsh Government, in conjunction with local authorities and Rent Smart Wales, must undertake work to identify and address barriers to enforcement of Minimum Energy Efficiency Standards. The Welsh Government must report back to the Committee on the outcome of this work at the first available opportunity.(pg51)</p>	<p>Accept</p> <p>The UK Government introduced the Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015 which applied to both England and Wales. There have been changes to the Regulations, which means since 1 April 2018, private landlords may not let domestic properties on new tenancies to new or existing tenants if the EPC rating is F or G (unless an exemption applies). From 1 April 2020, the prohibition on letting EPC F and G properties extended to all relevant properties, even where there has been no change in tenancy. The 1st April 2020 is the back stop for all domestic private rented properties, irrespective of the status of the tenancy, to be compliant with the energy efficiency standards. No exemptions can be registered after April 2020, although some may still be in place, if they were registered before 1st April 2020. Rent Smart Wales has provided regular updates via newsletters to landlords during this period and has also written to landlords to remind them of their legal obligations.</p> <p>The Welsh Government has published guidance for Local Authorities on enforcing standards in rented properties during the COVID-19 outbreak. Local Authorities should only take enforcement action they determine to be necessary, whilst ensuring pragmatic, appropriate and risk-based action is taken. Guidance for landlords in the Private Rented Sector has been issued, which explains enforcement should be focused on responding to emergency situations and enforcement of energy efficiency standards are not considered to be an emergency. Landlords not able to gain access to a property due to the restrictions in place, or are not able to engage a contractor to carry out necessary work, are advised to document their attempts to do so.</p> <p>A report will be submitted to the committee regarding the barriers to enforcement of the minimum energy efficiency standards in the Private Rented Sector, which we expect to be able to provide by December 2020.</p>
<p>21 The Welsh Government must ensure that new energy efficiency standards in new homes are sufficiently ambitious, and that changes to Part L Building Regulations are progressed with no further delay. (pg51)</p>	<p>Accept</p> <p>Stage 1 of the consultation of Part L Building Regulations in relation to new dwellings concluded on the 12 March. Representations made during the consultation are being assessed. The consultation proposed two options, a 37% or 56% reduction in carbon emissions compared to current standards. The document also provided detail on the direction of travel for energy efficiency requirements for introduction in 2025. The Stage two consultation on existing homes will take place later in 2020.</p>

APPENDIX C – SUMMARY OF 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 could contribute to our efforts to reduce fuel poverty in the next two years?

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?

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 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?

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?

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?

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 modelled estimates be retained as a measure of success?

Question 7: We would like to know your views on the effects our proposals to tackle fuel poverty could have on the Welsh language, specifically on opportunities for people to use Welsh and on treating the Welsh language no less favourably than English. What effects do you think there would be? How could positive effects be increased, or negative effects be mitigated?

Question 8: Please also explain how you believe our proposals to tackle fuel poverty could be formulated or changed so as to have positive effects or increased positive effects on opportunities for people to use the Welsh language and on treating the Welsh language no less favourably than the English language, and no adverse effects on opportunities for people to use the Welsh language and on treating the Welsh language no less favourably than the English language

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.

APPENDIX D – DRAFT PLAN TO TACKLE FUEL POVERTY – PRIORITY ACTIONS FOR 2021/2023

Action	Description	When	Policy Goals
Warm Homes Programme			
1	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.	Ongoing April 2021 to March 2023	Identify, prioritise and protect, decarbonise
2	<p>Consult on revised arrangements for delivering measures for tackling fuel poverty beyond March 2023. The consultation will explore options for delivery including:</p> <ul style="list-style-type: none"> The policy objectives to be achieved through continued investment in home energy efficiency improvements, such as contribution to climate change, housing decarbonisation, clean growth, wellbeing and fuel poverty Proposed amendments to the Home Energy Efficiency Scheme (Wales) Regulations The critical success factors against which key performance indicators will be developed (CCERA⁴⁴ Recommendation 7) Proposals for revisions to the criteria used to determine eligibility for support, including health conditions and lower incomes (CCERA Recommendation 10) Home energy efficiency measures and enabling works to be included within the scope of schemes designed to improve home energy efficiency, including a principled approach to innovation The level of financial support offered to beneficiaries of the programme, especially for householders living in rural areas of Wales (CCERA Recommendation 18) Continuing improvement of quality assurance techniques in relation to housing retrofit to provide reassurance to householders that workmanship is to the highest standards (PAS2035/2030) 	Plan Year 1 June 2021 to December 2021	Prioritise and protect, decarbonise
	Based on the outcome of the Home Energy Efficiency consultation, publish the Welsh Government's response to the consultation and implement our findings to start in April 2023	Plan year 2 March 2022 to March 2023	Identify, prioritise and protect, decarbonise

⁴⁴ Committee for Climate Change, Environment and Rural Affairs Inquiry into Fuel Poverty published 24 April 2020

Action	Description	When	Policy Goals
Domestic Energy Efficiency Advice and Support Services			
3	Based on the outcome of our advice and support pilot project (CCERA Recommendation 13) announced in September 2020, we will consult on Domestic Energy Advice and Support Services . These arrangements will help people save money and reduce energy use by: <ul style="list-style-type: none"> • Getting a better energy deal • Ensuring they receive all of the entitlements they are owed by UK Government or energy companies • Adopting new technologies such as smart meters • Moving away from pre-payment meters • Applying for home energy efficiency measures 	Plan year 1 June 2021 to December 2021	Identify, prioritise and protect, decarbonise
	Based on the outcome of the Domestic Energy Advice and Support Services consultation , we will publish the Welsh Government's response to the consultation and implement our findings to start in April 2023	Plan year 2 March 2022 to March 2023	Identify, prioritise and protect, decarbonise
4	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. The plan will describe arrangements the Welsh Government has put in place to: <ul style="list-style-type: none"> • Support lower income households to meet the cost of minor repairs to central heating boilers during autumn and winter • Make emergency payments to enable lower income households to top up pre-payment meters, avoiding the negative impacts of energy self-rationing and self-disconnection • Support people who are owner occupiers living in fuel poverty with support to make minor repairs or enabling works to their home to maintain or improve energy efficiency (CCERA Recommendation 11) 	Plan year 1 September 2021	Identify, prioritise and protect, decarbonise
Monitoring, evaluation and reporting			
5	In response to recommendations made by the Senedd Committee for Climate Change, Environment and Rural Affairs, we will set up an administrative advisory board on fuel poverty to monitor and review progress on action to tackle fuel poverty in Wales (CCERA Recommendation 4)	Plan year 1 June 2021	Identify, prioritise and protect, influence

Action	Description	When	Policy Goals
6	Prepare and publish Welsh domestic energy data annually to help us and partners focus on communities at greatest risk of living in fuel poverty (CCERA Recommendation 8)	Plan year 2 July 2022	Identify, prioritise and protect, influence
7	Publish a biennial review of performance towards our 2035 objectives, which shall include the publication of fuel poverty estimates for Wales (CCERA Recommendation 4)	Plan year 2 July 2022	Identify, prioritise and protect, influence
Working with our partners			
8	Encourage the UK Government, Regulator and Energy suppliers to reduce the overreliance on the installation of prepayment meters as a method of recovering arrears, which results in self-rationing and self-disconnection	Ongoing	Identify, prioritise and protect, influence
9	Support the implementation of the smart metering framework by 2024 (CCERA Recommendation 15)	Ongoing	Identify, prioritise and protect, influence
10	Support the development and implementation of the Energy Company Obligation scheme and other UK Government initiatives in relation to Wales (CCERA Recommendation 14)	Ongoing	Influence, decarbonise

GLOSSARY OF TERMINOLOGY

BRE	Building Research Establishment
DAF	Discretionary Assistance Fund
ECO	Energy Company Obligation
EPC	Energy Performance Certificate
EUP	Energy Using Products
EWI	External Wall Insulation
HBAI	Households Below Average Income
KWh	Kilowatt Hours
LHA	Local Housing Authority
LIHC	Low Income High Cost
LILEE	Low Income Low Energy Efficiency
LSVT	Large Scale Voluntary Transfer
MRA	Major Repairs Allowance
PAS	Publicly Available Specification (PAS2035/2030)
PRS	Private Rented Sector
RdSAP	Reduced Standard Assessment Procedure
RSL	Registered Social Landlord
SAP	Standard Assessment Procedure
SBRI	Small Business Research Initiative
SMC	Social Metrics Commission
UKCCC	United Kingdom Committee on Climate Change
WAO	Wales Audit Office
WHCS	Welsh Housing Conditions Survey
WHD	Warm Homes Discount
WHP	Warm Homes Programme
WHQS	Welsh Housing Quality Standards

**Consultation
Response Form**

Your name:

Organisation (if applicable):

email / telephone number:

Your address:

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 could contribute to our efforts to reduce fuel poverty in the next two years?

Answer:

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Answer:

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Answer:

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Answer:

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Answer:

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Answer:

Question 7: We would like to know your views on the effects our proposals to tackle fuel poverty could have on the Welsh language, specifically on opportunities for people to use Welsh and on treating the Welsh language no less favourably than English. What effects do you think there would be? How could positive effects be increased, or negative effects be mitigated?

Answer:

Question 8: Please also explain how you believe our proposals to tackle fuel poverty could be formulated or changed so as to have positive effects or increased positive effects on opportunities for people to use the Welsh language and on treating the Welsh language no less favourably than the English language, and no adverse effects on opportunities for people to use the Welsh language and on treating the Welsh language no less favourably than the English language.

Answer:

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:

Please enter here:

Responses to consultations may be made public, on the internet or in a report. If you would prefer your response to remain anonymous, please tick here: