



Llywodraeth Cymru
Welsh Government



Unpublished

PUBLICATION, DOCUMENT

New Warm Homes Programme: integrated impact assessment

An integrated impact assessment (IIA) on the impact of the
new Warm Homes Programme

First published: 8 March 2024

Last updated: 8 March 2024

This document was downloaded from GOV.WALES and may not be the latest version.

Go to <https://www.gov.wales/new-warm-homes-programme-integrated-impact-assessment-html> for the latest version.

Get [information on copyright](#).

Contents

What action is the Welsh Government considering and why?

Conclusion

This document was downloaded from GOV.WALES and may not be the latest version.

Go to <https://www.gov.wales/new-warm-homes-programme-integrated-impact-assessment-html> for the latest version.

Get [information on copyright](#).

What action is the Welsh Government considering and why?

Fuel Poverty is defined as not being able to maintain a satisfactory heating regime at an affordable cost. In Wales, fuel poor households are those needing to pay more than 10% of their full household income to maintain a satisfactory heating regime. Those paying more than 20% are considered to be in severe fuel poverty. In March 2021, the Welsh Government (WG) published its plan to tackle fuel poverty 2021-2035. By 2035, our aim is to have no more than 5% of all Welsh households living in fuel poverty and no households in persistent or severe fuel poverty.

The Net Zero Wales emissions reduction plan describes how we will reduce emissions across Wales working with local and regional governments, businesses and citizens. In 2021 Welsh homes accounted for approximately 10% of all greenhouse gas emissions in Wales (noting emissions driven by their electricity consumption are counted separately). The plan set out that they need to be net zero by 2050, with publicly owned buildings and social housing leading the way.

The new Warm Homes Programme will respond to the current cost of living crisis, tackle emissions from the residential housing sector, promote sustainable Welsh materials, support Welsh skills and jobs and learn from the lessons and experience gained in the Welsh Government's Optimised Retrofit Programme.

The Warm Homes Programme will take a fabric, worst and low carbon first approach to improve the long term energy efficiency of the least thermally

This document was downloaded from GOV.WALES and may not be the latest version.

Go to <https://www.gov.wales/new-warm-homes-programme-integrated-impact-assessment-html> for the latest version.

Get [information on copyright](#).

efficient low-income households in Wales. It will take a two-pronged approach; through provision of an advice service and through physically improving the homes of the fuel poor. Improving the energy efficiency of homes will lower their heating demand, therefore reducing energy bills. This means householders are more likely to be able to afford a satisfactory heating regime, improving internal comfort. Excess cold in homes in the UK has an annual cost to the NHS of £857million (**BRE cost of poor housing**) and the new scheme will continue to help prevent poor health outcomes, reducing hospital trips/doctors' appointments/prescriptions in Wales. While the capital costs of the scheme are high, the likely positive impacts will bring a cost saving to society in the long run. **The Cost of Poor Housing in Wales 2017-2018 report (Public Health Wales)** estimates that addressing even just excess cold could result in a saving to the NHS of over £41m per annum and a payback period of only 4.8 years. While the works could have a disruptive impact on residents, it will be done as quickly and with as little disruption as possible.

Low carbon measures such as heat pumps or solar panels with battery storage are in scope of the new scheme and will make households more resilient to rising energy prices in the future. Improving energy efficiency and moving to cleaner forms of residential heating will also reduce greenhouse gas emissions. The new scheme is modelled to save around 2.11 million tonnes of carbon, which will help tackle the climate emergency and have a knock-on positive impact on biodiversity. The **2019 State of Nature report** by Natural Resources Wales found that 1 in 6 species are at risk of extinction, and that since rigorous scientific monitoring began in the 1970s, of the 3,902 species assessed in Wales, 73 have been lost.

Further benefits can also be realised, such as increasing the numbers of

This document was downloaded from GOV.WALES and may not be the latest version.

Go to <https://www.gov.wales/new-warm-homes-programme-integrated-impact-assessment-html> for the latest version.

Get [information on copyright](#).

children in education, reducing mental health issues, potentially improving wider economic productivity and also increasing the numbers of low carbon jobs through the retrofit work supply chains.

The scheme will include criteria for minimising waste during delivery by pooling resources and using a circular system of recycling as much as possible. To minimise emissions, local trades will be preferred as this will reduce the travel required. BRE carried out research into the availability of retrofit trades in Wales, and while it was identified that there may be a shortage of contractors currently delivering energy efficiency measures, there are other suitable trades who could be upskilled to deliver these measures.

Throughout the development of this programme, a number of partners have been identified who may share an interest in this proposal. These include Welsh Government, fuel poverty charities and other citizen focussed groups, Climate Change NGOs, energy companies, Welsh construction trades, product manufactures, renewable technology companies and Welsh Housing providers. To engage these partners, a public consultation was held to gather their opinions on the programme, including several workshops. Over 50 responses were gathered to the written consultation and over 100 delegates attended the workshops. This was in addition to our ongoing Fuel Poverty Advisory Group, who are an invaluable source of challenge and support. A report collecting and assessing the lessons learned from previous versions of the scheme also informed the new scheme's approach. Supplier engagement events were held to provide an opportunity for local trades to voice their opinions on the programme.

The proposal is estimated to cost around £260 million over the full life of the

This document was downloaded from GOV.WALES and may not be the latest version.

Go to <https://www.gov.wales/new-warm-homes-programme-integrated-impact-assessment-html> for the latest version.

Get [information on copyright](#).

programme and will be fully funded by Welsh Government. However, the advice services will signpost people to and seek to leverage ECO4, Great British Insulation Scheme and Boiler Upgrade Scheme funding from the UK Government. The programme will stay alive to new UK schemes and review leverage opportunities on a regular basis in order to realise any potential savings.

As minor amendments to the HEES regulations are planned, these will be subject to a separate Regulatory Impact Assessment.

Conclusion

How have people most likely to be affected by the proposal been involved in developing it?

The Warm Homes Programme will have the biggest impact on low-income households living in Fuel Poverty. A public consultation was held to get feedback on the programme. Several fuel poverty charities, including National Energy Action and Warm Wales responded with suggestions and proposals for the programme. During the consultation period, virtual stakeholder workshops were held on 28 February, 1 and 3 March. The workshops comprised opening presentations from the Welsh Government and National Energy Action, followed by thematic breakout sessions. As individual householders were considered unlikely to respond, lessons learned from previous versions of the scheme were also considered.

This document was downloaded from GOV.WALES and may not be the latest version.

Go to <https://www.gov.wales/new-warm-homes-programme-integrated-impact-assessment-html> for the latest version.

Get [information on copyright](#).

The nature of the programme means adults are most likely to interact directly with the programme, therefore it was not deemed appropriate to consult directly with children. The End Child Poverty Network, responded to the public consultation, and their views among other consultation responses were used to inform the scheme design. The Equality Impact Assessment confirms consultation responses were received from organisations representing various protected groups such as age or race, also contributed to the development of the programme.

The service provided by the programme will be available in both Welsh and English. The program will create opportunity for Welsh-speaking service providers who will be interacting with residents regularly to retrofit the household. This will ensure that Welsh-speaking residents can effectively communicate any queries or concerns they may have with the service.

What are the most significant impacts, positive and negative?

The new Warm Homes Programme will continue to act as the Welsh Government's primary mechanism to tackle fuel poverty and will also contribute towards achieving a net zero Wales by 2050. There will be a significant impact for eligible households in Wales who are currently in fuel poverty and will see a saving on their energy bills as a result of energy efficiency improvements to their homes such as fabric improvements or new low carbon technology. The energy efficiency improvements may also enable households in fuel poverty to heat their homes to a more comfortable level.

This document was downloaded from GOV.WALES and may not be the latest version.

Go to <https://www.gov.wales/new-warm-homes-programme-integrated-impact-assessment-html> for the latest version.

Get [information on copyright](#).

This improvement in thermal comfort is estimated to be worth £41m over the lifetime of the programme and may also bring health benefits to residents. It is also likely that the improvement will enable some vulnerable residents to remain in their homes for longer.

The programme is expected to result in significant benefits to society because of the reduction in carbon emissions. The energy efficiency improvements will bring an estimated 2.11 million tonnes of carbon savings. Using HM Treasury guidance, this is estimated to provide societal benefits worth £314m. The 2.11 million tonnes of carbon savings will be a positive step towards Wales achieving its Net Zero goals. Achieving these goals is a step towards undoing some of the damage done by climate change and beginning to address the rising global temperatures. This will have a positive impact on biodiversity in Wales.

This saving on energy bills promotes spending in other areas, enabling households to spend money within their local community and elsewhere across Wales. The programme will be a source of job creation in the supply chain for retrofitting, employing local trades and boosting the demand for these skills in local areas. Community based schemes such as communal heating systems, whole building insulation systems that can positively impact multiple homes will be explored as part of the programme, further adding to the sense of community that will be developed by increasing disposable income through lower energy bills.

The programme will be implemented across Wales, covering urban and rural areas. These rural areas, which contain higher proportions of Welsh-speaking households, will feel a significant benefit, and by strengthening these communities the Welsh language can also be strengthened.

This document was downloaded from GOV.WALES and may not be the latest version.

Go to <https://www.gov.wales/new-warm-homes-programme-integrated-impact-assessment-html> for the latest version.

Get [information on copyright](#).

Through stakeholder engagement in the decision-making process the importance of ensuring the assistance and measures are given to those who need them most became clear. For this reason, the programme will operate a “worst first” approach, addressing those households who are low income and living in the least energy efficient houses as a priority.

Welsh Government remains committed to offering free impartial energy savings advice to all householders in Wales. This will be especially important for householders who have new technologies installed such as heat pumps, solar PV, battery storage, as these may be new and unfamiliar to operate. We will look to bring together low carbon energy advice being developed and offered across sister programmes, to support all households in Wales being able to receive trusted and accessible advice.

In light of the impacts identified, how will the proposal:

- **maximise contribution to our well-being objectives and the seven well-being goals; and/or,**
- **avoid, reduce or mitigate any negative impacts?**

The Programme for Government (June 2021) sets out the 10 well-being objectives that the government will use to maximise its contribution to Wales’s 7 long-term well-being goals and the steps Welsh Government will take to deliver them. The programme will deliver on these well-being goals by combatting fuel

This document was downloaded from GOV.WALES and may not be the latest version.

Go to <https://www.gov.wales/new-warm-homes-programme-integrated-impact-assessment-html> for the latest version.

Get [information on copyright](#).

poverty and moving to eliminate this economic inequality. This will result in A More Equal Wales. The carbon savings associated with this programme, coupled with the significant job creation associated with operating a programme of this size will start to build towards a stronger, greener economy and make progress towards decarbonisation. This will contribute to A Globally Responsible Wales, A Prosperous Wales and A Resilient Wales as the households receive improvements. The inclusion of community-based schemes, along with increased disposable income, means Welsh people can spend more time engaging in their community and will contribute to a Wales of Cohesive Communities. Ensuring that the programme is accessible in Welsh and English will contribute to A Wales of Vibrant Culture and Thriving Welsh Language.

The impacts detailed above will be maximised through careful review of the programme as it progresses. Measures will be applied to households only after a Whole House Assessment, in accordance with PAS 2035. This will ensure that the most appropriate measures are applied to each household. To ensure the programme keeps up with new technology, the scheme operator will be expected to allow for new technology to be used, once thoroughly tested to the relevant standards. By closely following the most up to date version of PAS 2035 the programme will be able to avoid negative impacts associated with installing incorrect measures. This will include any traditional and protected buildings which are accounted for under PAS 2035.

The impact of the scheme will be further maximised by the inclusion of free energy efficiency advice or signposting to suitable advice which will be available to all households in Wales. This is particularly important to help householders transition to low carbon technology and help us achieve our Net Zero target emissions.

This document was downloaded from GOV.WALES and may not be the latest version.

Go to <https://www.gov.wales/new-warm-homes-programme-integrated-impact-assessment-html> for the latest version.

Get [information on copyright](#).

How will the impact of the proposal be monitored and evaluated as it progresses and when it concludes?

Previous iterations of the Warm Homes Programme have been subject to a monitoring and review process using an independent quality assurance provider.

We will retain this approach within the new programme, with enhanced quality assurance elements that are found within **PAS 2035**. Under PAS 2035 the associated Retrofit Coordinator will “ensure that every retrofit project is subject to monitoring and evaluation to determine whether the intended outcomes of the retrofit project have been realized, and to identify and learn from any project-specific or systematic problems with the retrofit risk assessment, the dwelling assessment, the retrofit design, the installation of EEMs (Energy Efficiency Measures) or the testing, commissioning or handover of EEMs.”

Inspections resulting in the delivery of annual reports from the Independent Quality Assurance provider will further assess whether measures are being applied in the appropriate manner. The advice services will also be subject to inspections to ensure the quality of advice is appropriate.

This document may not be fully accessible.

For more information refer to our [accessibility statement](#).

This document was downloaded from GOV.WALES and may not be the latest version.

Go to <https://www.gov.wales/new-warm-homes-programme-integrated-impact-assessment-html> for the latest version.

Get [information on copyright](#).