



Helpu Cymru i leihau
ei Hôl Troed Carbon

Help Wales reduce
its Carbon Footprint



Llywodraeth Cynulliad Cymru
Welsh Assembly Government

www.cymru.gov.uk

Fuel Poverty Strategy 2010





ISBN 978 0 7504 5639 5

© Crown copyright July 2010

WAG10-03279

F1641011

Ministerial Foreword

I am pleased to introduce the Welsh Assembly Government's new Fuel Poverty Strategy. I would like to thank everybody who contributed to the consultation and made a valuable input into developing this Strategy.

This Strategy is an example of how Sustainable Development is at the heart of the Welsh Assembly Government's work. It is only by pulling together, social, environmental and economic objectives that we can improve the well-being of householders and communities in Wales.

Delivering social, environmental and economic objectives is at the heart of the programmes delivering this Strategy. As the first phase of **arbed** has already shown, aligning these goals allows us to deliver greater benefits and enables a greater number of partners to work together to tackle fuel poverty. The new Fuel Poverty Scheme, which will replace the Home Energy Efficiency Scheme, will follow **arbed's** lead and have delivery of social, environmental and economic benefits at its heart.

Common to both programmes and cutting across the whole Strategy is the co-operation of partners, be it social housing providers and local businesses in **arbed**, front line staff and the Welsh Assembly Government in a new Fuel Poverty Scheme, or various advice agencies through the development of a strong referral network.

Through the publication of this Strategy and the work of the Ministerial Advisory Group on Fuel Poverty I hope to see renewed focus on tackling fuel poverty. The expert advice and constructive challenge of the Advisory Group will be vital in making progress and it must also enable an effective partnership approach to delivery. Only by working together can we successfully deliver this Strategy and make strides in tackling fuel poverty in Wales.

Jane Davidson AM
Minister for Environment, Sustainability and Housing

Contents

1.	Introduction	1
1.1	Our Policy	1
1.2	Our approach	2
1.3	The Wider Policy Agenda	2
2.	Setting the Scene	7
2.1	What is Fuel Poverty?	7
2.2	Statutory Targets to Eradicate Fuel Poverty	7
2.3	Impacts of Fuel Poverty and Living in a Cold Home	7
2.4	Scale of Fuel Poverty in Wales	8
3.	Actions to Tackle Fuel Poverty	11
3.1	Building a Referral Network	11
3.2	Stakeholder Co-operation	13
3.3	Income Maximisation	15
3.4	Helping People Pay Less for Energy	18
3.5	Improving Household Energy Performance	21
4.	Monitoring and Evaluation	27

1. Introduction

1.1 Our Policy

The Welsh Assembly Government will seek to use all the levers available to it to reduce the number of households currently living in fuel poverty in Wales, and to take action that will help to achieve the target that, as far as is reasonably practicable, no household in Wales will be living in fuel poverty by 2018. This Strategy highlights what we intend to do in the future to meet this target.

The Welsh Assembly Government will use the programmes outlined in this strategy to achieve three key objectives:

Social – reduce the impact of fuel poverty on householders in Wales and, as far as reasonably practicable, eradicate fuel poverty.

Economic – create green jobs and business opportunities for the people of Wales.

Environmental – reduce the greenhouse gas emissions in the domestic sector, contributing to the Welsh Assembly Government's target to reduce greenhouse gas emissions by 3% per year in areas of devolved competence.

The Sustainable Development Scheme *One Wales; One Planet* confirmed that sustainable development is the central organising principle of the Welsh Assembly Government. This means that we will take decisions which:

- Promote the long-term economic, social and environmental wellbeing of people and communities in Wales in ways which reduce our use of the earth's resources and make us a fairer and more just nation.
- Join up the relevant economic, social and environment issues so that we promote long term wellbeing across the board.
- Involve the communities and people that are affected.

Tackling fuel poverty is a key sustainable development priority because it focuses on a key social issue by targeting those who are most in need; stimulates economic activity through generating opportunities for local businesses as well as employment and training opportunities; and makes homes more energy efficient and reduces greenhouse gas emissions and contributes to reducing Wales' ecological footprint.

Housing accounts for 25 per cent of Wales' ecological footprint and this Strategy is consistent with our ambition, stated in its Sustainable Development Scheme, of becoming a one planet nation within the lifetime of a generation. It also aims to fundamentally enhance the wellbeing of people in Wales affected by, or vulnerable to, fuel poverty.

1.2 Our approach

In seeking to reduce the number of households in Wales who are living in fuel poverty, or are at risk of becoming fuel poor, the Welsh Assembly Government will take action in line with the following key principles:

- Where we have the powers to take action that will contribute directly to alleviating fuel poverty, we will ensure that our support and funding is focussed on those most in need.
- Where others have the powers to take action we will ensure that we play a proactive role in influencing decisions.
- Our programmes that aim to improve the energy efficiency of the home will provide long term improvement in the quality of the housing stock, address fuel poverty and reduce its carbon footprint.
- Our energy performance programmes will also be designed to ensure economic benefits for Wales in terms of employment and business opportunities.
- Our programmes will complement, not compete with, programmes funded from other sources, such as energy supplier obligations.
- We will work with stakeholders to maximise the support and funding available to householders in Wales.
- The quality and timeliness of data on fuel poverty in Wales will be improved and policies and actions will be reviewed in the light of new data.
- Actions to tackle fuel poverty will be considered in the context of our wider social, economic and environmental policy agenda.

1.3 The Wider Policy Agenda

1.3.1 European Union

Europe 2020: a strategy for smart, sustainable and inclusive growth sets out a vision for Europe's social market economy over the next decade. The Strategy puts forward three priority areas: Smart growth (developing an economy based on knowledge and innovation); Sustainable growth (promoting a more resource efficient, greener and more competitive economy), and Inclusive growth (fostering a high-employment economy delivering social and territorial cohesion).

The **Electricity Directive** recognises fuel poverty as a growing problem in the European Community and requires Member States to:

- Define vulnerable customers (this may refer to fuel poverty).
- Take appropriate measures such as ... national energy action plans, providing benefits in social security systems ..., or providing for support for energy efficiency improvements, to address fuel poverty where identified.

The **Energy Performance of Buildings Directive (EPBD)** is designed to tackle climate change by reducing the amount of carbon dioxide emitted from buildings. It requires Member States to set minimum standards for the energy performance of new and existing buildings, ensure the certification of their energy performance and require the regular inspection of boilers and air conditioning systems in buildings.

The **Energy Services Directive** is designed to enhance end-use energy efficiency across the EU. The Directive imposes various obligations on Member States, including a requirement that:

- Specified energy companies promote energy efficiency to their customers.
- Final customers receive energy metering as far as this is technically possible, financially reasonable and proportionate to potential energy savings and other billing requirements.

The scope of the **European Regional Development Fund (ERDF)** has been extended in order to support energy efficiency interventions in housing throughout Europe. Funding of up to €8 billion or 4% of the total ERDF allocation to the EU Member States can be allocated to co-finance insulation works, installation of solar panels, replacement of substandard boilers in existing housing stock.

1.3.2 UK Government

The **Energy Act 2010** enables the UK Government to require energy suppliers to provide support with energy bills to fuel poor and vulnerable low income households and clarifies Ofgem's role as regulator in protecting the interests of existing and future consumers.

The proposed **Energy Bill 2010** will be introduced to improve energy efficiency in homes and businesses, to promote low carbon energy production, and to secure energy supplies. This Bill will deliver a national programme of energy efficiency measures to homes and businesses. A key element of the bill will be implementation of a **Green Deal** to deliver energy efficiency to homes and business – delivering a framework including potential incentives to energy suppliers and households that will transform the provision of energy efficiency in the UK by enabling a 'pay as you save' approach.

1.3.3 Welsh Assembly Government

Fuel poverty and its impact cuts across many different areas of Welsh Assembly Government policy; the key policy areas which will contribute to the delivery of this Strategy are highlighted in Section 3 (Action to Tackle Fuel Poverty). These policies include:

One Wales: One Planet – the Sustainable Development Scheme of the Welsh Assembly Government – the Welsh Assembly Government's vision of a Sustainable Wales, where we use only our fair share of the earth's resources and become a fairer and more just society.

The **Climate Change Strategy** sets out how we will work towards meeting our commitment to reduce greenhouse gas emissions by three per cent a year from 2011, and contribute to meeting the UK statutory carbon budgets.

A Low Carbon Revolution sets out the Welsh Assembly Government's ambitions for low carbon energy in Wales.

The **National Energy Efficiency and Savings Plan**, which will be published this summer, highlights what action the Welsh Assembly Government is taking and working with partners on to improve the energy performance of homes, communities, businesses and the public sector. The Plan will be focussed on actions that can make an impact in the near future.

Taking Everyone into Account, the Welsh Assembly Government's financial inclusion strategy, seeks to facilitate a holistic and co-ordinated, joint-agency response to financial inclusion issues.

The Strategy for Older People in Wales sets out a comprehensive framework for the next 10 years to ensure the Welsh Assembly Government develops policies and plans which meet the needs of older people.

The **Children and Families (Wales) Measure** required Welsh Ministers to prepare and publish a new strategy for contributing to the eradication of child poverty in Wales. The new **Child Poverty Strategy and Delivery Plan for Wales** (currently going through public consultation) sets out the strategic direction for tackling child poverty in Wales, and the Welsh Assembly Government's vision for ensuring that no child or young person is disadvantaged by poverty by 2020. The Delivery Plan sets out the policy commitments that will help to deliver this vision.

Our Healthy Future, published in November 2009, is Wales' first strategic framework for public health. It renews the Welsh Assembly Government's commitment to improving quality and length of life and fairer health outcomes. Reducing inequities in health is one of ten priority outcomes included in the framework.

Keep Well This Winter is part of a wider 'Ageing Well' health promotion programme being developed and co-ordinated by Age Cymru in collaboration with local community partnerships.

Improving Lives and Communities, the Welsh Assembly Government's new Housing Strategy, sets out an approach that will improve homes and communities, including the energy efficiency of new and existing homes.

Communities First is the Welsh Assembly Government's programme for tackling poverty and deprivation in Wales' most deprived communities. There are Communities First Partnerships who engage with service deliverers supporting community priorities on a range of themes.

Economic Renewal: a new direction aims to establish a renewed approach to economic development in Wales that is: better able to meet the needs of business; encourage a stronger and more sustainable economy; and includes the prosperity and long-term well-being of the people of Wales.

Capturing the Potential highlights how the Welsh Assembly Government will stimulate new green jobs and strengthen the low carbon energy sector in Wales.

Skills that Work for Wales details the Welsh Assembly Government's commitment to meet the One Wales ambition for a highly educated, highly skilled workforce and high employment Wales. There is a specific focus on actions to raise economic activity levels within Wales including better integration of services and partnership working at a local level. **For Our Future**, the Welsh Assembly Government's new higher education strategy, sets out the national priorities for research match funding, which includes low carbon economy and, in particular, sustainable building technologies.

2. Setting the Scene

2.1 What is Fuel Poverty?

Fuel poverty is defined as having to spend more than 10 per cent of income (including housing benefit) on all household fuel use to maintain a satisfactory heating regime. Where expenditure on all household fuel exceeds 20 per cent of income, households are defined as being in severe fuel poverty.

The definition of a 'satisfactory heating regime' recommended by the World Health Organisation is 23°C in the living room and 18°C in other rooms, to be achieved for 16 hours in every 24 for households with older people or people with disabilities or chronic illness and 21°C in the living room and 18°C in other rooms for a period of nine hours in every 24 (or 16 in 24 over the weekend) for other households.

The statutory targets for eradicating fuel poverty in Wales are based on the definition of fuel poverty set out above and we will continue to measure our progress in achieving the targets against this definition. However, we recognise that we will need to focus Assembly Government funding and support on households most likely to be in severe fuel poverty.

2.2 Statutory Targets to Eradicate Fuel Poverty

Statutory targets for eradicating fuel poverty in Wales were published in 2003, in the Welsh Assembly Government's **A Fuel Poverty Commitment for Wales**¹. This Strategy replaces A Fuel Poverty Commitment for Wales as the Welsh Assembly Government's Fuel Poverty Strategy. The targets set out in A Fuel Poverty Commitment for Wales remain in place and are that, as far as reasonably practicable, fuel poverty will be eradicated:

- Amongst vulnerable households by 2010.
- In social housing by 2012.
- By 2018, there would be no-one in Wales living in fuel poverty.

Based on Living in Wales 2008 survey results we will report on progress against these targets. These survey results will also be used to assess the scale of the challenge ahead, what will be required to achieve these targets and to outline the contribution of actions highlighted in this Strategy.

2.3 Impacts of Fuel Poverty and Living in a Cold Home

Fuel poverty has a significant impact on the health, social and economic well-being of householders. It also impacts on the resources of public sector services, such as the NHS, through increasing the need for householders to access services or increasing the level of support they require. By reducing the risk of householders

¹ As required by the Warm Homes and Energy Conservation Act 2000.

living in fuel poverty in Wales we can help reduce the negative impact on people's lives and the pressure on public services.

By tackling fuel poverty, we will make a contribution in tackling the following negative impacts:

Health

- Increased respiratory illnesses including asthma.
- Increased blood pressure and risk of heart attack and stroke (cardiovascular disease).
- Increased levels of slips, trips and falls, particularly in older people as cold can reduce mobility and cause a worsening in the symptoms of arthritis.
- Stress and mental health issues driven by concerns over bills and/or energy debt.
- Increased pressure and cost on health and care services.
- Fuel poverty contributes to excess winter deaths.

Education

- Fuel Poverty impacts on education achievement where only one room may be properly heated, resulting in the lack of a quiet, warm space to study or increased levels of absenteeism as a result of sickness.

Social Exclusion

- Fuel Poverty can increase social isolation because of a reluctance to invite friends into a cold, damp home.
- High fuel bills leave householders with less money available for food, other day to day expenses and social activity.

Economy

- Fuel poverty impacts negatively on the economy because of increased levels of sickness.
- Tackling fuel poverty and reducing the amount of money spent on energy bills can have positive effects on local regeneration because people have more money to spend in the local economy.

2.4 Scale of Fuel Poverty in Wales

The latest data shows that there are 240,000 estimated households in fuel poverty². The number has been increasing since 2004 and can be seen to follow increases in fuel prices. With energy prices predicted to continue to increase it is expected that

² This is based on Living in Wales 2004 survey results modelled to 2006.

updated data will show the increasing scale of fuel poverty in Wales and the important challenge of working towards our statutory targets.

Further detailed analysis of fuel poverty data can be found at Annex 1. We will work to keep this annex up to date and will provide new analysis once the results and modelling from the Living in Wales 2008 survey is known. We will also be developing, with partners, a Monitoring and Evaluation Plan which we will publish by the end 2010. Further details on what the Plan will cover can be found in Section 4.

3. Actions to Tackle Fuel Poverty

The three key factors that influence whether a household will be in fuel poverty, and the severity of that poverty, are: income levels, fuel prices and the energy efficiency of the home. This section sets out the levers available to tackle each of the key factors and the actions to be undertaken by the Welsh Assembly Government and its partners.

The **key features** of the Assembly Government's actions will be:

- To promote the co-ordination and joining up of support, not just of different providers who are helping to tackle fuel poverty but also by finding ways to enable other services and programmes to support action that will assist in alleviating fuel poverty.
- To ensure the development of initiatives to tackle fuel poverty are co-ordinated with actions to tackle poverty across Welsh Assembly Government Departments.
- To ensure that any new services are developed in partnership with, and complement, existing services provided by trusted local agencies, health and social services, Local Authorities and third sector organisations.
- To provide high quality, well co-ordinated advice and support services to ensure that all householders in Wales can access help to reduce their fuel bills, maximise their income, improve the energy performance of their homes and reduce their risk of becoming fuel poor.
- To provide a demand led All-Wales Fuel poverty programme, complemented by area-based fuel poverty programmes.
- To ensure that Welsh Assembly Government support and advice is inclusive and takes people's needs into account (for example, ensure that advice meets accessibility standards and that programmes are delivered with cultural sensitivities in mind).
- To ensure that Welsh Assembly Government funded energy efficiency measures provided through both demand led and area based programmes are targeted at those householders most in need and living in the most energy inefficient homes.
- To review the eligibility criteria as and when new data on the severity and distribution of fuel poverty in Wales is available and to work with stakeholders to ensure programmes continue to be effective in identifying and targeting support to householders most in need.
- To ensure that Welsh Assembly Government programmes are developed in a way that maximises the funding available from UK Government, energy supplier programmes and other potential sources of funding.

3.1 Building a Referral Network

Key to ensuring the eradication of fuel poverty in Wales is the advice available to people. Advice needs to be easy to access so that householders can make the most

of help available to reduce their energy bills and maximise their income. Advice is already widely available from a number of sources. However, this advice needs to be better co-ordinated, more easily accessible and provided in a format best suited to those needing advice.

We will establish a **two-way referral network** centred around a new All-Wales Fuel Poverty Scheme, that will replace the existing Home Energy Efficiency Scheme (HEES). The referral network will ensure that whichever organisation or service a householder accesses first, they can be referred to the full range of advice and support services the householder requires to meet their particular needs.

We recognise the important role of existing **frontline services** in providing a trusted source of advice for householders and will ensure that the **central co-ordination point** for the new All-Wales Fuel Poverty Scheme works in partnership with these services. Key to establishing a successful network will be ensuring that existing services have the information they need to refer people. This will be taken forward by the Fuel Poverty Operational Group (see 3.2). We will ensure through the procurement process that the central co-ordination point provides services bilingually and provides advice and support that meets the particular needs of black and minority ethnic groups and vulnerable groups.

We will work with partners to explore the options for offering support to **householders in crisis**. We will ensure that protocols and procedures are in place in the central co-ordination point to refer households in crisis to the most appropriate service to meet their needs. This may be referral to the Home Heat Helpline or individual energy suppliers for assistance through their trust funds, the Social Fund, Credit Unions, or other support services. As part of the new All-Wales Fuel Poverty Scheme we will also ensure that eligible households in a crisis will be prioritised.

Subject to the outcome of procurement, the central co-ordination point could be a new customer contact point for the new All-Wales Fuel Poverty Scheme or an extension of services offered by existing advice provider(s).

The referral network will include, amongst others:

- Energy saving advice providers.
- Local support agencies.
- Local Authorities.
- National and local third sector organisations.
- Health and Social Service organisations.
- Energy companies.
- Welsh Assembly Government fuel poverty and/or energy efficiency scheme managers.

We will work across the Assembly Government, external stakeholders and the managing agents for the new all-Wales programme to develop the referral network

and put in place clear protocols and procedures for the referral of householders between different organisations.

Through our **Directorate General for Health and Social Services** and with stakeholders we will work to:

- Ensure that services, where providers have access to people in their own homes (district nurses/homecare support services/ambulance and patient transport services/GPs/midwives/community psychiatric nurses/social workers), are encouraged to refer vulnerable householders to the central co-ordination point for advice and support.
- Include the need to identify householders who are at risk from living in cold or damp homes in commissioning guidance for health and social care services.
- Ensure that the **Reducing Inequities in Health Strategic Action Plan**³ highlights the link between fuel poverty and health inequalities and the socio-economic benefits that can be achieved through investment in actions to reduce fuel poverty.

We will work across the Assembly Government to ensure that the central co-ordination point for referrals links up with new arrangements for integrated family support at the local level, as proposed in the new **Child Poverty Strategy and Delivery Plan for Wales**.

The Assembly Government's **Cross Departmental Poverty Group** is in place and has fuel poverty as part of its remit. This will ensure that opportunities for working jointly across departments to tackle fuel poverty are maximised. Actions from across the Welsh Assembly Government are included in this Section, highlighting the wide range of activity contributing to tackling fuel poverty.

3.2 Stakeholder Co-operation

Fuel poverty requires effective action from a wide range of partners including the UK Government, local government, Ofgem, the energy suppliers and generators, the third sector, Housing Associations, Registered Social Landlords, private landlords, the Citizens' Advice Bureau, the National Health Service in Wales, private sector organisations, Police, Fire and Rescue Services, Communities First Partnerships and householders themselves. Underpinning the success of our actions will be the co-operation of stakeholders.

The **Ministerial Advisory Group on Fuel Poverty** (formerly the Fuel Poverty Advisory Group for Wales) includes senior stakeholder representatives drawn from statutory agencies, local government, community and private sector organisations and meets on a quarterly basis. The agenda, papers and minutes of the Group will be published and available on our website. The key functions of the group are to:

³ The development of a *Reducing Inequities in Health Strategic Action Plan* is an action arising from *Our Healthy Future*, the strategic framework for public health in Wales.

- Provide direct advice and recommendations to the Assembly Government on tackling fuel poverty in Wales.
- Examine the effectiveness of current Assembly Government policies in delivering reductions in fuel poverty.
- Examine barriers to the delivery of reduction in fuel poverty.
- Consider the need for additional policies and initiatives needed to deliver the Assembly Government's targets.
- Advise on engagement between key players involved in tackling fuel poverty.

The **Fuel Poverty Operational Group** (formerly the Home Energy Efficiency Scheme Advisory Group) will be developed to provide a source of advice and guidance to the Assembly Government on the effective management and operation of our fuel poverty energy efficiency programmes. The Group will also be tasked with ensuring that knowledge and good practice is shared across frontline services. The Group will also consider how it can contribute to the development of skills and knowledge of third sector organisations in contributing to the tackling of fuel poverty.

The Welsh Assembly Government funds **National Energy Action Cymru (NEA)** to: support action to tackle fuel poverty; provide training; contribute to the evidence base on fuel poverty in Wales; and engage stakeholders, particularly at a local level, ensuring that their views are fed back to the Welsh Assembly Government. We also support NEA's Feel the Heat Awards as a vehicle for highlighting innovative community-based actions aimed at tackling fuel poverty.

Independently established, the **Fuel Poverty Coalition** campaigns for fuel poverty to be eradicated and works with the Assembly Government to drive forward the fuel poverty agenda in Wales. The coalition is made up of a number of key organisations involved in the fuel poverty agenda and led by Consumer Focus Wales and NEA Cymru.

Local Authorities and **social housing providers** have a critical role to play in tackling fuel poverty. Their frontline, locally based staff are ideally placed to identify and refer people in fuel poverty for the various support programmes. It will be crucial that Local Authorities have a good understanding of how they can work with the central co-ordination point. They are also key delivery partners for the **arbed** Programme. The involvement of Housing Associations in **arbed** is also an example of how **social enterprises** can be involved in tackling fuel poverty.

We do not intend to take action to place a statutory duty on Local Authorities to tackle fuel poverty but we will continue to keep this position under review. We have agreed to fund NEA Cymru to undertake a project in 2010-11 to share practice across Local Authorities on **scrutiny** of their actions to tackle fuel poverty. This work will be based on learning from the *Heat is On* project that NEA undertook with Newport and Carmarthenshire Local Authorities in 2009-10.

Energy suppliers have a key role to play in tackling fuel poverty through their social and carbon reduction obligations. The Minister for Environment, Sustainability and Housing meets energy suppliers and Ofgem during six-monthly roundtable meetings. The purpose of the meetings is to provide a forum for discussion between the Assembly Government and energy suppliers on our policies in relation to fuel poverty. The roundtable will be superseded by the **Energy Forum**. It is intended that fuel poverty will be a distinct strand of the forum, providing a platform for high-level discussions between the Assembly Government and energy suppliers.

Regular meetings with individual energy suppliers, the Energy Retail Association (ERA) and Ofgem are also held. The purpose of these meetings is to enable discussion on specific actions being taking forward by individual energy suppliers in Wales.

At the UK-level, we participate in the **Inter-ministerial Fuel Poverty Group** which provides an opportunity for Ministers from the UK Government and the Devolved Administrations to discuss cross-cutting issues. We will continue to ensure that the needs of Welsh householders are taken fully into account in discussions on the development of UK wide schemes.

Ofgem now have a Director for Scotland, Wales and the Regions and have recently increased their presence in Wales. We are working to build increased and more effective contact between the Assembly Government and Ofgem.

3.3 Income Maximisation

Income is the total amount of money a household receives in a given period of time. Income can include money received from earnings, self employment, benefits, occupational pensions and investments, after deduction of income tax, National Insurance contributions, local government taxes and certain other deductions.

When assessing whether a household is in fuel poverty, we look at the total amount of money spent on all household fuel as a percentage of Full Income. Full Income is the total household income, including Housing Benefit or Income Support for Mortgage Interest (ISMI). While we intend to continue to measure fuel poverty using the Full Income definition, we will consider the benefits of including a measure of fuel poverty against the Basic Income definition (which excludes housing costs) as part of our work on developing the Monitoring and Evaluation Plan.

The key levers available to influence income are:

3.3.1 The Benefits System

Role of Partners

The benefits system is within the direct control of the UK Government and has the potential for immediate impact on fuel poverty. An area where this is particularly true is with the **Winter Fuel Payment**.

We intend to work with UK Government colleagues to explore whether there is scope to make changes to the eligibility criteria and the method of payment in the future (direct payment to energy companies would have a large impact on fuel poverty).

Work underway on data sharing between the Department for Work and Pensions and energy suppliers, and new enabling powers brought in by the Energy Act 2010, could provide a useful model for reviewing the Winter Fuel Payments.

Role of Welsh Assembly Government

We will ensure householders are supported to identify and take up the benefits they are entitled to. Currently we provide **Benefit Entitlement Checks** through the Home Energy Efficiency Scheme. However, in future we would like to see, through the development of the referral network, people referred to suitable services that can take them through the process. We are aware that currently some people do not take up the benefits to which they are entitled. More proactive and individual focussed support will be required to help householders take up their benefits.

We will continue to monitor progress in implementing the Financial Inclusion Strategy Action Plan. The Financial Inclusion Strategy for Wales, **Taking Everyone into Account**, identifies the need to provide an integrated advice service on how households can better manage their debts and increase their incomes through benefit take-up or reducing expenditure with specialist money advice.

Key actions include:

- Incorporating fuel poverty into the work of the new **Welsh Financial Inclusion Champions** team which is jointly funded by the Assembly Government and the Department for Work and Pensions.
- Working with the Financial Inclusion Champions Team to increase awareness of sources of free, impartial **debt advice**, forming partnerships between debt advice agencies and local third sector lenders.
- Developing a strong and sustainable **credit union** movement throughout Wales, accessible to all citizens and which has the capacity to deliver a wide range of affordable financial services.
- Promoting the uptake of **basic bank accounts** and access to other mainstream financial services.
- Implementing **financial literacy in school curricula** and providing support to teachers and schools to plan and deliver financial education.
- Rolling out **financial capability programmes** in further education colleges across Wales.

Where it is a priority, action will be undertaken by **Communities First Partnerships** to maximise income levels in deprived areas.

3.3.2 Employment

Role of Partners

Partners can ensure that their programmes deliver Welsh employment and business opportunities. For example, through the **arbed** Programme, social housing providers are working to ensure local businesses have an opportunity to install energy efficiency measures and that training opportunities are made available for local people.

Role of Welsh Assembly Government

Investment in domestic energy performance – given its labour intensive nature – provides a real opportunity to generate economic opportunities for Welsh businesses (in the design, manufacture, distribution, installation and maintenance of renewable technologies and energy efficiency measures) and employment opportunities for Welsh people (in medium-to-high skilled occupations/sectors). In addition, if energy bills are lower, householders will have more money available to spend in the local economy. Improving the energy performance of housing therefore helps to create jobs and therefore offers opportunities to increase local incomes and it can also help to support other jobs in the local economy.

We will put a number of cross-cutting interventions in place to ensure all the economic benefits of investment in domestic energy performance can be unlocked in Wales. These will include:

- **Business support** (technical and financial) for Welsh businesses and social enterprises.
- **Support for research and development** by Welsh Higher Education Institutes into energy efficiency/renewable energy technologies.
- **Flagship** (demonstration and pilot) projects.
- **Skills and training** for local people in relevant occupations/sectors through a range of activities funded by the Assembly Government and/or European money (for example, JobMatch).
- **Social clauses** in public procurement activities that promote targeted recruitment and training for local economically inactive people.

We will create an **All-Wales approach to energy efficiency** under the **arbed** banner. We will establish a dedicated, cross-departmental team to strengthen the supply-chain in Wales and publish a programme strategy to elaborate this approach.

The **All-Wales Fuel poverty programme** will include local employment and a requirement to provide training opportunities as key criteria. The **arbed** Programme has a focus on creating local employment and business opportunities and providing local training.

3.4 Helping People Pay Less for Energy

The amount a person or household spends in total on household energy bills is influenced by their energy supplier, the tariff they are on, the type of fuel(s) they use and options available. It is also important to acknowledge that people in poverty are more likely to pay a premium for services (for example, lack of a bank account would mean a householder would not have access to discounted direct debit payment options).

The key levers available to influence the price that people pay for their energy are:

3.4.1 Wholesale Energy Prices

Role of Partners

Through taxation, the UK Government has an indirect influence of wholesale energy prices. Ofgem, as the economic regulator for the sector, has a key role in ensuring a competitive energy market. The energy suppliers also have a role in ensuring that reductions in wholesale energy prices are passed on to consumers in a timely manner.

Role of Welsh Assembly Government

We will continue to press, through our engagement with energy suppliers and Ofgem, for savings, when they arise, to be passed on to consumers.

3.4.2 Tariffs

Role of Partners

Through the Energy Act 2010, the UK Government has taken powers that will enable it to require energy suppliers to provide support with energy bills to fuel poor and vulnerable low income households. We will work with colleagues in the UK Government to ensure that any support implemented through these powers is targeted at those in fuel poverty as effectively as possible.

Ofgem monitors the domestic market and can alter regulation by which energy companies set tariffs. The Energy Act 2010 has also clarified Ofgem's role as regulator in protecting the interests of existing and future consumers. **Ofgem** must: include the reduction of carbon emissions and the delivery of secure energy supplies in their assessment of the interests of consumers; and step in proactively to protect the consumer interest as well as considering longer term actions to promote competition.

We support the work that Ofgem has done to date to remove unfair price differentials and supports its proposals to require energy suppliers to improve the information available to consumers. This will enable people to select the best tariff and supplier for them more easily. We will continue to challenge the energy companies to do more.

Role of Welsh Assembly Government

An important aspect of tackling fuel poverty in Wales will be ensuring that householders are on the **best energy tariff** for their circumstances. While energy pricing is not a devolved matter, we will continue to work with energy suppliers and Ofgem to ensure that consumers have access to information and advice on the range of tariffs available and which tariff will best meet their needs.

We will, through the establishment of a central co-ordination point for referrals, ensure that protocols are in place to refer callers to the most appropriate service for the provision of advice on energy tariffs and switching suppliers.

The Financial Inclusion Strategy for Wales, **Taking Everyone into Account**, identifies the need to provide an integrated advice service in terms of how utility bills can be lowered through improved energy efficiency. Key measures to encourage and support people to reduce utility bills include:

- Helping householders to consider whether **switching** energy suppliers may help to get the best deals on offer.
- Helping to ensure the most vulnerable households take advantage of **social tariffs** to ensure that they can buy energy more cheaply.
- Making homes more **energy efficient**.

3.4.3 Type of fuel used for heating

Role of Partners

In recognition of the vulnerability of many householders, especially in rural areas, to fluctuations in the **oil and liquid petroleum gas** (LPG) markets the Welsh Assembly Government will continue, and encourage partners, to call for a regulated market.

Role of Welsh Assembly Government

Through the referral network the Welsh Assembly Government will gather and **share information** on options available for those dependent on oil and LPG for heat.

Through the new All-Wales Fuel Poverty Scheme and the Ynni'r Fro Programme, the Welsh Assembly Government will **increase access to sustainable energy**, decreasing dependency on expensive and/or volatile price fossil fuels.

3.4.4 Access to renewable energy

Role of Partners

The UK Government has confirmed its commitment to the recently introduced **Feed in Tariff** for renewable electricity generation. The previous UK Government consulted on introducing a **Renewable Heat Incentive** for renewable heat generation.

We encourage households, communities and businesses to take advantage of the opportunity these incentives provide.

These incentives provide an **opportunity for businesses, Local Authorities and social housing providers** to invest in improving the energy performance of fuel poor households through the provision of cost free (to the householder) energy generating measures. The tariff would then provide a secure revenue stream for the measure provider.

Role of Welsh Assembly Government

A Low Carbon Revolution outlines the potential scale of large scale renewable energy generation in Wales, while emphasising the importance of energy efficiency measures. Moving towards a low carbon grid would provide energy security for Wales and help shelter households from fuel price increases.

Our domestic energy performance programmes will adopt a **whole-house approach**. Improvement measures will be recommended on the basis of which measures are most appropriate and cost effective to improve the energy performance of the home, and could include renewable energy technologies.

In developing the new All-Wales Fuel Poverty Scheme, we will work with potential deliverers to take full advantage of the Feed in Tariff and future initiatives to support renewable heat uptake. We will investigate how the revenue generated can then be used to benefit further households.

On the supply side, we provide support for businesses through Flexible Support for Business (FS4B) and the Carbon Trust. Furthermore, to ensure that the business growth benefits of the Feed in Tariff and other future incentives stay in Wales, we are introducing support for SMEs to gain the **Microgeneration Certification Scheme accreditation** required to qualify for these incentives.

Our **Ynni'r Fro** project will invest £14m in developing 22 community scale renewable energy projects across Wales. The project also includes a development officer service to help build community capacity, provide technical advice, help communities secure funding, identify training needs, and take communities through planning and licensing regimes.

We made changes last year to the **Planning Regulations** to allow householders to install some types of microgeneration technologies such as solar panels on their property without the need for planning permission. We will look to extend these rights to other technologies to remove the barriers to the take up of microgeneration.

From December 2011, we will have the powers to use **Building Regulations** to improve the energy performance of buildings and potentially encourage renewable energy. A cross-departmental project has been established to develop proposals for changes to the Building Regulations aimed at securing the maximum step change in carbon reduction (whilst ensuring regard for environmental, social and economic impacts).

3.5 Improving Household Energy Performance

Household Energy Performance relates to how energy efficient a property and its heating system are and therefore how much energy, and money, is needed to keep it warm. This is influenced by the construction characteristics of the property and how householders use energy in their homes. This can be influenced by habit or need (for example, some people may need to use their heating for larger a proportion of the day).

The key levers available to improve the energy performance of homes and reduce energy use are:

3.5.1 Changing consumer behaviour

Role of Partners

There are many providers of energy advice in Wales. For example, the **Energy Saving Trust** is funded by the UK Government to provide advice to Welsh households on saving energy and reducing their greenhouse gas emissions. It will be important that advice providers work with the referral network we will be developing to ensure that householders receive the advice they require.

Role of Welsh Assembly Government

Our **Climate Change Strategy** will outline how changing consumer behaviour can contribute to saving energy and reducing greenhouse gas emissions. **Behaviour change** initiatives have a crucial role to play in ensuring that we achieve the expected level of emission reduction from other policies and programmes.

Domestic energy efficiency programmes need an advice and support component to ensure that people participate and make the right choices. That support will: inform people about the offers available; persuade them to take them up – including giving people assurance about the legitimacy of the offers; help people to select the right measures for their particular circumstances; and ensure that they know how to make the best use of any new technology (which can be as simple as explaining how to use the control systems on a new boiler). There is also a need to ensure recipients of energy performance improvements are engaged with the carbon saving messages, in order to minimise increased energy use in enhanced properties.

We will ensure that behaviour change campaigns and initiatives take account of the circumstances of those in fuel poverty, and work with the central co-ordination point to ensure that those in fuel poverty are engaged and benefit from local and nationally delivered initiatives.

The **central co-ordination point** for advice will need to recognise the needs of different groups and the contribution of different advice providers. We will also ensure that the installation of measures under our programmes is accompanied by sufficient support to enable householders to use the technology to best effective to gain maximum benefit. It is also important to note that, while there will be eligibility criteria for receiving Welsh Assembly Government funded measures, there will be no

restrictions on who can receive advice or be referred via the central co-ordination point.

3.5.2 Improving the energy performance of homes

Role of Partners

Energy suppliers have a key role to play in improving the energy performance of homes in Wales through the delivery of the **Carbon Emission Reduction Target (CERT)** and **Community Energy Saving Programme (CESP)** and future supplier obligations.

CERT primarily delivers loft and cavity wall insulation and we will ensure that we do not compete with the energy suppliers to deliver these measures. We will work with suppliers to develop a **Service Level Agreement** to ensure that the new All-Wales Fuel Poverty Scheme does not compete with CERT delivery.

We are working with Local Authorities and energy suppliers to develop CESP projects in Wales. The **arbed** Programme had been used as a vehicle for attracting CESP investment into Wales.

The UK Government is currently considering options for **future energy supplier obligations**. The Welsh Assembly Government, energy suppliers, the Welsh Local Government Association, Local Authorities and third sector stakeholders will need to work together to ensure that Wales is well placed to get the most out of the new obligation from the end of 2012 onwards.

The UK Government has the power (until December 2011) to use **Building Regulations** to encourage higher standards of energy performance in homes.

Energy Performance Certificates (EPCs) are required at the point of sale or rental of a property. They provide information to householders and landlords on the energy efficiency of their properties and are a useful point at which to highlight the potential savings of improving the energy performance of homes.

We will work with the UK Government and the Energy Saving Trust to explore possibilities of using EPCs proactively.

Role of Welsh Assembly Government

We will develop a new, improved **All-Wales Fuel Poverty Scheme** that will help individual householders to improve the energy performance of their homes and reduce the impact of fuel bills. We will also develop programmes to improve the energy performance of the housing stock in particular areas.

A new All-Wales Fuel Poverty Scheme will replace the Home Energy Efficiency Scheme (HEES) in April 2011 and will:

- Provide access to the scheme via a central co-ordination point. Access will be provided through a Freephone telephone number and the Web.

- Deliver Assembly Government funded energy performance improvement measures for those householders considered most likely to be in severe fuel poverty.
- Provide measures based on a whole-house assessment identifying the most cost effective way to improve the energy performance of the property.
- Provide a range of measures and level of support set by housing type.
- Link eligibility for an Assembly Government funded measures to the energy performance of the property (initially EPC rating F and G) and the best available evidence in terms of the groups who are most likely to suffer from fuel poverty (initially this will be householders in receipt of a Means Tested Benefit).
- Provide an element of non-means tested support through the provision of a partial grant for loft and cavity wall insulation for householders considered to be vulnerable to the impacts of fuel poverty. The definition of vulnerable households that will be applied in relation to the partial grant is:
 - Householders aged over 60.
 - Householders who are disabled or chronically ill; or
 - Households with children and young people under the age of 25.
- The partial grant will be set at a level that will ensure that the use of energy supplier or other funding is maximised first, and will provide a ‘back up’ should there be an issue with accessing energy supplier or other UK wide funding for free or reduced cost loft or cavity wall insulation.

During the procurement of the new All-Wales Fuel Poverty Scheme, we will share with stakeholders an analysis of the costs and benefits of the scheme. This analysis will make use of the findings of the **Whole House Assessment Trial**. This analysis will provide an outline of the minimum that we would hope to achieve through the scheme and will work with bidders invited to tender to explore opportunities to maximise funding from elsewhere, such as the Feed in Tariff, to deliver more.

In addition to the demand-led scheme outlined above, we will continue to pursue a parallel, area-based approach to tackling fuel poverty. The **arbed** Programme has been set up to deliver social, environmental and economic benefits through the improvement of household energy performance across tenures on a community by community basis.

The Programme co-ordinates budgets across the Assembly Government and has been devised to deliver maximum impact by securing a critical mass of activity in deprived communities and by leveraging in additional funding, for example through CESP and by co-ordinating social housing provider’s maintenance programmes. The first phase of **arbed** is well underway with projects being delivered by social housing providers. We are currently developing a business plan to secure European Structural Funds support available for domestic energy efficiency for phase two of **arbed**.

The key features of the current and any future phases of the **arbed** Programme are:

- Energy performance improvement measures will be focussed on whole communities or streets to drive economies of scale and economic benefits.
- Delivery will be through partners, including social housing providers, with an emphasis on developing capacity within these organisations.
- Measures available will be based on a whole-house assessment of need.
- The Programme will be aimed at communities where a high number of households are likely to be in fuel poverty.
- Project deliverers will be required to sign up to providing training opportunities to local people.
- There will be an emphasis on using local suppliers and installers.
- Projects will need to maximise opportunities to align **arbed** funding with other leveraged funding.

Implementing and maintaining the **Welsh Housing Quality Standard (WHQS)** in social housing will help to keep the cost of heating homes in this sector down. The WHQS specifies a minimum SAP rating of 65 out of a possible 100 to be achieved (equivalent to an Energy Performance Certificate rating of D). **Improving Lives and Communities** states that the WHQS will be reviewed to see whether more can be done to support action on fuel poverty and more information will be obtained to measure progress against it.

We are also working in close co-operation with Local Authorities to improve standards in the private sector, especially in **Renewal Areas** which are housing led and include significant improvements to the energy efficiency of homes often as part of a wider improvement programme. Grants to improve the energy efficiency of the homes of first time buyers in Renewal Areas is also being piloted by 17 Local Authorities.

From December 2011, we will be able to use powers to amend **Building Regulations** to help improve the energy performance of properties and ensure that the cost of heating new homes continues to be reduced.

A higher than average proportion of households in the privately rented sector are estimated to be in fuel poverty (17 per cent compared to an average of 11 per cent across all tenures in 2004). One option for encouraging landlords to improve the energy performance of their properties is to highlight the fact that particularly inefficient properties may have a detrimental affect on tenants health, therefore potentially constituting a 'Category 1 hazard' under the **Housing Health and Safety Rating System (HHSRS)**.

We believe that the following proposals may help to encourage landlords to improve the energy performance of their properties and we will work with stakeholders to take these forward:

- Issuing guidance on the link between F and G rated properties and Category 1 Hazards under the HHSRS.
- Providing landlords with advice on the support available to them to ensure that their property does not constitute a hazard where:
 - Their property receives an F or G rating on an Energy Performance Certificate; or
 - External agencies suggest that the property may constitute a hazard.
- Contacting landlords in areas with high proportions of privately rented properties likely to be F or G rated (e.g. areas with high numbers of solid wall households off the gas network).
- Referring landlords who refuse to have Assembly Government or energy company funded measures installed in their properties for a HHSRS inspection.

We will provide funding to the Energy Saving Trust in 2010-11, under the **Local Authority and Housing Association Support Programme**, to undertake a project to develop and trial, in a specific area, an approach to helping Local Authorities to encourage private sector landlords to make energy efficiency improvements to their properties and access available sources of funding.

4. Monitoring and Evaluation

Understanding the scale and distribution of fuel poverty will be vital in helping to work towards our fuel poverty targets. We need better and more regular information to help us target our policies and programmes as effectively as possible.

We will work in partnership to develop a Monitoring and Evaluation Plan which will cover:

- Progress towards the Assembly Government's statutory targets for 2010, 2012 and 2018.
- Evaluation of this Strategy.
- Identifying gaps in data.
- Identifying opportunities to develop the evidence base on the impact of fuel poverty, especially with regard to health.
- Interim activity targets and results measures which will provide an annual picture of progress in tackling fuel poverty.
- Reporting arrangements, including an annual report.
- Process reviews.
- Monitoring and evaluation of HEES, the new All-Wales Fuel Poverty Programme and *arbed*.

Information to be included in our future monitoring and evaluation will include:

- Number of households in fuel poverty.
- Severity of fuel poverty.
- The extent to which our programmes are accessed by all people and whether any groups face significant barriers to uptake.
- Energy performance of properties.
- Greenhouse gas emission reductions (including contribution towards 3% target).
- Household fuel spending (including before and after energy performance improvements).

The development of a Monitoring and Evaluation Plan will be informed by data from the 2008 Living in Wales Survey, which will be available in the Autumn. The Plan is intended to be a 'living' document and will be reviewed as and when new data becomes available.

We will work with the **Ministerial Advisory Group on Fuel Poverty** and other stakeholders to seek opportunities to share data that could help inform actions on tackling fuel poverty in Wales, wherever possible. The Group will also provide an annual report to the Minister on its activities.

The Plan will be publicly available and the Assembly Government's progress in achieving the interim activity targets, and working towards statutory targets, will be monitored and reported on annually to the Ministerial Advisory Group on Fuel Poverty.

The Ministerial Advisory Group on Fuel Poverty also has a key role to play in contributing to our understanding of fuel poverty. An important part of its role is to:

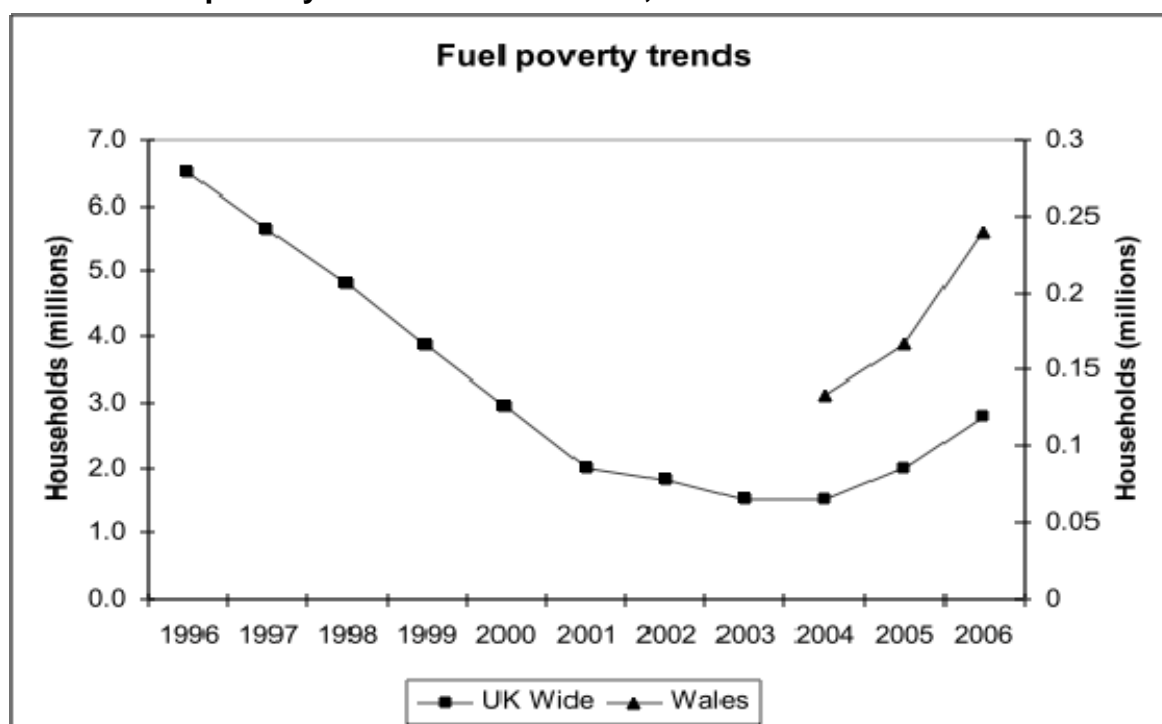
- Consider and report on the monitoring of the Fuel Poverty Strategy.
- Examine the effectiveness of current Welsh Assembly Government policies in delivering reductions in fuel poverty.
- Identify areas in which the Welsh Assembly Government could commission research into fuel poverty.

Annex 1

1. Analysis of Fuel Poverty Data

The Warm Homes and Energy Conservation Act was passed in 2000, and Wales' first Fuel Poverty Strategy was published in 2003. Until 2004, good progress was made in tackling fuel poverty.

Chart 1: Fuel poverty decreased until 2004, but has risen since



Sources: The UK Fuel Poverty Strategy 6th Annual Report 2008; Fuel Poverty in Wales 2004 – modelled headline fuel poverty statistics for 2005 and 2006.

However, this positive progress was reversed in 2004. Data from the Living in Wales property survey in 2004, and subsequent modelling suggested that the number of households in Wales in fuel poverty have increased significantly (as set out in Table 1).

Table 1: Estimated numbers of households in fuel poverty

Year	Estimate of total number of households in fuel poverty	Estimate of number of vulnerable households in fuel poverty
2004	134,000	115,000
2005	166,000	142,000
2006	240,000	209,000

Source: Fuel Poverty in Wales 2004 – modelled headline fuel poverty statistics for 2005 and 2006.

Although UK and Assembly Government programmes have helped to ensure that the energy performance of homes has continued to improve since 2000 (see Table 2), energy prices have increased significantly, particularly since 2004 (see Chart 2). The trend for increasing fuel costs corresponds with the increase in fuel poverty since 2004.

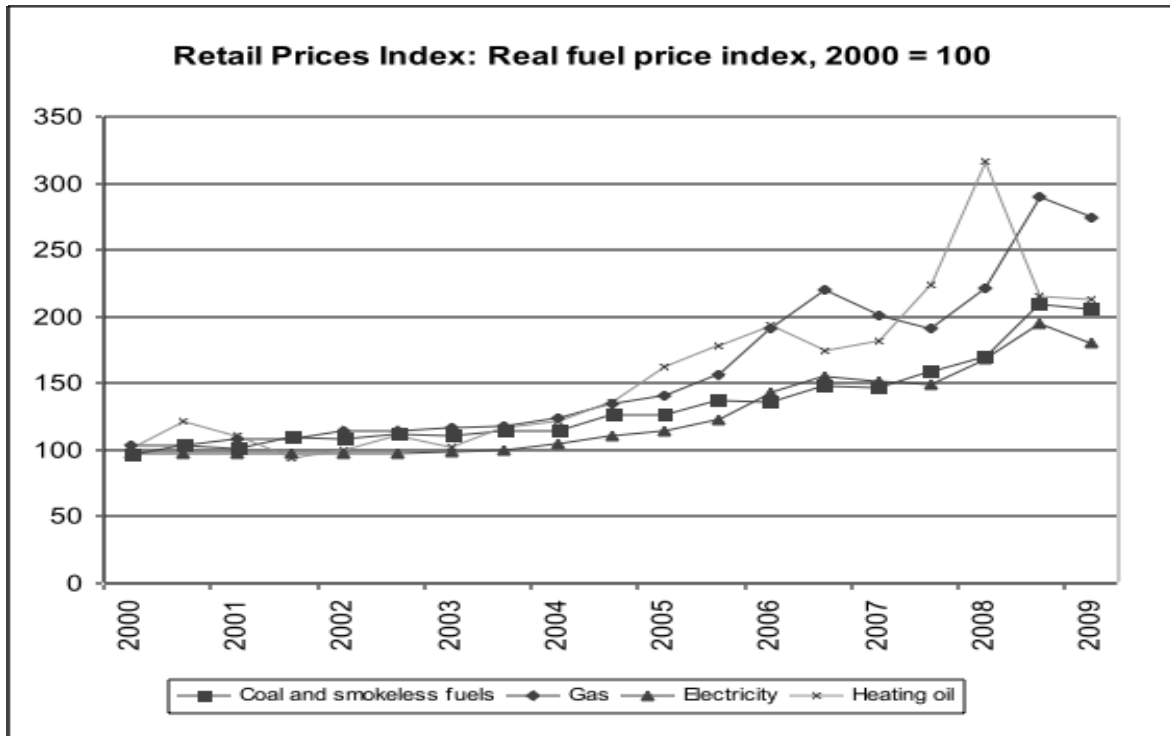
Table 2: Energy efficiency activity

	HEES (households assisted)	Supplier obligations
2001/2	11,021	n/a
2002/3	14,466	11,419*
2003/4	12,572	26,525*
2004/5	13,149	53,969*
2005/6	9,834	Data expected later in 2010
2006/7	13,739	Data expected later in 2010
2007/8	18,647	Data expected later in 2010
2008/9	15,199	Data expected later in 2010

*Energy company installations as reported by Energy Saving Trust Home Energy Efficiency Database.

Despite the recession, household disposable income has held up relatively well, supported by falling inflation, which has enabled some households to cope with the rise in fuel prices, however this does not apply to all households. In particular households affected by job losses during the recession will have been adversely affected. The labour market in Wales has deteriorated quite sharply in the last year, with employment down by 2.9 per cent, unemployment up by 2.6 per cent and inactivity up by 0.9 per cent. Vulnerable communities with historically high levels of unemployment and poverty have been hit harder by the rise in unemployment, putting pressure on their ability to avoid fuel poverty.

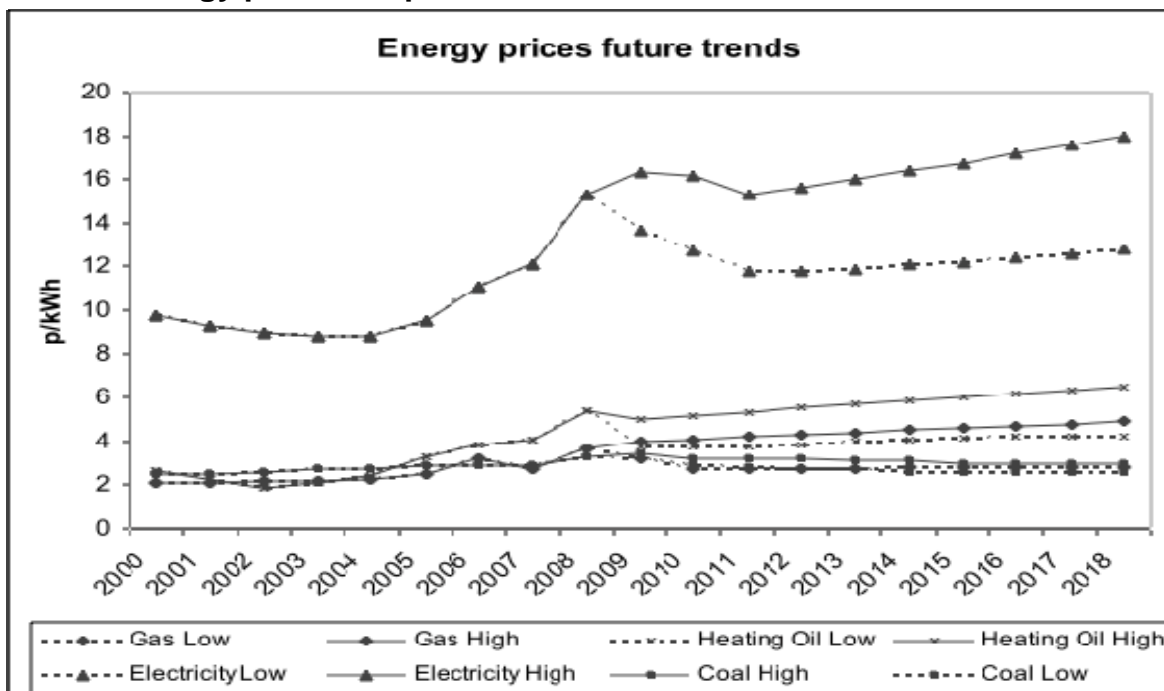
Chart 2: Increasing fuel prices



Source: BERR Energy Trends and Prices August 2009.

Although in recent months there has been a trend for reducing energy prices, particularly heating oil, (linked to the economic climate in 2008/9) the long term trend is likely to be for continued price increases.

Chart 3: Energy prices are predicted to continue to increase to 2018



Source: DECC guidance on greenhouse gas policy evaluation and appraisal in Government Departments, May 2009.

Estimates of the level of fuel poverty in Wales in 2008 will be published in 2010. The data will help us to understand how improvements in energy efficiency, increases in fuel prices and changes in incomes have impacted on fuel poverty including whether there have been any significant changes in distribution across the population of Wales. We will review our approach when this data is available.

Further details on our plans for more regular monitoring and evaluation to inform our fuel poverty policies is in Section 4.

2. Fuel poverty across Wales in 2004⁴

Vulnerable households

In 2004 it was estimated that 134,000 households in Wales were in fuel poverty. Of these households, 85 per cent (115,000) could be classed as vulnerable households⁵. Modelling completed in 2007 suggested that by 2006, 243,000 households were in fuel poverty, and a similar proportion of those were vulnerable households. This means that eliminating fuel poverty in vulnerable households by 2010 corresponds to an 85 per cent reduction in fuel poverty. It may be the case that the increases in fuel prices since 2004 could have increased numbers of 'non-vulnerable' fuel poor households at a higher rate than the vulnerable fuel poor. This will be explored as part of the analysis of fuel poverty in 2008 that will be published in 2010.

Severity of fuel poverty

With energy prices driving an increase in the number of fuel poor households, it will be important to focus our efforts and investment in the first instance on those most severely affected. In 2004, 38 per cent of fuel poor households were estimated to spend more than 15 per cent of their income on fuel bills. These households had a lower average household income and a higher average estimated fuel spend than households that spend 10-15 per cent of their income on fuel bills. A lower proportion of fuel poor vulnerable households were estimated to be in severe fuel poverty (35 per cent) compared to fuel poor 'non-vulnerable' households (53 per cent), although the number of fuel poor households in severe fuel poverty is greater amongst vulnerable households because the majority of fuel poor households are vulnerable. We will conduct further analysis of the types of households that are in fuel poverty to help us target them effectively when estimates of fuel poverty in 2008 are available.

Tenure

In 2004 it was estimated that the majority of fuel poor households are in the owner occupied sector (72 per cent) with the remaining households spread equally between the private rented sector and the social housing sector. However, because the majority of households in Wales are in the owner-occupied the majority of

⁴ Data from Fuel Poverty in Wales 2004 report published in 2007 and social housing statistics based on Living in Wales 2008 survey.

⁵ Vulnerable households are those with a member aged 60 or over, with any dependent children under 16 or with a long-term sick or disabled member.

householders who own their own home are not fuel poor (89 per cent). In the social housing sector 8 per cent were estimated to be fuel poor in 2004 and 17 per cent of private tenants were estimated to be fuel poor. There are likely to be less gains to be made from improving energy performance of homes in the social housing sector because energy efficiency already tends to be better than in other sectors (in large part due to the requirements of the Welsh Housing Quality Standard) so advice and support on using energy in the home, getting the best deal on your energy and maximising income is likely to be important in tackling fuel poverty amongst social housing tenants. Increases in fuel prices in recent years may have increased fuel poverty in the social housing sector disproportionately as a higher proportion of tenants are on very low incomes and could therefore be pushed into fuel poverty more easily.

Age and household composition

Pensioners were estimated to make up the highest proportion of the fuel poor in 2004 with 41 per cent of fuel poor households being single pensioners and 17 per cent being married couple pensioners. However, 26 per cent of fuel poor households were also represented by single person households who were not pensioners. Being a single person or parent household is a better predictor of fuel poverty, with 23 per cent of single pensioner households, 21 per cent of single person households who were not pensioners and 13 per cent of single parent households estimated to be in fuel poverty 2004. This compares to eight per cent of married couple pensioners and two adult households who were not pensioners without children, and five per cent of two adult households with children.

In times of recession, pensioners often fare reasonably well as they maintain their fixed income whereas other sections of society are hit by job losses and pay cuts. This means that fuel poverty may increase proportionally more amongst householders who are not pensioners.

3. Facts Related to Excess Winter Deaths (EWDs)

Excess Winter Deaths (EWDs) are the number of additional deaths between December and March compared to equivalent periods at other times of the year. There are two distinct factors that influence excess winter deaths; endemic factors, such as fuel poverty and environmental conditions such as cold; and epidemic factors, such as influenza and other viruses. The consequences of these factors are disproportionately more significant for older people in terms of negative health impacts than for other age groups within the population as shown in Chart 4.

Chart 4: Excess winter deaths by age group, Wales, 1991/1992 to 2007/2008

Source: Excess Winter Deaths in Wales, 2007/2008, Statistical Directorate, Welsh Assembly Government, Cathays Park, Cardiff, CF10 3NQ.
www.wales.gov.uk/statistics.

It is known that:

- Few of these excess deaths are due to hypothermia; 50 per cent are from cardiovascular disease, and 30 per cent are from respiratory disease (including influenza). The remaining 20 per cent are due to other causes such as accidents and lack of vitamin C and D.
- Causes of death will vary at different times after a cold day; heart attacks are more like two days after, strokes five days after, and respiratory illness 12 days after.
- Excess deaths are more likely amongst householders in privately-rented or owner-occupied homes, houses built before 1850, and in damp homes.
- There is a linear relationship between temperature and mortality, with a 1.4 per cent increase in mortality for every 1°C fall in temperature below 18°C.
- Countries with prolonged 'deep freeze' (below zero) conditions such as Scandinavian countries and Russia have significantly lower EWDs than the UK.

In Wales (based on the latest figures for winter 2007/08):

- There were around 1,500 EWDs, seven per cent more than in the previous winter (1,400).
- Over four fifths (87 per cent) of EWDs involved people aged 75 or over.
- The highest rates of EWDs relate to people aged 85 or over. The rate was less than 1 per 10,000 population for those aged 0-64 but increased to 33 per 10,000 for those aged 75-84 and 100 per 10,000 for those 85 or over.
- Wales follows a similar trend to other areas of the UK.

Trends of EWDs in Wales from 1991/1992 to 2007/2008 can be seen in Chart 4.