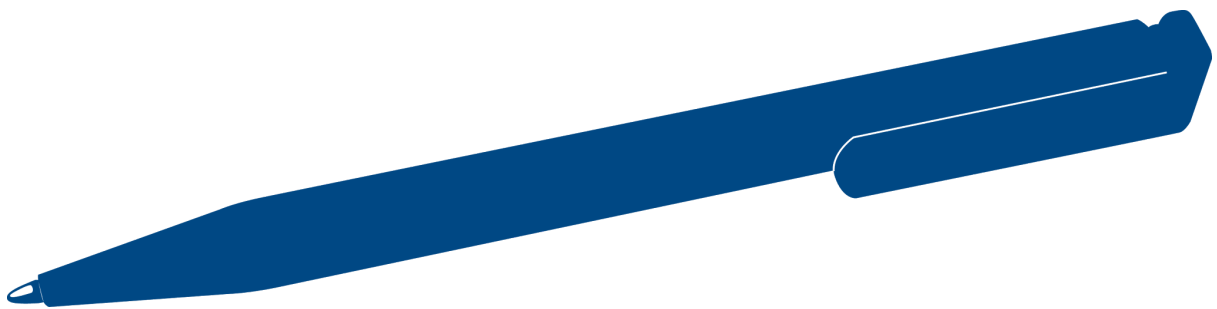


Consultation on Tackling Fuel Poverty 2020-2035

Citizens Advice response
December 2020



About Citizens Advice

Citizens Advice provides free, independent, confidential and impartial advice to everyone on their rights and responsibilities. It values diversity, promotes equality and challenges discrimination. From 1 April 2014, Citizens Advice took on the powers of Consumer Futures to become the statutory representative for energy consumers across Great Britain. The service aims:

- To provide the advice people need for the problems they face
- To improve the policies and practices that affect people's lives.

Citizens Advice is a network of nearly 300 independent advice centres that provide free, impartial advice from more than 2,900 locations in England and Wales, including GPs' surgeries, hospitals, community centres, county courts and magistrates courts, and mobile services both in rural areas and to serve particularly dispersed groups. We give advice to people through our network of local Citizens Advice and through our national consumer service helpline.

Between these 2 services, last year we advised over 130,000 people, solving 100,000 problems. Over 25,000 people saved money because of our advice. We also offer specialist support to the people who need our help most through the Extra Help Unit, where we dealt with over 15,000 cases. Since April 2012 we have also operated the Citizens Advice consumer service, formerly run as Consumer Direct by the Office for Fair Trading (OFT). This telephone helpline covers Great Britain and provides free, confidential and impartial advice on all consumer issues. This document is entirely non-confidential and may be published on your website. If you would like to discuss any matter raised in more detail please do not hesitate to get in contact.



Introduction

Background

The importance of tackling fuel poverty

It is estimated that there are 155,000 households living in fuel poverty in Wales with a further 145,000 at risk of falling into fuel poverty¹. It is more likely to affect people in certain property types and household circumstances, leaving many with impossible choices between heating and other expenses. The previous fuel poverty strategy lapsed in 2018 and we welcome Welsh Government publishing the proposed plan for tackling fuel poverty in Wales between 2020 and 2035.

The primary focus of tackling fuel poverty should be viewed as meeting the statutory responsibilities set out in The Warm Homes and Energy Conservation Act 2000.

However, ensuring that as far as reasonably practicable, people in Wales do not live in fuel poverty also has many co-benefits, for example health and wellbeing, which should be recognised and weighted in this plan and the decisions that will need to be taken.

The plan and technical annex highlight many of the well documented health benefits for households and avoided health costs to the NHS in Wales by ensuring people do not live in cold homes. There are also positive effects on educational attainment for children and the wellbeing of vulnerable groups who spend an above average period of time at home.

In Wales, homes are responsible for 27% of all energy consumed. Improving their thermal efficiency can make homes significantly more comfortable at a reasonable cost. It can also have long-term positive impacts on the environment, helping the Welsh Government to meet its interim carbon budget goals and the overall 2050 carbon reduction target. The Wales Audit Office (WAO) recommended that “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”². We believe the fuel poverty plan taken as a whole should be viewed in this same context.

The technical annex presents suggested costs to support households at risk of living in fuel poverty. Under both spend scenarios the suggested figures indicate that the

¹ Welsh Government, [Tackling Fuel Poverty 2020 to 2035](#)

² Wales Audit Office, [Fuel poverty](#), October 2019 - recommendation 7

benefits in cumulative household energy savings outweigh the costs to Welsh Government over the 15 years by a factor of between 8 and 11³. This indicates the significant benefit schemes can make to households.

The previous strategy and the development of this plan

Citizens Advice commends Welsh Government for its consistent action to tackle fuel poverty, through its Warm Homes programme, through advice provision and via financial support provided by the Discretionary Assistance Fund (DAF). Since 2008 the rate of fuel poverty has halved in Wales and the average energy efficiency band has improved from EPC band E in 2008 to EPC band D in 2017-18.

However, the Welsh Government has not met its target to eradicate fuel poverty, as far as reasonably practicable:

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

In providing written evidence⁴ to the Climate Change, Environment and Rural Affairs Committee in November 2019, we highlighted contributing factors and recommended that the Welsh Government:

- invest in more regular and improved housing quality data to better direct investment and support its understanding of fuel poverty in Wales
- better evaluate to what extent Welsh Government funded schemes move people out of fuel poverty
- regularly review the next fuel poverty strategy, working alongside knowledgeable stakeholders in doing this
- improve the referral process for schemes like Nest to ensure that those who do not qualify for help are not left stranded
- carefully consider how the need to decarbonise homes will impact the next fuel poverty strategy and fuel poverty schemes in Wales, including making informed estimates on cost and practical implications
- take a leadership role to support best practice for local authorities engaging in ECO flex and enforcing the minimum energy efficiency standards and

³ Assumes 4,800 properties are treated each year, totaling the 72,000 required to meet the target set in the plan over 15 years. Under scenario 1 total spend is £16.9m and cumulative benefit in energy savings is c£183m over 15 years. Under scenario 2 total spend is £24.5m and cumulative benefit in energy savings is c£204m over 15 years. Figures are rounded.

⁴ Citizens Advice, [Response to the Climate Change, Environment and Rural Affairs committee's inquiry into Fuel Poverty](#), November 2019

- improve building standards to ensure future housing stock has a higher energy efficiency level, preemptively reducing fuel poverty

We welcomed the Welsh Government's statement that it would adopt the Committee's 21 recommendations either in full or in principle. This was an important step forward. However, we set out in this response where we think the plan and its actions fall short of fully implementing some of these recommendations, or where more detail is required.

The impact of COVID-19

The COVID-19 pandemic has exacerbated the underlying drivers of fuel poverty: it has had a significant impact on household finances and energy use with people spending more time at home. In Scotland, modelling has been conducted to estimate the increase in fuel poverty rates as a result of the crisis⁵. Although we are not aware of similar modelling for Wales, there are already some clear signs of the impact of COVID-19 here.

Research by Citizens Advice Cymru⁶ estimates that:

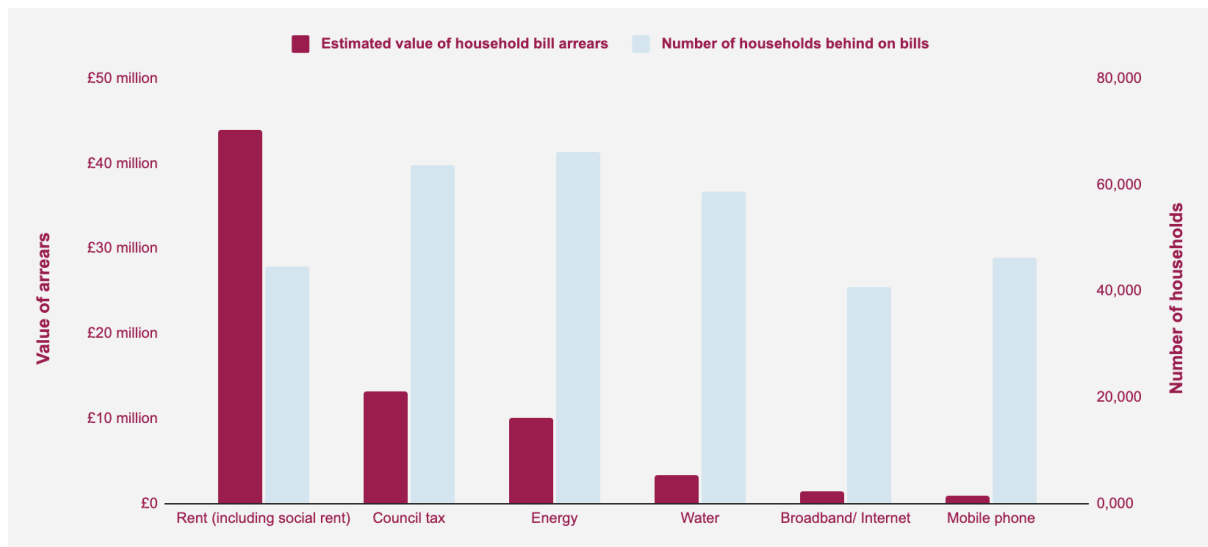
- Over 280,000 people in Wales report they have fallen behind on bill payments totalling £73million since the start of the COVID-19 pandemic
- A third (34%) of people with household bill debts have been unable to afford food or other basic necessities
- Some groups are more likely to have fallen behind on bills. People with a disability are three times more likely to have faced debt than someone without a disability. Families with children, people who are unemployed, or have seen a negative impact of the crisis on their work, are also more likely to have fallen behind on bills
- 4.83% of Welsh adults have fallen behind on energy bills since the start of the pandemic (estimated 66,000 households), with those with a disability 4 times more likely to have fallen behind
- Energy bill debt amounts to approximately £10million, with £5.3million as a direct result of the crisis
- In the last two years, 5.4% of Welsh adults say they have gone without heating or electricity in order to pay for essentials (74,000 households)
- More households have fallen behind on energy bills than any other household bill, with an average debt of £152 (as indicated in the chart below)

⁵Scottish Government, [Experimental analysis of the impact of COVID-19 on Fuel Poverty Rates](#), September 2020

⁶ Citizens Advice Cymru, [Coronavirus debts](#), November 2020. Between 22nd October and 2nd November 2020, we commissioned a YouGov survey of 2,086 adults in Wales. Fieldwork was undertaken between 22nd October - 2nd November 2020. The survey was carried out online. The figures have been weighted and are representative of all Welsh adults (aged 18+).

Welsh household bill arrears

Household debt in Wales since the start of the COVID-19 pandemic⁷



A recent report by Citizens Advice⁸ highlights that for those who have not come to a repayment arrangement with their supplier, the average amount owed is £760 for electricity and £605 for gas. On the whole, the support that has been put in place by suppliers to help customers is working relatively well for those who have been able to access it. However, some customer service barriers may be preventing people who are in financial difficulty from accessing the support available.

Contacts to our local offices in Wales also indicate that fuel debts are an issue for particular groups. The data below suggests clients who come to us about fuel debts are more likely to be female, younger and/or suffer from mental health problems than the average Citizens Advice client in Wales⁹.

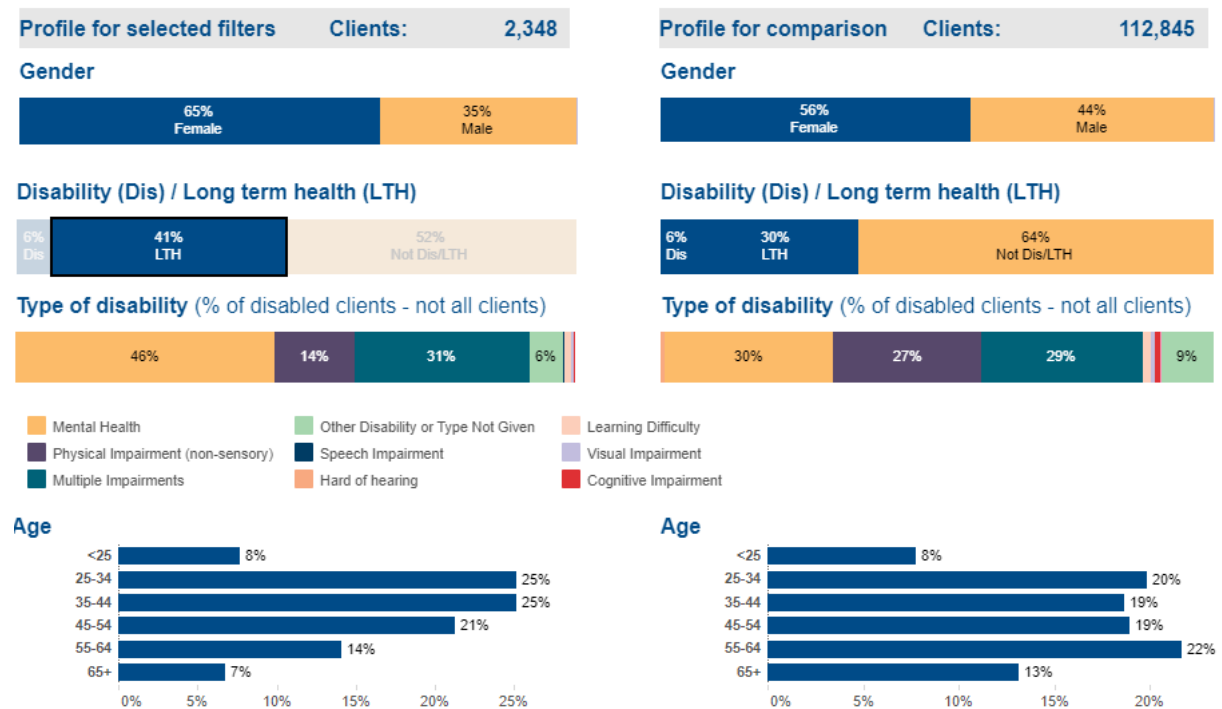
⁷ Citizens Advice Cymru, [Coronavirus debts](#), November 2020

⁸ Citizens Advice, [Recovery or Ruin? The role of accessible support in helping energy consumers through the crisis](#), December 2020

⁹ Advice Trends, Citizens Advice, December 2020. Data for the last 12 months shows the breakdown of client demographics, with client demographics of clients with fuel debt issues on the left, compared to the average client demographics in Wales on the right.

Fuel debt advice in Wales

Fuel debt advice provided to clients in Wales in the last 12 months¹⁰



The Welsh Government should be mindful that actions to achieve its plan will need to be flexible if fuel poverty rates are found to be higher than the 2018 fuel poverty estimates suggest.

¹⁰ Advice Trends, Citizens Advice, December 2020. Data for the last 12 months shows the breakdown of client demographics, with client demographics of clients with fuel debt issues on the left, compared to the average client demographics in Wales on the right.

Our view of the plan

We support the key aims of the plan:

- To proactively support people to secure a better deal from the energy market,
- To provide support to improve their home energy efficiency and support the decarbonisation agenda
- To make the best use of newer technologies to help maintain a safe and secure home environment

It is against these objectives that we have assessed the plan.

This section looks at our overall view of the plan's targets and then our view of the 10 actions proposed. We highlight some of the key areas where we think improvements would better enable Welsh Government to meet the goals of the plan.

The targets

The plan sets three new targets in order to meet the objective that people in Wales, as far as reasonably practicable, are not living in fuel poverty if by 2035:

- No households are estimated to be living in severe or persistent 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 estimate

Citizens Advice is broadly supportive of these targets, but it is our view that they would carry more weight if they had statutory backing. The Senedd Committee for Climate Change, Environment and Rural Affairs (CCERA) recommended¹¹ consideration of introducing new statutory fuel poverty targets. We note that in response the Welsh Government stated, "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"¹². It is not clear that reasons have been provided in the plan for not introducing these targets on a statutory footing and we agree with the CCERA that statutory targets would provide stronger accountability and provide alignment with both England and Scotland who have enshrined targets in legislation.

We also think they should have interim targets to benchmark progress. The Warm Homes and Energy Conservation Act 2000 as amended by the Energy Act 2013, imposed a requirement on the Welsh Ministers in relation to Wales to publish and implement a

¹¹ CCERA, [Fuel Poverty in Wales](#), Recommendation 3, April 2020

¹² Welsh Government, [Tackling Fuel Poverty 2020 to 2035](#), Annex B, September 2020

strategy for reducing Fuel Poverty which must “specify interim objectives to be achieved and target dates for achieving them”. CCERA also recommended that overall targets must be accompanied by interim targets and clear milestones against which progress can be measured¹³. We agree with the Committee and consider that setting interim milestones for all three targets would also meet legislative requirements. It would ensure the necessary rate of progress by holding future Welsh Governments to account for delivering these targets. It would also present clear opportunities to review progress, amend policies and to align efforts with wider policy areas.

Interim targets should be at least every five years. The Welsh Government is committed to setting carbon budgets every five years¹⁴ and we recommend that the fuel poverty plan sets interim targets that as a minimum align with this timeline. Improving energy efficiency is a key tool within Welsh Government powers, both to reduce fuel poverty and meet its newly recommended Net Zero by 2050 goal¹⁵. Therefore, alignment of these policies should lead to more efficient outcomes.

Citizens Advice strongly urges the Welsh Government to consider the introduction of a local level obligation similar to the one in place in Scotland. This would require the targets to be met in each local authority area¹⁶ to ensure that no part of Wales is left behind. This may be especially important for more rural areas of Wales like Ceredigion and Gwynedd where fuel poverty rates are above 21%. In these areas, households may be harder to reach with services and homes may be harder to treat.

Welsh Government should demonstrate that the targets are sufficiently ambitious and consider whether more ambitious targets could bring a greater cost-benefit. The previous fuel poverty strategy contributed towards a halving in the rate of fuel poverty to 12% of households between 2008 and 2018. We estimate that the proposed fuel poverty target will require an average reduction of between 5,000 and 9,000 households each year from that 2018 figure. This indicates a slowing of pace. This is to be expected to some extent given the policy levers the Welsh Government has available and that helping some households could become more difficult, slower, and more costly towards the end of the plan. However, no rationale has been provided for the 2035 date for the three targets, or for this rate of progress. If the rate of progress achieved between 2008 and 2018 could be matched, targets could be met sooner than 2035.

¹³ CCERA, [Fuel Poverty in Wales](#), Recommendation 2, April 2020

¹⁴ Welsh Government, [Wales’ commitment to tackling climate change: Transitioning to a low carbon economy](#), 2020

¹⁵ CCC, [Advice Report: The path to a Net Zero Wales](#), December 2020

¹⁶ Scottish Government, [Fuel Poverty](#)

Before publishing the final plan, the Welsh Government should publish modelling and analysis which justifies these targets, to ensure the right balance has been struck between targets being challenging and realistic.

The WAO also recommended that 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”¹⁷. Although the plan sets a target, it is not clear how the Welsh Government intends to achieve this in the actions to 2023 or beyond. The Welsh Government should propose specific and immediate measures to support those in severe fuel poverty.

We recommend that the government also sets a target for fuel poor households to achieve a minimum EPC rating.

Housing is a key determinant of fuel poverty and sits more squarely within the remit of the Welsh Government than the other determinants of fuel poverty. 43% of households in Wales living in properties with poorer energy efficiency (Energy Performance Certificates Bands F and G) are fuel poor compared to 5% of households living in properties in bands B to C¹⁸. As the Welsh Government Fuel Poverty Estimates show, “as EPC bands improve, the percentage of fuel poor households decreases”¹⁹.

The statutory target in England is for all fuel poor households to achieve EPC Band C by 2030²⁰ and we would recommend that the Welsh Government aims to at least match this in Wales. The Decarbonisation of Homes in Wales Advisory Group recommended setting an EPC band A by 2030 target for homes in fuel poverty and in social ownership. The Welsh Government should aim to deliver this level of ambition. This should also be compatible with the recommended EPC Band A target for all housing stock by 2050 in order for Wales to meet its Net Zero target²¹.

We understand the Welsh Government’s social housing retrofit programme aims to provide further evidence on appropriate efficiency targets. However, the sixth Carbon Budget publication²² from the CCC and their path to Net Zero for Wales²³ has added to the wealth of existing evidence and recommendations. In particular, the CCC indicated that their scenarios are in line with the UK government’s fuel poverty EPC target suggesting that this will need to be achieved in order to be on track to meet the Net

¹⁷ Wales Audit Office, [Fuel poverty](#), Recommendation 9, October 2019

¹⁸ Welsh Government, [Fuel Poverty Estimates](#), 2019

¹⁹ Welsh Government, [Fuel Poverty Estimates](#), 2019

²⁰ BEIS, [Clean Growth Strategy](#), April 2018

²¹ Decarbonisation of Homes in Wales Advisory Group, [Better Homes, Better Wales, Better World: Decarbonising existing homes in Wales](#), July 2019

²² CCC, [The Sixth Carbon Budget: The UK’s path to Net Zero](#), December 2020

²³ CCC, [The path to Net Zero and reducing emissions in Wales](#), December 2020

Zero target. They also indicated that the 2020s are the crucial decade for Wales with their pathway suggesting that sustained increases in investment will be required, with the largest including the retrofit of buildings²⁴. Setting an EPC target with appropriate funding to deliver it would put Welsh Government in a stronger position to meet this requirement and the targets set out in the plan.

Views on key actions

Overall, we welcome the 10 actions set out in the plan.

These fall under the following four areas:

- Warm Homes Programme
- domestic energy efficiency advice and support services
- monitoring, evaluation and reporting
- working with partners

We note that there is generally good alignment between these actions and the recommendations by CCERA. Citizens Advice does however have a number of concerns - we go into some detail in our responses to the questions below. It is our view that there are also some key ways that these actions could be improved.

Actions 2-3: Delivering fuel poverty support services

Actions 2 and 3 involve consulting on a revised arrangement for delivering measures to tackle fuel poverty and on domestic energy advice and support services. Both actions have the potential to level up the Welsh Government's intensity and speed of tackling fuel poverty from the support currently available, ensuring that those who are in fuel poverty get the measures, help, and support they need. In particular both actions fall within the three requirements we think are necessary to achieve a Net Zero Homes Guarantee. This means ensuring consumers are informed, protected and supported with the changes to their homes²⁵.

We understand that consulting on advice and support services is not due to take place until the conclusion of a successful pilot scheme. However, for both actions it will mean the implementation of policy does not take place until April 2023. This is five years after the expiration of the previous fuel poverty strategy. We urge the Welsh Government to consider bringing forward the implementation of these actions, due to the significant benefits they can bring for individual households, and in kick-starting efforts to decarbonise homes and provide recovery for the Welsh economy following COVID-19.

²⁴ CCC, [The path to Net Zero and reducing emissions in Wales](#), December 2020

²⁵ Citizens Advice, [Net Zero Homes Guarantee](#), June 2020

The technical annex²⁶ discusses the cost implications of making changes to the Warm Homes Programme in order to treat up to 155,000 households (the number currently in fuel poverty) over the 15 year life of the new fuel poverty plan. However, the plan document indicates that this action will have only 12 years to achieve this from the date of implementation in 2023. The Welsh Government should ensure there is strong alignment of the timelines for the policies and the targets of the plan, and publish any analysis which indicates this trajectory.

Actions 5-7: Monitoring and evaluation

We also welcome all three monitoring, evaluation and reporting actions (5-7) which will greatly improve the regularity and quality of data available. This will ensure:

- fuel poverty is better understood
- progress against the plan is regularly evaluated
- investment can be better directed and
- all partners working to tackle fuel poverty in Wales have the information they need to target households effectively.

Citizens Advice strongly advocated for these measures in our written submission to CCERA²⁷. However, there is scope to go further and provide more detail in the plan.

Action 5 will “set up an administrative advisory board on fuel poverty to monitor and review progress on action to tackle fuel poverty in Wales”. In our response to the UK government’s Fuel Poverty Strategy for England, we highlighted both the value of the Committee on Fuel Poverty but also its limited reach due to lack of resources and a lack of obligations on the UK government²⁸. We recommend that Welsh Government commits in the plan to ensuring the board consists of a wide range of relevant key stakeholders, is adequately resourced, reviews progress annually, and has the power to make recommendations. The Welsh Government should also set itself an obligation to formally respond to these recommendations with a relevant policy plan that sets out the contribution it expects policies to make towards the fuel poverty targets, and to benchmark them against this expectation. This would facilitate better transparency of the plan and communication with stakeholders, and better enable policy co-creation.

We support CCERA’s recommendation to publish fuel poverty estimates annually. Over a 15 year plan, annual data would best enable Welsh Government and the Advisory

²⁶ Welsh Government, [Tackling Fuel Poverty 2020 to 2035 Technical Annex](#), September 2020, paragraphs 331-351

²⁷ Citizens Advice, [Response to the Climate Change, Environment and Rural Affairs committee’s inquiry into Fuel Poverty](#), November 2019

²⁸ Citizens Advice, [Response to the Consultation on the Fuel Poverty Strategy for England](#), September 2019

Board on Fuel Poverty to measure progress against interim targets and make the best decisions on directing the work of the Warm Homes Programme and the energy advice support scheme. The plan currently suggests that biennial data will commence from July 2022. We have concerns that this could mean the effects of COVID-19 and associated economic impacts in 2020/21 may not be known until at least 2022. It is important the Welsh Government and stakeholders understand as early as possible the implications that COVID-19 has had on fuel poverty rates in Wales to inform all the policy making processes this plan proposes in its first two years. We would recommend the Welsh Government bring forward the publication of fuel poverty estimates so that up-to-date estimates are able to inform new energy efficiency and advice policies (Actions 2 and 3) before consultations are concluded. Estimates should then be published annually.

This plan spans a 15 year period, longer than the lifetime of the previous fuel poverty strategy. In addition to recommending interim and EPC targets that set out a pathway to achieving the plan's three goals, we would urge the Welsh Government to set out a path of additional relevant actions over the 12 year period between 2023 and 2035. We would welcome more detail on how economic, housing, decarbonisation, and health policy will play a key role in meeting the objectives. Three examples in particular would benefit from being drawn out in the plan. The first is the 5-yearly carbon budgets which will set crucial policy for delivering decarbonisation and the second is wider housing policy that aims to improve quality and to decarbonise all housing stock in Wales. The third is any green recovery plans the Welsh Government may implement in the short-term which could tackle 2 of the 3 causes of fuel poverty. Some of these issues and links are discussed in the technical annex, but we would welcome clearer identification of policy actions in the plan itself to demonstrate the cross-Government policy pathway to achieving the plan's objectives, between now, 2023, and 2035.

Actions 8-10: Areas outside direct Welsh Government powers

We welcome all three actions (8-10) that aim to improve the regulatory and policy landscape that applies in Wales but where Welsh Government do not have direct powers.

Ensuring that all homes in Wales have smart meters not only bring significant benefits to consumers and the way they can engage with the energy market, but is also a crucial foundation for the energy system transition.

The Energy Company Obligation (ECO) scheme and other UK Government initiatives have the potential to significantly contribute towards efforts to meeting the targets of this plan. The plan highlights that between 2013 and 2019 107,398 homes in Wales have benefitted from energy efficiency measures installed under the ECO scheme. This

compares with the 61,400 homes in Wales who have benefitted from energy efficiency measures under the Warm Homes Programme between 2011 and 2020²⁹.

By contrast, ECO flex still remains under-utilised in Wales. At least six local authority areas in Wales have received no measures since its introduction in April 2017³⁰. Both Citizens Advice and CCERA recommended a suitable support mechanism be established to enable local authorities to maximise funding from ECO flex which the Welsh Government responded to, saying “new arrangements” would be set out in the strategy. Action 10 does not go far enough to establish new arrangements to support local authorities despite the clear and immediate benefits this could bring. Although these matters may be within the discretion of individual local authorities, they have an important role to play alongside the Welsh Government in meeting the fuel poverty targets. We recommend that the plan explicitly considers the role that local authority-enabled energy efficiency schemes like Arbed and ECO flex will need to play in meeting the fuel poverty targets and that specific arrangements are implemented to support this.

Further detail

Citizens Advice is concerned that this consultation seeks views on a number of areas without providing an appropriate level of detail in the plan and technical annex. This prevents full assessment of the options: we have responded requesting further information where applicable.

²⁹ Welsh Government, [Tackling Fuel Poverty 2020 to 2035](#), paragraph 11, September 2020

³⁰ BEIS, [Household Energy Efficiency headline release: Great Britain Data to Q3 2020](#), November 2020

Answers to consultation 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?

Urgency of action

Fuel poverty is likely to have increased due to the COVID-19 pandemic. Research by Citizens Advice shows 600,000 more households in the UK are behind on their energy bills than in February and almost 7 million expect to struggle to pay their energy bills this winter³¹. We welcome the commitment in Action 1 to continue with the Warm Homes Programme and consult on options for future delivery, however we think more urgent action is needed. The Welsh Government should increase funding towards their current Warm Homes Programme and increase installations, where it is safe to do so. This will have a number of co-benefits, on health and pressure on the NHS, contribution towards net zero, and stimulating a green economic recovery.

Installing energy efficiency measures in homes is a low regrets, and often no regrets action³². There is strong support among people in Wales to take actions to improve the energy efficiency of their home, but they need support, and awareness of the help available remains low. Research by Citizens Advice Cymru shows that over half (53%) of Welsh adults say they would be happy to make their home more energy efficient, but 7 in 10 of those happy to do this say they would need help or support to be able to do so³³. In February this year Citizens Advice Cymru also found that only 22% of adults surveyed were aware of Nest while 5% were aware of ECO but 56% had not heard of any energy efficiency schemes in Wales³⁴. The annual average number of installations under Nest is approximately 4,700³⁵. This year has caused many problems for schemes requiring access to people's homes and we note the Welsh Government's expectation that installations will be lower at 4,000 for 2020/21. There is therefore significant scope to improve awareness of support and the rate at which support is delivered.

³¹ Citizens Advice, [Recovery, or Ruin?](#), December 2020

³² Decarbonisation of Homes in Wales Advisory Group, [Better Homes, Better Wales, Better World: Decarbonising existing homes in Wales](#), July 2019

³³ Citizens Advice Cymru, [Coronavirus debts](#), November 2020

³⁴ Citizens Advice, Polling was a nationally representative sample of 1002 adults in Wales with fieldwork conducted 27th February - 2nd March 2020.

³⁵ Nest, [Annual reports 2011-2020](#)

Health criteria for the Warmer Homes Programme

We recognise that an evaluation of the Health Conditions Pilot is currently underway. We support the continuation of the health criteria but recommend that disability benefits³⁶ are not counted as income as part of the eligibility assessment. This would bring it into line with the eligibility for Dwr Cymru's HelpU tariff and would widen eligibility to more disabled people in Wales.

Harder-to-treat homes in the Warmer Homes Programme

We would encourage Welsh Government to ensure that both Nest and Arbed have the appropriate funding and individual property funding caps to enable installation of solid wall insulation and the newer technologies required for Wales to meet its Net Zero target, and to ensure properties are lifted out of fuel poverty. Data from the latest Nest annual report³⁷ shows that after the installation of home energy efficiency measures the number of households still in fuel poverty is 16.8%, with 5% of households still in severe fuel poverty. Although this is influenced by other factors besides energy efficiency, more can be done to ensure the right package is available to lift households out of fuel poverty.

Anecdotal evidence from Citizens Advice advisers in Wales indicates that off-grid properties with solid walls are often unable to get the insulation required for their property because of the costs involved. The Nest Annual Report 2019/20³⁸ indicates that 6.2% of installations are insulation, but only 0.5% of off-gas measures are insulation only. This suggests that in 2019/20 fewer than 10 off-gas households in Wales may have received solid wall insulation measures, despite 65,000 households with solid uninsulated walls being in fuel poverty (the highest rate of fuel poverty among all types of wall and insulation)³⁹. Welsh Government should ensure that the Warm Homes Programme is able to deliver a holistic package of support across all tenures and archetypes which will alleviate fuel poverty in line with the the decarbonisation recommendations by the Decarbonisation of Homes in Wales Advisory Group⁴⁰. Welsh Government should also consider the benefits of a 'touch-once' principle which can often be more cost effective and less disruptive to households than multiple single measures being carried out over a longer period of time.

³⁶ Such as Personal Independence Payments, Disability Living allowance, Carers Allowance, Attendance Allowance and associated premiums

³⁷ Welsh Government, [Nest Annual report 2019-2020](#)

³⁸ Welsh Government, [Nest Annual report 2019-2020](#)

³⁹ Welsh Government, [Fuel Poverty Estimates for Wales, table 4.4.1](#), December 2019

⁴⁰ Decarbonisation of Homes in Wales Advisory Group, [Better Homes, Better Wales, Better World: Decarbonising existing homes in Wales](#), July 2019

In 2019/20 93.8% of measures were central heating installations⁴¹. It is assumed that all of these systems will require retrofitting in the future to install lower carbon heating systems, such as air, ground-source or hybrid heat pump systems. Welsh Government should consider within the next two years the relevant costs and benefits of enabling the Warm Homes Programme to fund newer technologies and associated measures, especially to homes off the gas-grid. The UK government's Green Homes Grant offers vouchers to subsidise the cost of energy efficiency and low carbon heat measures for households in England, including those on lower incomes. There may be longer term benefits of, where appropriate, choosing to insulate properties alongside new heating technologies in this way. This provides better value not only for the Welsh Government (and taxpayers) in the long run, but could also reduce the need for potentially disruptive repeat visits to households.

The technical annex presents options for the number of properties treated per year and uplifts to the cost caps required to achieve the Net Zero target⁴². We would recommend that Option 6 best represents a pathway to achieving the plan's targets in a way that also meets decarbonisation goals⁴³. However, Welsh Government should ensure cost caps have a clear evidence base for the measures typically required to lift different households out of fuel poverty. There is also a need to highlight that these figures appear to assume that cost caps are altered in the first year of the plan (2020). If cost caps are not implemented until 2023 then option 6 will require more than 12,900 properties to be treated a year rather than the 10,300 suggested, highlighting the need to reform the Warm Homes Programme as early as possible.

Reaching households in severe fuel poverty

As we have indicated in the introduction, the WAO recommended that 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"⁴⁴. As it is not clear that this has been met in the plan, we recommend that the Welsh Government propose specific measures to support those in severe fuel poverty within the next two years.

⁴¹ Welsh Government, [Nest Annual report 2019-2020](#)

⁴² Welsh Government, [Tackling Fuel Poverty 2020 to 2035 Technical Annex](#), September 2020, paragraph 202

⁴³ 10,300 properties treated per annum at an average of £5.52k per property. This results in approximately 155,000 properties receiving measures over 15 years, matching the number of properties in Wales estimated to be in fuel poverty in 2018 and allowing for the installation of more expensive measures (e.g. External Wall Insulation).

⁴⁴ Wales Audit Office, [Fuel poverty](#), October 2019 - recommendation 9

Discretionary Assistance Fund (DAF)

We recommend that Welsh government better publicise the range of support available through the Discretionary Assistance Fund (DAF). The scheme is demand led, and there is a risk that demand is underestimated due to lack of publicity and awareness. The Winter Boiler Repair Scheme, administered by DAF has experienced extremely low take-up to date, with only two homes receiving support in 2018/19 and very low awareness. Improving awareness of support will ensure that those who need support are aware of what is available and to ensure the Welsh Government has an accurate picture of the demand in Wales, to improve future winter resilience planning.

We would also recommend that Welsh Government ensure that where contacts are made to the DAF, steps are taken to support referrals and links with partners. Where a client is presenting to DAF as needing help and support, links should be made to other Welsh Government and third sector advice and support services to provide income maximisation, energy advice and support, and to assess entitlement to energy efficiency measures.

ECO flex

As stated in our introduction, ECO flex remains under-utilised in Wales, with at least six local authority areas having received no measures since its introduction in April 2017⁴⁵. We recommend that Action 10 is expanded to ensure local authorities have the capacity to access funding from ECO flex. This should be done as soon as possible to allow local authorities to access funding currently available.

Earlier fuel poverty estimates

We suggested in the introduction that more timely fuel poverty estimates would support the actions proposed in the plan, and ensure the effects of COVID-19 are understood. We recommend that the Welsh Government commits to producing fuel poverty estimates within the next two years and then produces them on an annual basis. We would also recommend increasing the sample size of these estimates to provide more granular data for the definitions proposed in the plan and to better enable targeting of policies towards these groups and benchmarking of progress.

Pilots

The technical annex commits the Welsh Government to two pilots being delivered as part of the plan. These would cover:

⁴⁵ BEIS, [Household Energy Efficiency headline release: Great Britain Data to Q3 2020](#), November 2020

- An innovation fund to explore how energy consumption can be reduced in 'hard to reach' houses such as those in off-grid areas
- Providing more energy efficiency products to lower income households to lower their energy consumption by installing induction hob cookers and providing appropriate cookware

However, neither of these are included in the plan and little or no detail is presented. We recommend that the Welsh Government commits in the plan to undertake both projects within the next two years and provides further detail in the final plan.

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?

We agree that for the purposes of the Warm Homes and Energy Conservation Act 2000 it is appropriate for a household 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 also ensures the legislation is aligned with the UK government.

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?

Anecdotal feedback from Citizens Advice advisors suggests the Warm Homes Programme has a big impact on the clients we see. The support it provides can be invaluable, especially when combined with good quality, independent energy efficiency advice. The introduction of the health eligibility criteria in July 2019 made significant progress to expand the number of people eligible for support from Nest. This led to more than 1,000 people being helped who would otherwise not have received assistance⁴⁶. We support the continuation of the health eligibility criteria and have made

⁴⁶ Welsh Government, [Nest Annual Report 2019 – 2020](#)

recommendations in response to Question 1 on how this could go further in widening eligibility.

We also agree that there is a need to expand the programme in order to meet the targets of the plan. We agree that defining eligibility by income rather than means tested benefits is an improved way of targeting measures and ensuring fewer households miss out on support. We consider that using income as part of the Nest health eligibility criteria has demonstrated clear benefits.

The plan proposes that the lower income eligibility will be defined as being less than 60% of the average household income before housing costs as published annually in the households below average income (HBAI) report. We believe this is an appropriate and well-established means of assessing lower incomes. However, the Welsh Government should be clear about whether it intends to use the Welsh or UK figures. Our analysis of 2018/19 data shows that for Wales the annual household income would be approximately £14,850 compared to £16,016 for the UK - a difference of £1,166⁴⁷.

Welsh Government should also provide evidence in the plan that using the lower income definition for eligibility will ensure that all of the following groups will be eligible for support:

- those vulnerable to being at risk of fuel poverty as proposed in the plan
- those at risk of fuel poverty (spending between 8-10% of household income on fuel costs) and
- those in fuel poverty (spending 10% of household income on fuel costs)

Welsh Government should also consider that the income threshold of eligibility when receiving Child Tax Credit and Working Tax Credit is currently set at £16,105 a year. This would potentially mean that while expanding eligibility to some, other households may lose it under the HBAI method.

The plan should also set out what the implications of this change would be for the health eligibility criteria which currently use a mixture of health conditions and thresholds of annual household income after housing costs. Where possible, methodologies should be as consistent, simple and easy to understand so that they do not act as a barrier to take-up.

⁴⁷ DWP, [Households below average income: 1994/95 to 2018/19](#)

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?

We broadly agree with extending the definition of homes vulnerable to being at risk of living in fuel poverty to include homes with single occupants aged under 25. We agree with the principle that the definitions should reflect the experience of fuel poverty in Wales in order to help policy targeting. However, the justification for this particular age bracket is unclear. The plan and fuel poverty estimates show that those aged 16-34 have a higher rate of fuel poverty than other age groups⁴⁸. However, neither the plan document nor the technical annex offer a rationale for setting the definition at under 25 years of age.

Data from local Citizens Advice offices in Wales shows that since 2018, nearly 30% of those who received advice on fuel debts are under the age of 34. The vast majority of these (82%) were aged 25-34, rather than 24 or younger⁴⁹. Recent research from Citizens Advice Cymru also showed that those aged 25-34 are the second most likely age group to have fallen behind on energy bills since the outbreak of COVID-19⁵⁰. This suggests an increase in fuel poverty for this group in the most recent two years for which there is no fuel poverty estimate data. The Welsh Government should consider whether the 25 years of age threshold is adequately evidenced and if this definition fully captures those it is intended to.

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?

We support the Welsh Government’s proposal to maintain the current measures of fuel poverty, using the 10% and 20% measures. We also support the commitment to use

⁴⁸ Welsh Government, [Fuel Poverty Estimates for Wales, table 3.1.2 Age of HRP by fuel poverty status in 2018](#), December 2019

⁴⁹ Analysis of Citizens Advice Casebook data between 1st January 2018 - 8th December 2020. Total number of clients that sought advice on fuel debts is 5,844

⁵⁰ Out of 66,000 households in Wales who have fallen behind. Citizens Advice Cymru, [Coronavirus debts: Estimating the size of lockdown arrears in Wales](#), November 2020

either the Low Income High Cost (LIHC) or Low Income Low Energy Efficiency (LILEE) measures in order to remain consistent with the UK government and to produce comparable statistics.

We support the addition of measuring homes at risk of fuel poverty and homes in persistent fuel poverty.

In principle we support the proposed measure of 8%-10% for those at risk of fuel poverty. It is estimated that 145,000 households in Wales are in the group proposed as being classed as at risk of fuel poverty, a similar amount to the number in fuel poverty. This highlights how, for many in Wales, the combination of energy prices, housing quality and income leave them in a precarious position on the borderline of fuel poverty. However, the plan and technical annex do not present evidence for using this particular measurement. Someone could potentially fall outside this group but be at greater risk of fuel poverty due to, for example, the precarious nature of their income. The plan should demonstrate that those spending between 8-10% of household income on fuel costs are at significantly higher risk of fuel poverty than those spending, for example, between 6%-10%, or how this banding correlates with the revised definitions of those vulnerable to being at risk of fuel poverty. To provide confidence that this measure is the best way of accurately capturing those groups genuinely at greater risk, the plan should provide justification for the proposed measure.

We also support the addition of measuring persistent fuel poverty as defined by households being in fuel poverty in two of the preceding three years. There is currently no measure for how many households experience persistent fuel poverty. This addition will increase understanding of the different ways households experience fuel poverty and ensure that in meeting the objectives of the plan, homes are neither in deep or consistent fuel poverty.

However, what is not clear in the plan is how these measures will inform policy actions to support these groups and the delivery of the plan. More should therefore be done to set this out and meet the following policy goals, set out in the plan⁵¹:

- people who are, or who are at risk of being, in Fuel poverty are proactively identified to ensure our support will benefit those most in need
- those in most need receive the most appropriate package of support, to ensure they are able to maintain a satisfactory heating regime

⁵¹ Welsh Government, [Tackling Fuel Poverty 2020 to 2035 Technical Annex](#), September 2020, paragraph 236

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 measures be retained as a measure of success?

The fuel poverty plan proposes that future schemes under the Warm Homes Programme will aim to achieve a reduction in energy used for heating in each property treated of 21% and no less than 15%. We think this is broadly the right level of ambition for energy efficiency schemes in general - it is broadly aligned with the ambition needed to meet net zero⁵². However, we think an energy use reduction target could be inappropriate for a fuel poverty scheme.

Where homes are self-rationing or under-heating due to fuel poverty, installation of measures should lead to an increase in comfort and better health outcomes, but may not lead to the same energy use that would be expected in other households. Similarly, if a home were to change its heating system from a gas boiler or oil system to a heat pump there may not be a significant reduction in the KWh of energy used to maintain a comfortable temperature. In both cases there is a risk that a targeted KWh reduction of energy used for heating may not correlate with a positive outcome for the householder.

It is also unclear how the proposed measure would operate and how calculations would be made for each property treated. The plan and technical annex do not provide detailed information on these issues. We are therefore only able to provide a limited response. If the Welsh Government takes this approach, it should provide further detail before the final plan is published.

One area where more clarity is needed relates to the proposed measure's use of energy used for heating as a metric, rather than total energy use. Heating is just one part of energy use in the home:

- for those using gas boilers, the majority will use the gas supply for a combination of space heating, water heating, and cooking
- for those who have electric heating, the supply will power almost all sources of energy demand

It is unclear how energy use for heating would be calculated, for example, what data would be collected from homes and how this would be used. We understand from engagement with Welsh Government officials that some form of benchmarking could

⁵² The CCC's Sixth Carbon Budget Balanced Pathway suggests that around half (49%) of homes will require packages of £1,000-£10,000, delivering 21% savings on average. Most other homes will require cheaper packages (with 8.7% average savings). Element Energy, [Development of trajectories for residential heat decarbonisation to inform the Sixth Carbon Budget](#), December 2020, page 36

be used. This would deliver a measure that relies on modelling, which could produce inconsistent outcomes because of differences in consumer behaviour. The Welsh Government should also set out what measures it would put in place to respond to instances where the intended kWh reduction is not achieved.

Using a metric based on EPC/SAP ratings could be a better approach, as they are not adversely affected by underheating and by differences in behaviour between households. This could be combined with some monitoring of actual energy use. EPC ratings are also clear, well understood, and have an existing framework and infrastructure. We understand that there are significant issues with the quality and reliability of EPCs. However, we hope to see these addressed, for example, by the UK government's EPC action plan, as they are crucial for benchmarking Welsh and UK government policy targets for both the social and private rented housing sectors. Where measures increase EPC ratings but do not lift households out of fuel poverty, the Welsh Government should ensure follow up support and additional measures are available if required, considering a whole-house approach.

Citizens Advice recommends the Welsh Government sets out in detail how its proposed measure would work, including the consumer journey and what data it intends to collect, and how it will use it. Welsh Government should also consider implementing both measures simultaneously as a pilot, which could provide an evidence base of the relative benefits and issues associated with each method.

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?

Citizens Advice believes that delivery of the plan to tackle fuel poverty will present a range of opportunities for people to use the Welsh language. The success of this plan will rely significantly on the engagement of people in Wales through advice and through the Warm Homes Programme. Schemes will need to work both proactively and reactively to ensure that adequate progress is made. This will present opportunities when individuals contact schemes, make applications, seek advice, have assessments completed, and when schemes communicate with the public. All of these touchpoints and routes of engagement should be available in Welsh to provide opportunities to engage in Welsh and ensure that those who speak Welsh have equal access to schemes.

We note that the technical annex states:

- The service providers responsible for delivering any element of the Tackling Fuel Poverty Plan will be bound by the Welsh Language Standards. The current advice services take account of the Welsh Language Standards, including answering the telephone and publishing information bilingually and ensuring customers and stakeholders are dealt with in the language or their choice.
- The provision of additional services will need to consider at the design stage the delivery of services in areas with a higher percentage of Welsh speakers to ensure they have a positive impact on the Welsh language and contribute to sustaining the aspirations of the Welsh Government to have 1 million Welsh Speakers by 2050.
- The design of additional services or a significant change to current methods of service delivery will be subjected to a full Welsh Language impact assessment with input from the relevant standards team.
- The appropriate design and delivery of the following policy goals and actions will advance an equality of the Welsh language:
 - Pilot an energy advice and outreach support service across Wales
 - Evaluate the outreach pilot and consult on how to expand support across Wales
 - Continue the Warm Homes Programme
 - Consult on revised arrangements for delivering the Warm Homes Programme

We also note that by providing larger spending caps within the Warm Homes Programme for rural off-gas properties this will help ensure living in those areas is more affordable, thereby enabling people to remain within their communities.

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.

We note that the main consultation document is published in both English and Welsh. However, at the time of writing, the technical annex which contains important additional detail and background information does not appear to be available online in Welsh. We

understand that it may be available by request but would recommend that both documents are readily available online bilingually.

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:

We have set out our view on key aspects of the strategy not covered directly by the consultation questions below.

Timelines for introducing change

Citizens Advice strongly supports changes being implemented as soon as is practically possible where it means more households are able to access support.

The Welsh Government should set out whether it is intending to make immediate changes to eligibility criteria of the Warmer Homes Programme based on the outcomes of this consultation, or whether such changes will not be further consulted on and then implemented until 2023. It is proposed under Action 2 that Welsh Government will consult on proposals for revisions to the criteria used under the Warm Homes Programme to determine eligibility for support, including health conditions and lower incomes. This draft plan is already consulting on revisions to the definition of being vulnerable to being at risk of fuel poverty, and on using a lower income definition for Warm Homes Programme eligibility.

In delivering the plan, schemes such as Nest and Arbed should also assess what additional support may be required after they have completed an intervention as well as who should offer this and how. We know clients can sometimes struggle with ongoing costs, such as maintenance checks on boilers. Additionally, the impact of interventions may be reduced if homes are drafty, with unwanted gaps letting cold air in and warm air out. In such circumstances, further support may be required and sought elsewhere.

To reach all these households, fuel poverty support schemes need to better coordinate with third sector colleagues, health professionals and local authorities. The experience must be seamless for households to move out of fuel poverty. Citizens Advice advisors offer anecdotal evidence, where they have referred clients into the Warm Homes Programme. However, the advice journey is interrupted when they are unable to receive feedback on whether the client has been accepted onto schemes and received the help they need. As not everyone can be served through these schemes, it is

important that there is better communication between the scheme and referral agent (with the client's consent) to ensure other avenues of assistance are explored.

Link to wider decarbonisation policies

Welsh Government should consider and set out how the plan will link and work with wider decarbonisation of the housing stock and schemes which provide support to households not in fuel poverty. Significant policy measures will be needed to make all homes more efficient in line with the CCC's newly recommended interim target of reducing carbon emissions by 63% in Wales by 2030⁵³. Information and communication of the support available to households needs to be clear in order to maximise uptake. Considering how schemes aimed at fuel poor households work within or alongside schemes for other households is important and should be considered at this stage.

Supporting new private rented standards

The Welsh Government should set out how the plan would be impacted by and could support BEIS proposals for updated energy efficiency standards in private rented homes in England and Wales⁵⁴. The plan acknowledges that households in the private rented sector in Wales are more likely to be fuel poor, with 20% living in fuel poverty. The new proposals include requiring EPC Band C to be achieved for new tenancies from 2025 and for all tenancies from 2028. In the final plan Welsh Government should assess what impact these targets would have on the fuel poverty plan and set out measures to support these standards in the private rented sector through the Warm Homes Programme and through enforcement by local authorities and Rent Smart Wales.

⁵³ CCC, [The path to Net Zero and reducing emissions in Wales](#), December 2020

⁵⁴ BEIS, [Improving the energy performance of privately rented homes](#), September 2020

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