



3rd Floor North
200 Aldersgate Street
London EC1A 4HD
Tel: 03000 231 231
citizensadvice.org.uk

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Responding to the Committee for Climate Change, Environment and Rural Affairs' consultation on fuel poverty

Citizens Advice provides free, independent, confidential and impartial advice to everyone on their rights and responsibilities. We are the statutory representative for domestic and small business energy consumers across Great Britain.

We are pleased to respond to this consultation. This document is entirely non-confidential and may be published on your website.

The scale and impacts of fuel poverty in Wales

The most recent figures published¹ suggest 12% of households in Wales were fuel poor in 2018, with 84% of this figure deemed to be in vulnerable² circumstances. The overall levels are a notable decrease compared to previous years, as estimated by the Welsh Government.

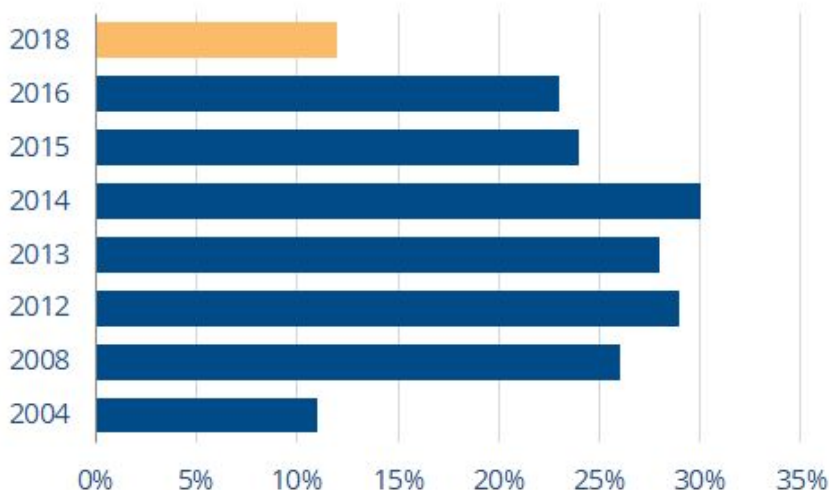


Fig. 1 shows fuel poverty levels by year as estimated by the Welsh Government

¹ Welsh Government, 2019, [Fuel Poverty estimates for Wales: 2018](#)

² Vulnerable households are defined (for these purposes) as those with a person aged 60 years or over, a child or young person under the age of 16 years and/or a person who is disabled or has a long term limiting condition

While these figures indicate fewer households need help with their fuel bills, contacts to our local offices in Wales indicate fuel debts are still increasing³, as compared to the previous year⁴. This stands in contrast to many other types of debt issues, such as water supply or mobile phone debt, which have reduced.

The data also suggests clients who come to us about fuel debts are more likely to be female, younger and/or suffer from mental health problems⁵ than the average Citizens Advice client in Wales.

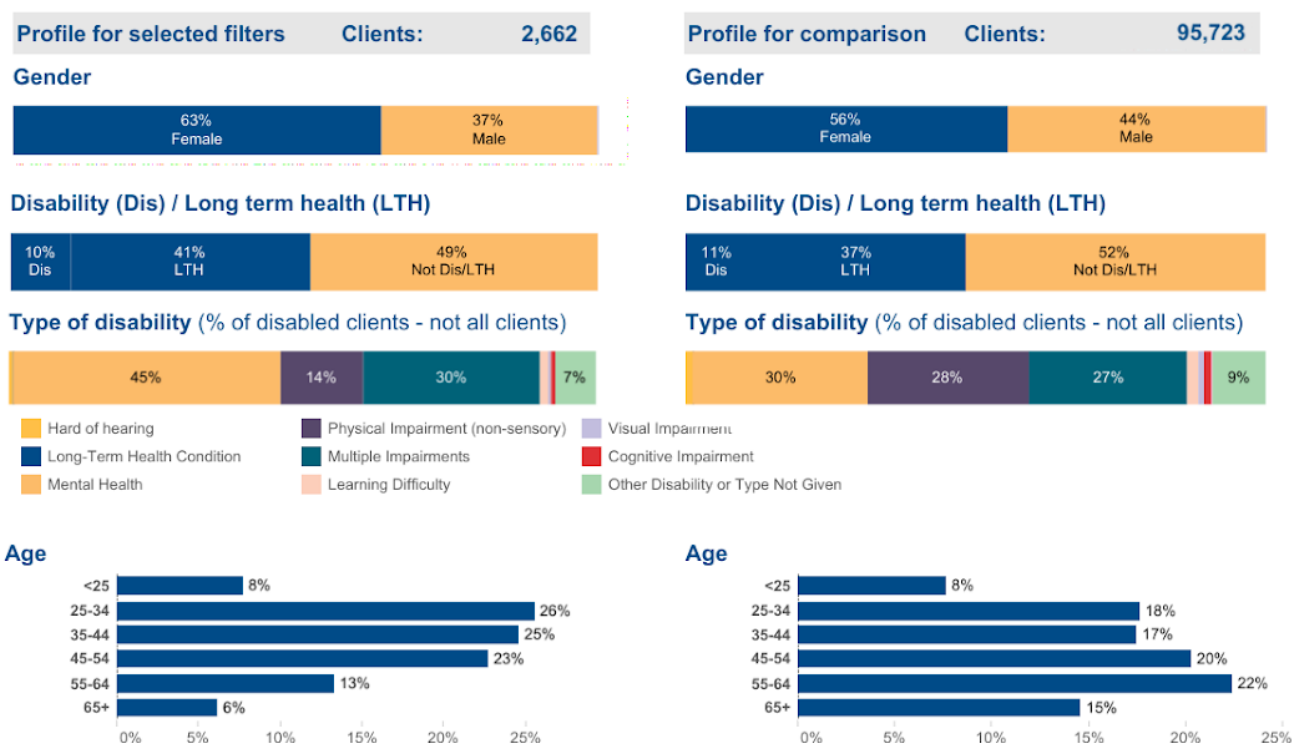


Fig. 2 shows the breakdown of client demographics, with client demographics of clients with fuel debt issues on the left, compared to the average client demographics in Wales on the right.

The impacts of fuel poverty are well documented and far reaching. Keeping warm when in fuel poverty may come at the expense of other essentials such as food or transport. It has been linked to a decline in physical as well as mental health and impacts social wellbeing too.⁶

Anecdotal evidence from frontline advisors also indicate the relative tensions individuals face managing their finances, as some face other burdens such as insecure

³ Advice Trends, Citizens Advice, August 2019

⁴ Data refers to debt issues concerns August 2018-2019 compared to August 2017-2018

⁵ Information about disabilities or long term health problems are self-reported

⁶ Grey et al., 2017, [Cold homes, fuel poverty and energy efficiency improvements: A longitudinal focus group approach](#)

employment, benefit freezes, caps or delays in receiving universal credit to name but a few.

Case study

Ken was diagnosed with prostate cancer at the end of August. He suffers from arthritis in his hips and knees too. Recently, Ken has made multiple trips to the hospital, which has heightened his travel expenses for the month. At the moment, his only form of income is universal credit. Whilst waiting for universal credit, he has run out of money for food and electricity and is currently without electricity, with some debt accrued.

Why the Welsh Government failed to meet its statutory target of eradicating fuel poverty in Wales by 2018

As shown in Fig. 1, the Welsh Government assesses levels of fuel poverty on an ongoing basis. However, some estimates used old and inadequate housing data and varied the methodology used to calculate these estimates. Welsh Government therefore did not have a robust understanding of how the scale of fuel poverty in Wales changed, within the relevant time period. This made it difficult to know where and how to target resources.

The Welsh Government needs to invest more in regular housing quality data, as well as supplementary data on income, health and occupation length. Such data would not only help both Government and other agencies to understand how to support fuel poor homes but would also inform how Welsh Government should proceed on decarbonising homes too.

Citizens Advice commends the Welsh Government for its consistent action in relation to the Warm Homes Programme. While it is clear these programmes have a positive effect on fuel poverty levels⁷, the evaluations do not measure how many households move out of fuel poverty as a result of the intervention and therefore contribute to Welsh Government's target⁸. Again, better evaluative data is needed to inform government and policy.

For Welsh Government to apply a strategy successfully, there needs to be a regular review of progress and of policy development. This has not happened with the previous strategy, meaning there has been limited oversight and strategic direction for the targets set.

Citizens Advice suggests Welsh Government consider bringing together knowledgeable stakeholders, to support the delivery and monitor progress as well as providing recommendations to them on an annual basis. Furthermore, there should be an

⁷ Based on the social and financial evaluations

⁸ [Nest evaluation](#), 2015, Welsh Government

obligation on the Welsh Government to respond to these recommendations⁹ with a policy plan. This would facilitate better transparency over the strategy and communication with stakeholders.

Scrutiny of any government policy is required to help develop effective interventions. In the past, it has been difficult to find government analysis of fuel poverty, policy decision papers and evaluation reports. Easy access to such papers - on a consistent platform - is required to ensure as many stakeholders can be involved in the conversation as possible.

Welsh Government should also seek opportunities to co-create policy rather than seeking feedback after policies have been developed. This can be particularly helpful when designing service delivery policies as practitioner views are crucial early on in the process.

How Welsh Government action to date has helped to combat fuel poverty, in particular, the impact of the Warm Homes Programme (including Nest and Arbed) and the quality of the Welsh Housing Quality Standard

Anecdotally, Citizens Advice advisors suggest the Warm Homes Programme has a big impact on the clients we see and can be invaluable when combined with good quality, independent energy efficiency advice.

The most recent fuel poverty figures clearly show the vast majority of households in fuel poverty live in vulnerable circumstances, too. 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.

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's better communication between the scheme and referral agent (with the clients consent) to ensure other avenues of assistance are explored.

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.

As mentioned above, schemes need to better assess if households move out of fuel poverty and if not, what/how many interventions would be required to do so. We would

⁹ <https://www.gov.uk/government/organisations/committee-on-fuel-poverty/about>

encourage government to consider how interventions contribute to a wider home improvement strategy.

How the Welsh Government's successor to the Fuel Poverty Strategy should differ from its 2010 strategy

The Welsh Government has invested a substantial amount into energy efficiency schemes, making it more affordable to heat many thousands of households.

However it would be short sighted not to recognise the role decarbonisation will play within the next 10 years. The independent decarbonisation advisory group recently published its report¹⁰ for Welsh Government, in which it recommended improving fuel poor homes to an EPC band A by 2030 (recognising not all homes can meet this standard). The Minister for Housing and Local Government accepted all the recommendations from the report, including this one, in principle during plenary.

It is right that Welsh Government recognises the need to support fuel poor homes when decarbonising the Welsh housing stock. An important next step is to evaluate the cost of such home improvements, recognising 3 in 4 fuel poor homes are rated band D or below and that 43% are rated band F-G. To action any recommendations from the advisory group's report, Welsh Government must also identify what proportion of fuel poor homes will be 'hard to make decent' and thus fall outside the proposed target. It is also important that the progress towards these targets (if accepted in full) are captured within the fuel poverty strategy and appropriately monitored and reviewed.

For almost all homes, choosing to replace heating technologies, like boilers, is often a distress purchase. This means consumers will only consider their next purchase when the previous boiler has broken down. Since many boilers typically last 10-15 years, this means we are potentially 2 purchases away from 2050 decarbonisation targets¹¹.

There may be a range of routes to decarbonise heat - for example, the electrification of heat, substituting gas with hydrogen, using heat networks (with a range of possible renewable sources) or a combination of all three. Either way, consumers will no longer be able to use traditional gas boilers.

Installing energy efficiency measures is seen as a 'low/no regrets' option that should always be considered and may help decarbonise homes. Measures such as solid wall, cavity or loft insulation may be particularly useful for some heat technologies, like heat pumps, which require a certain level of energy efficiency to work effectively.

What we know from schemes like Nest is that 93.6% of interventions relate to central heating installations¹² of which the vast majority are boiler replacements¹³. This

¹⁰ [Better homes, better Wales, better World](#), 2019

¹¹ [95% emissions reduction](#) by 2050

¹² [Nest evaluation, 2018-19](#)

contrasts with the most recent breakdown of Energy Company Obligation (ECO3) interventions, which include 24% cavity wall insulation, 17% loft insulation, 26% boiler measures and 18% other heating and 7% solid wall insulation¹⁴.

We appreciate insulation may not always be the best intervention for every household and that interventions must be done on a case by case basis, considering the best interests of each household. However, where possible and appropriate, there may be longer term benefits of choosing to insulate properties alongside or instead of replacing boilers. 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 who might need further support or different heat options in the future.

Local authorities also have an important role to play in tackling fuel poverty. Firstly, they are responsible for enforcing the minimum energy efficiency standards regulations. Anecdotal evidence collected by local Citizens Advice offices suggests that many local authorities may struggle to do this due to limited resource and visibility.

Secondly, local authorities support easier access to ECO funding in Wales, through ECO flex. ECO flex can help overcome barriers to ECO, including complex application processes.

Where possible, local authorities need the right expertise and resources to fulfill their role in any future fuel poverty strategy. Welsh Government should take a leadership role in coordinating the sharing of good practice to better support local authorities both as they seek to enforce regulations and work with energy suppliers to leverage ECO funding in Wales.

Finally, advice is fundamental to support those who are in fuel poverty. Advice can help tackle fuel poverty by helping individuals maximise their income, provide routes to bill support and reduce energy use through energy efficiency advice.

Case study

Gemma has a long term health condition and lives with her brother who has been diagnosed with rectal cancer and will shortly be receiving end of life care. Gemma owes over £1000 for her gas bill and £200 for her electricity bill and is worried about the situation. The advisor calls the supplier to discuss. The supplier tells Gemma they are unable to halt enforcement action unless there is a payment plan in place. With the help of the advisor, Gemma agrees to a payment plan and receives energy efficiency advice. She also completes an application for warm home discount. The supplier advises Gemma on other funds that could be used to help her pay her debts. The advisor discusses next steps with Gemma.

¹³ Citizens Advice understands this to be 80% of all interventions, though is unable to find documented figures.

¹⁴ [Household energy efficiency statistics](#), 2019 - statistics based on the first 10 months of data for ECO3

Often, advice can help those struggling to become eligible for Warm Home programmes, by supporting them in their benefit applications. The new fuel poverty strategy should consider how advice fits into the wider support fuel poor households need. For example, advice may be appropriate before, during, after and, should the consumer fall outside the eligibility criteria, instead of Nest or Arbed interventions. When designing such schemes, Welsh Government should consult those delivering holistic advice to clients regularly, to ensure there is a seamless transition between advice and Welsh Government support schemes.

What steps the Welsh Government should take to ensure that new-build homes, as well as existing homes, are highly energy efficient to prevent them from causing fuel poverty in the future.

Given recent targets¹⁵ proposed, it is sensible for the Welsh Government to improve building standards, which would ensure new-build homes are at a higher energy efficiency standard. It is important that standards are not only improved but enforced too.

A huge amount of research was undertaken by the Zero Carbon Hub¹⁶ to understand how higher levels of energy efficiency could be delivered. Citizens Advice recommends the Welsh Government revisit this work, and ensure the new standard delivers the same level of energy efficiency improvement previously committed to in the Zero Carbon Homes target. The Fabric Energy Efficiency Standard (FEES) element of the overall standard would have delivered a 25% reduction in regulated emissions over and above the standards set out in the 2006 Part L building regulations.

In the U.K., 80% of the homes that will exist in 2050 have already been built¹⁷. If any funding is required to ensure new build homes are highly energy efficient, it is imperative that this funding is additional to existing funding designated to support fuel poverty.

Yours sincerely,

Rajni Nair
Senior Policy Researcher

¹⁵ [95% emissions reduction](#) by 2050

¹⁶ www.zerocarbonhub.org

¹⁷ Nottingham Trent University, 2018, [Scaling up retrofit 2050](#)