

Fuel Poverty in Wales

April 2020



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Fuel Poverty in Wales

April 2020



About the Committee

The Committee was established on 28 June 2016. Its remit can be found at:
www.assembly.wales/SeneddCCERA

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Chair's foreword

Fuel poverty continues to be a significant challenge in Wales. Despite the Welsh Government's ambition to eradicate fuel poverty by 2018, an estimated 155,000 households, that is 12 per cent of all households in Wales, are still fuel poor. This is 155,000 households too many.

But what does fuel poverty mean? According to the Welsh Government's official definition, it is "having to spend more than 10 per cent of income on all household fuel used to maintain a satisfactory heating regime". But behind that definition is a stark reality – it means living in a cold, damp home. Choosing whether to feed your family or to keep them warm. It can mean, poorer physical and mental health.

Fuel poverty comes at a cost: to educational attainment, to the economy, and to health and social care services. With approximately 10% of excess winter deaths attributed directly to fuel poverty, the personal cost can be devastating.

With a new fuel poverty strategy for Wales being developed, we are calling on the Welsh Government to renew its commitment and reconsider its approach, to eradicating fuel poverty.

Our report sets out lessons the Welsh Government must learn from its previous strategy. It also sets out our expectations for comprehensive new strategy that aligns with other key priorities, including the decarbonisation of Wales's housing stock.

We hope to see our recommendations reflected in a new fuel poverty strategy that will make a real difference to people's lives.

155,000 households depend on it.

Recommendations

Recommendation 1. The Welsh Government's new fuel poverty strategy must comprehensively address the three determinants of fuel poverty - energy prices, household incomes and energy efficiency.....Page 24

Recommendation 2. The Welsh Government's new fuel poverty targets must be challenging but realistic. The overall targets must be accompanied by interim targets and clear milestones against which progress can be measured.

In setting its new targets, the Welsh Government should consider:

- adopting a similar approach to that taken by the Scottish Government; and
- how the targets can best align with the wider ambition to decarbonise Wales's housing stock by 2050.Page 24

Recommendation 3. The Welsh Government should consider introducing new statutory fuel poverty targets. It should report back to the Committee on the outcome of its consideration before publishing its final fuel poverty strategy. If the Government decides against statutory targets, it must set out its reasons.
.....Page 24

Recommendation 4. The Welsh Government must establish a robust monitoring framework to oversee progress in delivering its new fuel poverty strategy. This should include:

- the publication of annual fuel poverty estimates (aligned with the new definition of fuel poverty), including estimates on the number of disabled households living in fuel poverty;
- an Advisory Board on Fuel Poverty, or a similar formal structure, recognising the key role of stakeholders in monitoring and reviewing progress, and in providing external scrutiny; and
- a commitment to regular reporting by the Welsh Government on progress towards its new fuel poverty targets.Page 25

Recommendation 5. The Welsh Government should adopt a more appropriate definition of fuel poverty: one that more accurately reflects the lived experience of fuel poor households in Wales. As its starting point, it should consider the ‘residual income’ approach, learning lessons from England and Scotland. This work should be undertaken in conjunction with relevant stakeholders and be completed within 12 months of the publication of this report. Page 25

Recommendation 6. The Welsh Government should ensure that fuel poverty estimates reflect the new definition. This work should be completed in time to inform the fuel poverty estimates for 2020. Page 25

Recommendation 7. The Welsh Government must work with Nest and Arbed am Byth to develop a robust monitoring and evaluation framework, which includes measuring the impact of the schemes on fuel poverty. Page 36

Recommendation 8. The Welsh Government must work with Arbed am Byth, and its partners, to establish more sophisticated tools for targeting support for households in fuel poverty under the scheme. Page 36

Recommendation 9. The Welsh Government must report back to the Committee on:

- the number of properties improved and the total spend through Arbed 3 for the second year of the three year programme; and
- action it intends to take in the event that figures on improvements and spend suggest that Arbed 3 is continuing to underperform. Page 37

Recommendation 10. The Welsh Government must review the eligibility criteria for free energy efficiency improvement packages under Nest, taking account of the new definition of fuel poverty. The review must consider, in particular, broadening the eligibility criteria to include low-income households living in, or at risk of falling into, fuel poverty. Page 37

Recommendation 11. The Welsh Government must ensure that funding is available through the Warm Homes Programme to meet the cost of enabling works for households that would otherwise be unable to benefit from home energy efficiency improvements under government schemes. Page 37

Recommendation 12. The Welsh Government must reflect on the evidence received about the need for adequate lead-in time for the completion of enabling works ahead of energy efficiency improvements under schemes. Page 37

Recommendation 13. The Welsh Government should establish a pilot scheme for an in-house advice and support service for vulnerable households in, or at risk of falling into, fuel poverty. The service should:

- operate on the basis of a holistic approach, providing advice and support on improving energy efficiency, maximising income and reducing energy costs; and
- provide direct assistance to households, for example, in taking up financial entitlements, checking energy tariffs and switching energy suppliers.Page 37

Recommendation 14. The Welsh Government must establish a suitable support mechanism to enable local authorities to maximise funding for energy efficiency improvements through ECO Flex. Page 37

Recommendation 15. The new fuel poverty strategy should aim to increase the use of smart meters in households across Wales, in particular those using pre-payment meters, and those living in, or at risk of falling into, fuel poverty.
..... Page 41

Recommendation 16. The Welsh Government should:

- provide details of the task and finish group on promoting take-up of Pension Credit, including its terms of reference and timeline for its work, and
- report back to the Committee on the findings of the task and finish group, and on the actions the Welsh Government intends to take and timelines involved.Page 41

Recommendation 17. The Welsh Government must seek to secure a Welsh representative on the Board of Ofgem and to strengthen the regulator's presence in Wales. Page 42

Recommendation 18. The new fuel poverty strategy should include provisions aimed at addressing the distinct challenges faced in rural areas. This should include a bespoke programme with appropriate levels of funding that take account of the more complex and costly measures required to address rural fuel poverty..... Page 45

Recommendation 19. The Welsh Government must work with relevant partners to develop financial support mechanism to enable private landlords to improve the energy efficiency of their properties. This work must be undertaken as a matter of priority, given the introduction of new Minimum Energy Efficiency Standards from April 2020. Page 51

Recommendation 20. The Welsh Government, in conjunction with local authorities and Rent Smart Wales, must undertake work to identify and address barriers to enforcement of Minimum Energy Efficiency Standards. The Welsh Government must report back to the Committee on the outcome of this work at the first available opportunity. Page 51

Recommendation 21. The Welsh Government must ensure that new energy efficiency standards in new homes as sufficiently ambitious, and that changes to Part L Building Regulations are progressed with no further delay. Page 51

Introduction

1. The Welsh Government failed to meet its statutory target to eradicate fuel poverty by 2018. It will shortly be consulting on a new fuel poverty strategy, with the final strategy expected later in spring 2020. The Committee agreed to undertake an inquiry into fuel poverty in Wales to explore the issues and shape the Welsh Government's forthcoming strategy.

Terms of reference

- 2.** We sought views on:
- the scale and impacts of fuel poverty in Wales;
 - why the Welsh Government failed to meet its statutory target of eradicating fuel poverty in Wales by 2018;
 - how Welsh Government action to date has helped to combat fuel poverty, in particular, the impact of the Warm Homes Programme (including Nest and Arbed) and the Welsh Housing Quality Standard;
 - how the Welsh Government's successor to the fuel poverty strategy (due for consultation in Autumn 2019) should differ from its 2010 strategy; and
 - what steps the Welsh Government should take to ensure that new-build homes, as well as existing homes, are highly energy efficient to prevent them from contributing to fuel poverty in the future.

Our approach

3. We held a public consultation between August and November 2019, to which we received 35 responses. Details of these can be found at the end of this report.

4. We held meetings on 8, 22 and 30 January 2020 to take evidence from stakeholders. On 13 February 2020, we took evidence from the Minister for Environment, Energy and Rural Affairs, and the Minister for Housing and Local Government. Details of these can also be found at the end of this report.

5. Members of the Committee visited Clos y Wawr development, Neath (hosted by Pobl Group) and Ty Silures House, Caerau, Cardiff (hosted by United Welsh Housing Association).

6. The Assembly's Citizen's Engagement Team held a series of focus groups with people in, or at risk of, fuel poverty and advice and support service providers. The output from the groups has helped inform our report.
7. We would like to thank all those who have contributed to our work.

1. The Welsh Government's failure to meet its statutory fuel poverty targets

8. In 2003, the Welsh Government published *A Fuel Poverty Commitment for Wales*, which included statutory targets¹ to eradicate fuel poverty. The targets were that, as far as is reasonably practicable, fuel poverty in Wales will be eradicated:

- amongst vulnerable households by 2010;
- in social housing by 2012; and
- in all households by 2018.

9. *A Fuel Poverty Commitment for Wales* was replaced by the *Fuel Poverty Strategy 2010* ('the 2010 Strategy') and the targets remained in place.

10. Ten years on, although progress has been made, the Welsh Government failed to meet any of its statutory targets to eradicate fuel poverty. According to the Welsh Government's latest *fuel poverty estimates* (for 2018):

- 155,000 households are living in fuel poverty (equivalent to 12% of all households;
- 130,000 vulnerable households² are living in fuel poverty (equivalent to 11% of all vulnerable households); and
- 21,000 households in the social housing sector are living in fuel poverty (equivalent to 9% of all households in this sector).

11. Respondents acknowledged that, while progress against targets had been made, the Welsh Government had not met any of its statutory targets. They cited various reasons for this, including the impact of welfare reform and increases in energy prices, which the Welsh Government has no direct control over. Other

¹ The current fuel poverty targets were set under the requirement contained in the Warm Homes and Energy Act 2000 ('the 2000 Act'). Under the 2000 Act, the Welsh Ministers were required to publish a fuel poverty strategy setting out how they would, as far as reasonably practicable, eradicate fuel poverty. The strategy had to include a target date for the eradication of fuel poverty, which could not be more than 15 years after the date on which the first strategy was published.

² Vulnerable households are defined 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.

reasons included an unsuitable definition of fuel poverty, limitations of the current home energy efficiency schemes, and a lack of a robust monitoring framework. These are explored in more detail in later chapters.

12. The consensus was that the targets had been overly ambitious, particularly given the Welsh Government's limited degree of control and influence over energy prices and household incomes. In its report, Fuel Poverty (October 2019), the WAO stated:

“The powers to tackle the main causes [of fuel poverty] are only partially devolved...Given the complex underlying causes and limited degree of control, for example, over energy prices, we think that the targets the Welsh Government set to eradicate fuel poverty were highly ambitious.”³

The definition of fuel poverty

13. The Welsh Government has defined fuel poverty as households “having to spend more than 10 per cent of income (including housing benefit) on all household fuel used to maintain a satisfactory heating regime”. Previously, all UK nations used the same definition. However, concerns have been raised in recent years that the definition was not fit for purpose. The UK and Scottish Governments commissioned independent reviews of the definition, which was subsequently revised in England and Scotland.

14. Respondents raised concern that the Welsh Government's definition did not lead to sufficient focus on households in greatest need. For example, the Bevan Foundation said the Welsh Government may have used its resources “assisting households living in expensive to heat homes as opposed to assisting those in poverty”. It highlighted that although fuel poverty had halved in the last decade, the greatest reduction in fuel poverty had been in the highest income deciles.⁴

Data collection and monitoring progress against targets

15. A key action in the 2010 Strategy was the development of a Monitoring and Evaluation Plan (‘the Plan’) covering, among other things, progress towards targets, evaluation of the Strategy, reporting arrangements, including an annual report, and identifying data gaps.

³ www.audit.wales/publication/fuel-poverty

⁴ Written evidence FP17, Bevan Foundation

16. In addition, the Ministerial Advisory Group on Fuel Poverty was intended to have a central role in monitoring and reporting on progress toward delivering the 2010 Strategy. However, the Advisory Group was dissolved in 2011. Its work was meant to be subsumed into that of the Tackling Poverty External Advisory Group. That Group was also dissolved in 2016.

17. Several respondents raised concern about the lack of a monitoring framework to oversee progress in delivering the 2010 Strategy and the targets. Of particular concern were the availability of fuel poverty data, and the lack of a formal mechanism to help monitor progress and provide external scrutiny.

18. The Bevan Foundation asserted that data “was not gathered regularly enough”, and referred to gaps in fuel poverty estimates between 2012 to 2016, and 2016 to 2018. This meant the Welsh Government “had very limited data on how successful or otherwise its policies were in ending fuel poverty”.⁵ A similar view was expressed by National Energy Action (NEA) Cymru which suggested that, without robust data, “the next iteration of the strategy is being done slightly blind”.⁶

The Warm Homes Programme

19. As of 31 March 2019, the Welsh Government had spent £251.8 million, including EU Structural Funds, on the Warm Homes Programme. The Programme comprises the Nest⁷ and Arbed⁸ schemes, which fund home energy efficiency improvements and provide advice for low-income households living in private sector housing.

20. Respondents had mixed views about the impact of the Warm Homes Programme on fuel poverty. Overall, they suggested the schemes had led to improvements in energy efficiency and that this should make households less likely to be living in fuel poverty. However, the schemes were not at a sufficient scale to have any chance of meeting the statutory target. The Bevan Foundation stated:

“...to eradicate fuel poverty in a decade, the Welsh Government needed to assist approximately 33,000 households a year out of fuel poverty.

⁵ Written evidence FP17, Bevan Foundation

⁶ RoP, para 195, 8 January 2020

⁷ Nest offers a range of free, impartial advice and, subject to eligibility, a package of free home energy efficiency improvements such as a new boiler, central heating or insulation.

⁸ Arbed is an area-based scheme. Only householders living in an eligible area can access support under the scheme. Funding is provided through the scheme to install energy efficiency measures, such as external wall cladding and new central heating systems

Between 2010 and 2019 a total of 55,056 households – i.e. equivalent to 6,000 households a year – received home energy efficiency improvements through NEST and ARBED...This was just 20 percent of the number needed.”⁹

21. According to the Wales Audit Office (WAO) report, although Nest and Arbed had been subject to evaluation, “it is hard to be certain about the precise impact” of the schemes. It stated:

“Both [Nest and Arbed] have undoubtedly led to improvements in the energy efficiency of the houses...In theory, the significant reported improvements in energy efficiency should make those households less likely to be in fuel poverty. However, neither scheme routinely checks whether people were in fuel poverty before or after the intervention.”¹⁰

22. NEA Cymru was confident that the schemes had contributed to the reduction in fuel poverty, but stated:

“...it is currently unclear what impact these schemes have had in terms of lifting households out of fuel poverty. We simply do not know because no assessment has been done...”¹¹

23. Similar points were made by the Bevan Foundation, Residential Landlords Association (RLA) and Citizens Advice.¹²

Evidence from the Welsh Government

24. In setting out the Welsh Government’s approach to eradicating fuel poverty, the Minister stated that “in Wales we do not hold all of the levers which influence the factors contributing to fuel poverty”. She said:

“although we have taken action as a Government to increase people’s incomes, the UK Government’s policy of austerity has depressed household incomes. Likewise, the UK energy market is regulated by Ofgem and policy is driven by the UK Government.”¹³

⁹ Written evidence FP17, Bevan Foundation

¹⁰ www.audit.wales/publication/fuel-poverty

¹¹ Written evidence FP27, NEA Cymru

¹² Written evidence FP17, FP03 and FP29

¹³ [Letter to the Chair of the Climate Change, Environment and Rural Affairs Committee from the Minister for Environment, Energy and Rural Affairs, dated 30 January 2020](#)

25. She explained that the Welsh Government had focussed on those areas where it had the greatest influence: improving home energy efficiency through providing advice and by installing energy efficiency improvements, and helping people make more informed decisions on energy to lower their bills.¹⁴

26. The Minister said there were “a variety of reasons” why the Welsh Government had failed to meet its statutory targets. She acknowledged that:

“...perhaps the target was a bit ambitious. I think targets should be ambitious, but they also have to be realistic, and maybe it was a little bit too optimistic.”¹⁵

27. In commenting on the impact of the Warm Homes Programme, the Minister stated:

“Between 2011 and March 2019, more than 37,700 homes benefitted from home energy efficiency measures through the Nest Scheme. Of these homes, 43% were rated Energy Efficiency Performance Certificate (EPC) G before measures were installed, 51% rated EPC F and 6% rated at EPC E. Following the installation of home energy efficiency measures, 27% of homes had improved to an EPC C rating, 53% improved to an EPC D rating and 16% improved to an EPC E rating. The remaining 4%, which were some of the most hard to treat properties, achieved a modest EPC rating of F or G.”¹⁶

28. However, she acknowledged that “a more sophisticated monitoring and evaluation framework is required to ensure our programmes deliver real benefits to people who are struggling to meet the cost of energy needed to maintain a satisfactory heating regime”.¹⁷

29. The Minister stated that the WAO’s review, published in October 2019, had been “invaluable...as we’ve assessed the performance against the targets and the actions that were set out in the 2010 strategy”.¹⁸ She added that the 2010 Strategy

¹⁴ Letter to the Chair of the Climate Change, Environment and Rural Affairs Committee from the Minister for Environment, Energy and Rural Affairs, dated 30 January 2020

¹⁵ RoP, para 8, 13 February 2020

¹⁶ Letter to the Chair of the Climate Change, Environment and Rural Affairs Committee from the Minister for Environment, Energy and Rural Affairs, dated 30 January 2020

¹⁷ Letter to the Chair of the Climate Change, Environment and Rural Affairs Committee from the Minister for Environment, Energy and Rural Affairs, dated 30 January 2020

¹⁸ RoP, para 18, 13 February 2020

had been “kept under continuous monitoring and review by officials”.¹⁹ The Minister explained that Nest had been reviewed several times and changes had been subsequently implemented.

30. The Minister acknowledged that “the vast majority” of energy efficiency measures installed under Nest were replacement boilers. She said these were “a very effective way of reducing energy bills and also carbon emissions”. She explained that energy efficiency measures for households were recommended on the basis of “an independent whole-house assessment”.²⁰

31. The Minister asserted that, while households do not have to be living in fuel poverty to be eligible for energy efficiency improvements under Nest or Arbed, they “were certainly at risk of falling into fuel poverty”.²¹ She stated:

“We’ve done some detailed analysis of our fuel poverty estimates, and it suggests that approximately 144,000 homes in Wales spend between 8 per cent and 10 per cent of their household income on domestic fuel. So, therefore, they are at risk of falling into fuel poverty.”²²

Our view

This Committee remains disappointed that the Welsh Government failed to meet its statutory targets for the eradication of fuel poverty. The purpose of this chapter is to consider the reasons for that failure, with the intention of informing the development of the next fuel poverty strategy.

The Welsh Government’s statutory targets were commendable in intent, but, in truth, they were unrealistic. Although progress was made, particularly in recent years, all three targets were missed by some margin. With an estimated 12 per cent of all households in Wales living in fuel poverty, the extent of the problem remains unacceptable.

The 2010 Strategy included proposals to monitor and evaluate progress towards meeting the statutory targets. There is limited evidence that these proposals were taken forward in any meaningful way. Key actions, including annual progress reports, did not materialise.

¹⁹ RoP, para 19, 13 February 2020

²⁰ RoP, para 107, 13 February 2020

²¹ RoP, para 188, 13 February 2020

²² RoP, para 189, 13 February 2020

The Advisory Group, which was meant to have a central role in monitoring and evaluating progress and providing external scrutiny, was disbanded when the 2010 Strategy was still in its infancy. This left a gap that is yet to be filled. There continues to be no formal mechanism for stakeholders to engage with the Welsh Government on the fuel poverty agenda. In contrast, England has the UK Committee on Fuel Poverty and Scotland has recently established the Scottish Fuel Poverty Advisory Panel and Partnership Forum.

In subsequent chapters, the Committee considers specific lessons that can be learned from the 2010 fuel poverty strategy.

Conclusion 1. To inform the development of its new fuel poverty strategy, the Welsh Government should undertake and publish a thorough appraisal of the 2010 fuel poverty strategy. This should include the lessons it has learned from the failings of the strategy. We expect our views and recommendations set out in the remainder of this report to be reflected in the new strategy.

2. The new fuel poverty strategy

Focus of the strategy

32. Several respondents raised concern that the Welsh Government’s 2010 fuel poverty strategy had failed to take a holistic approach, with too much focus on improving the energy efficiency of households.

33. The Bevan Foundation pointed out that improving energy efficiency “does not, as of itself, remove the risk of fuel poverty”.²³ Community Housing Cymru (CHC) expressed a similar view. It called for the new strategy “to support the delivery of a holistic programme that directly, and equally, targets the three determinants of fuel poverty [energy prices, household incomes and energy efficiency]”.²⁴

Alignment with decarbonisation policies

34. The Welsh Government has set an ambition “to decarbonise all homes in Wales by at least 80% by 2050, regardless of their tenure”.²⁵ There was widespread recognition that the new fuel poverty strategy must align with this ambition. However, several respondents highlighted potential tensions between the Welsh Government’s ambition to decarbonise homes and to eradicate fuel poverty.

35. The WAO pointed out that, in purely monetary terms, natural gas is the cheapest form of domestic energy. As such, the Welsh Government faces “a significant challenge to make the energy supply more carbon-efficient whilst avoiding price rises that push more people into fuel poverty”.²⁶

36. There was widespread support in principle for the recommendations of the Decarbonisation of Homes in Wales Advisory Group (‘the Advisory Group’). In its report, *Better Homes, Better Wales, Better World: Decarbonising existing homes in Wales* (July 2019), the Advisory Group made a series of ambitious recommendations about retrofitting homes. The Advisory Group recommended that home improvement schemes and programmes such as Nest and Arbed should be aligned with the outcomes and recommendations in its report.

²³ Written evidence FP17, Bevan Foundation

²⁴ Written evidence FP28, CHC

²⁵ <https://gov.wales/low-carbon-delivery-plan>

²⁶ www.audit.wales/publication/fuel-poverty

37. Respondents were keen for the Government to make progress in taking forward the recommendations, including prioritising retrofit of social housing and other homes in fuel poverty, with a target of achieving an EPC Band A rating. However, several recognised that this aim was highly ambitious; some felt it was unrealistic. Some respondents raised concern about the level of investment and technical expertise required to retrofit homes, in particular, old and ‘hard to treat’ properties, to reach EPC Band A. CHC emphasised the need for “extensive research and modelling” to identify the scale of costs and the measures required.²⁷ A similar view was expressed by Citizens Advice.²⁸

Targets

38. There was widespread support for the Welsh Government’s new fuel poverty strategy to include ambitious, but realistic targets, accompanied by milestones against which progress can be measured.

39. WAO recommended that the Welsh Government should consider “setting an ambition or goal that is more closely aligned to the Welsh Government’s sphere of control and influence”.²⁹

40. Energy Saving Trust (EST) suggested the Welsh Government should consider adopting a similar approach to that taken in Scotland for setting targets. The approach takes account of “the tendency for various households to fluctuate in and out of fuel poverty due to changing circumstances”, “unpredictable fluctuations in energy prices”, and the technical challenges of retrofitting certain types of property. It suggested a target in Wales of “no more than 2% of Welsh households will be fuel poor by 2030”.³⁰

41. EST also proposed an Energy Performance Certificate target for fuel poor homes, pointing to the correlation between low EPC ratings and fuel poverty.³¹ This approach has been adopted in England. The Scottish Government has also consulted on an Energy Performance Certificate target as part of its wider work on energy efficiency.

²⁷ Written evidence FP28, CHC

²⁸ Written evidence FP29, Citizens Advice

²⁹ www.audit.wales/publication/fuel-poverty

³⁰ Written evidence FP23, EST

³¹ Written evidence FP23, EST

Definition of fuel poverty

42. There was broad support to amend the current definition to provide a more accurate picture of fuel poverty in Wales and to better reflect the lived experiences of those who are fuel poor. The majority of respondents advocated the ‘residual income’ approach, which is used as a basis for the definitions in England and Scotland. Respondents suggested that this would enable the Welsh Government to better target support and resources.

Data collection and monitoring progress against targets

43. Representatives of local authorities suggested that having fuel poverty estimates by local authority would be beneficial. Currently, estimates are only available at a national level.

44. Scope explained that the Welsh Government does not publish data on the prevalence of fuel poverty among disabled people. This made it difficult to establish whether disabled people were disproportionately affected by fuel poverty, or whether they had benefitted equally from the reduction in fuel poverty among ‘vulnerable groups’.³²

45. Isle of Anglesey Council Housing Department emphasised the need to “[ensure] robust and effective governance for monitoring progress of the strategy”. It suggested that the Welsh Government should consider the approach adopted in Scotland, which includes a Fuel Poverty Advisory Panel.³³

46. NEA’s UK Fuel Poverty Monitor 2019 notes that “Wales is one of the few nations without a Ministerial Advisory Body on Fuel Poverty”. It argues:

“It is evident that there is clearly a gap in the provision of advice and guidance to the Welsh Government to help direct, or redirect, current initiatives and programmes so they can be targeted at those most in need.”

47. NEA Cymru called for the Welsh Government to establish a “Strategic Monitoring Board...to monitor and oversee the delivery of the [new strategy] ...as

³² Written evidence FP26, Scope

³³ Written evidence FPI2, Isle of Anglesey County Council Housing Department

well as to review and report on progress”.³⁴ A similar view was expressed by Citizens Advice.³⁵

Evidence from Welsh Government

48. When asked whether the Minister was considering introducing primary legislation in relation to fuel poverty, including new statutory targets, she stated:

“Not at the moment, and the targets that we’re going to be proposing in the new strategy...I think they’ll have the same effect as any Act we could bring forward.”³⁶

49. However, she explained that, if the outcome of the consultation provides “compelling evidence”, she would consider the issue further.³⁷

50. The Minister explained she would be seeking views on the need to change the definition and measurement of fuel poverty as part of the forthcoming consultation on the new strategy.³⁸

51. The Minister told the Committee that the Welsh Government had not committed to the retrofit of housing stock to achieve an EPC Band A, but instead to achieve “the best possible standard for each type of housing”.³⁹

52. In responding to our report on the Welsh Government’s draft budget 2020-21, the Minister explained that, in line with the Advisory Group’s recommendation, modelling of the social housing stock was being undertaken to assess whether the EPC Band A target was achievable. She added this would “help identify for example the right decarbonisation pathways for homes, the action needed and associated costs”. This phase of modelling would be completed by spring 2020.⁴⁰

53. The Minister asserted that outcomes of this work, alongside data from the Innovative Housing Programme, would inform future funding decisions on the Warm Homes Programme. The Minister added that her “department has done

³⁴ Written evidence FP27, NEA Cymru

³⁵ Written evidence FP29, Citizens Advice

³⁶ RoP, para 46, 13 February 2020

³⁷ RoP, para 42, 13 February 2020

³⁸ RoP, para 24, 13 February 2020

³⁹ RoP, para 105, 13 February 2020

⁴⁰

<http://senedd.assembly.wales/documents/s99446/Welsh%20Government%20response%20to%20the%20Recommendations%20from%20the%20Climate%20Change%20Environment%20and%20Rural%20Affa.pdf>

some high-level assessment, which has come up with a figure of around £56 million a year being needed in relation to this”.⁴¹

Our view

Up to now, the Welsh Government has concentrated its efforts to tackle fuel poverty on improving energy efficiency. While this delivers benefits across a range of policy areas, it does not necessarily lift households out of fuel poverty. For these households, improving energy efficiency is only part of the solution.

To tackle fuel poverty, the Welsh Government must adopt a more holistic approach and seek to address all three determinants of fuel poverty – energy prices, household incomes and energy efficiency. We expect to see this reflected in the new strategy.

The new strategy must align with other priorities, such as the decarbonisation of Wales’s housing stock. The report of the Decarbonisation of Homes in Wales Advisory Group has set the tone of the debate and requires a bold response from the Welsh Government. If managed successfully, decarbonisation of the housing stock will not only help the Welsh Government to realise its ambition to achieve net-zero emissions by 2050, but to eradicate fuel poverty in Wales. The next iteration of the Welsh Government’s low carbon delivery plan, due to be published in 2021, needs to align decarbonisation and fuel poverty policies.

The Welsh Government must remain resolute in its ambition to eradicate fuel poverty. It should set targets which are challenging, but realistic, and which recognise the extent of control and influence it has over the main drivers of fuel poverty. The targets should be supplemented by interim targets and milestones against which progress can be measured.

In setting new targets, the Welsh Government should consider adopting the approach taken in Scotland. This acknowledges the many variables that impact on fuel poverty, some of which are outside the Welsh Government’s direct control.

Both England and Scotland have enshrined their new fuel poverty targets in legislation. Statutory targets for Wales would not themselves guarantee action or success. However, they would demonstrate the Welsh Government’s commitment to eradicating fuel poverty and ensure stronger accountability. We

⁴¹ RoP, para 232, 13 February 2020

believe the Welsh Government should consider putting its new fuel poverty targets on a statutory footing, in line with other UK nations.

A definition of fuel poverty which reflects the lived experience of fuel poor households will be key to the success of the Welsh Government's new fuel poverty strategy and to the design and delivery of effective fuel poverty reduction policies and programmes. The current definition used in Wales does not do this. It is crude and overly simplistic.

England and Scotland have already adopted more robust definitions of fuel poverty, based on a 'residual income' approach. The Welsh Government's new strategy, expected shortly, is an ideal opportunity to adopt a more appropriate definition, and to reframe its approach to tackling fuel poverty in Wales.

Finally, the Welsh Government must improve the availability of data on fuel poverty. This is necessary to measure how successful its efforts to tackle fuel poverty are, and enable evidence-based decisions on future policies and programmes. While fuel poverty estimates have been published, they have not been published routinely. More regular estimates will enable the Welsh Government to monitor changes in fuel poverty over time, and promote transparency and public scrutiny.

Recommendation 1. The Welsh Government's new fuel poverty strategy must comprehensively address the three determinants of fuel poverty - energy prices, household incomes and energy efficiency.

Recommendation 2. The Welsh Government's new fuel poverty targets must be challenging but realistic. The overall targets must be accompanied by interim targets and clear milestones against which progress can be measured.

In setting its new targets, the Welsh Government should consider:

- adopting a similar approach to that taken by the Scottish Government; and
- how the targets can best align with the wider ambition to decarbonise Wales's housing stock by 2050.

Recommendation 3. The Welsh Government should consider introducing new statutory fuel poverty targets. It should report back to the Committee on the outcome of its consideration before publishing its final fuel poverty strategy. If the Government decides against statutory targets, it must set out its reasons.

Recommendation 4. The Welsh Government must establish a robust monitoring framework to oversee progress in delivering its new fuel poverty strategy. This should include:

- the publication of annual fuel poverty estimates (aligned with the new definition of fuel poverty), including estimates on the number of disabled households living in fuel poverty;
- an Advisory Board on Fuel Poverty, or a similar formal structure, recognising the key role of stakeholders in monitoring and reviewing progress, and in providing external scrutiny; and
- a commitment to regular reporting by the Welsh Government on progress towards its new fuel poverty targets.

Recommendation 5. The Welsh Government should adopt a more appropriate definition of fuel poverty: one that more accurately reflects the lived experience of fuel poor households in Wales. As its starting point, it should consider the ‘residual income’ approach, learning lessons from England and Scotland. This work should be undertaken in conjunction with relevant stakeholders and be completed within 12 months of the publication of this report.

Recommendation 6. The Welsh Government should ensure that fuel poverty estimates reflect the new definition. This work should be completed in time to inform the fuel poverty estimates for 2020.

3. The future of the Warm Homes Programme

54. The Welsh Government's Warm Homes Programme comprises two separate schemes – an area-based scheme ('Arbed') and a needs-based scheme ('Nest'). In addition, funds from the Energy Company Obligation (ECO), a UK Government energy efficiency scheme, have been used to supplement Nest and Arbed funding.

Assessing the Warm Homes Programme's impact

55. Several respondents questioned whether the most effective measures have been installed under Nest and Arbed. Citizens Advice highlighted that 93.6% of energy efficiency improvements undertaken through Nest were central heating installations, which were mainly boiler replacements. It suggested that other measures, such as solid wall, cavity or loft insulation, would provide long term benefits, and avoid the need for repeat visits to households that may require different heat options in the future.⁴²

"Fitting a new boiler is not always the answer, particularly where the fabric of the building needs addressing."

Focus group participant, Rhondda Cynon Taf

56. Calor questioned whether installing "new, more efficient oil boilers" was the best use of resources, given the Welsh Government's ambition to achieve net-zero carbon emissions by 2050.⁴³ In reference to the large percentage of boiler installations, British Gas (which delivers Nest) explained:

*"By installing a new A-rated boiler at customers properties, this gives us the highest fuel cost saving and increase in SAP rating performance against other measures. We will always look at additional opportunities (installing secondary measures) where possible to improve each customers energy efficiency, these measures will include cavity, external, loft and draught-proofing insulation. Each survey will take into consideration the cap thresholds that are set in place by the Welsh Government."*⁴⁴

⁴² Written evidence FP29, Citizens Advice

⁴³ Written evidence FP22, Calor

⁴⁴ <http://senedd.assembly.wales/documents/s99154/Correspondence%20from%20Nest%20-%20February%202020.pdf>

57. In its report, the WAO recommends that the Welsh Government “should consider developing a more nuanced suite of measures for the impact of its programmes and efforts to tackle fuel poverty, in particular, developing measures for its Warm Home Programme that are based on working out how beneficiaries are better off in ways that matter to them alongside improvements to the energy efficiency of the home”.⁴⁵

The scale of the Programme

58. Several respondents emphasised the need to ensure that any new programmes arising from the strategy should be funded appropriately. EST said:

“...the sheer scale of fuel poverty in Wales will require a much larger number of households per year to be lifted out of fuel poverty in comparison to what the Warm Homes Programme is delivering now.”⁴⁶

59. In commenting on funding for energy efficiency schemes, the WAO stated:

“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.”⁴⁷

An area-based scheme (currently “Arbed”)

60. The Arbed scheme is based on geographical areas and only householders living in an eligible area can access support.⁴⁸

61. The WAO report refers to Arbed’s failure to spend its allocated budget:

“Over recent years, the Arbed scheme has struggled to spend its allocation...In 2018-19, the first year of Arbed 3, it had only spent £1.2 million, a significant underspend of £7.8 million against a £9.0 million

⁴⁵ www.audit.wales/publication/fuel-poverty

⁴⁶ Written evidence FP23, EST

⁴⁷ www.audit.wales/publication/fuel-poverty

⁴⁸ “The process of developing schemes alongside individual local authorities is a detailed and comprehensive one, involving the use of data and locality-specific insights (for example on the propensity for a household in the area to be in fuel poverty and Welsh Indices of Multiple Deprivation). Our aim is to develop a comprehensive dataset and focus particularly on any areas this may identify that are in, or at greater risk of, severe fuel poverty in order to ensure that assistance is targeted towards those who need it most”. Source: Arbed Annual Report 2018-19

budget. The Welsh Government told us that this reflected delays in implementing phase 3 due to a legal challenge to its contract award. The Welsh Government now expects activity to significantly increase...”⁴⁹

62. Several respondents questioned whether the scheme was effective in targeting those living in fuel poverty or in greatest need of support. Some respondents questioned whether the use of the Welsh Index of Multiple Deprivation (‘WIMD’) data to identify eligible areas was sufficiently sophisticated. CHC cited Warm Wales’s Foundation Data for Robust Energy Strategies for Housing (‘FRESH’) Vulnerability mapping as a potential alternative, saying that:

“areas need to be chosen in maybe a more sophisticated way, looking at fuel poverty, looking at poor household condition, low incomes and poor health.”

63. Arbed am Byth explained the process for identifying eligible areas and emphasised it “works very closely” with local authorities, because of their local knowledge. The WAO notes in its report that “at the outset, councils played a key role in the Arbed scheme”. It goes on:

“The Welsh Government told us that councils are now struggling to find capacity to engage with Arbed, which explains some of the underspend between 2016 and 2018. For Arbed 3, the Welsh Government changed the contract to reduce the reliance on councils’ input.”

64. However, this was disputed by local authority representatives, who reported that the main difficulties in delivering Arbed related to practical issues arising from the scheme itself, such as short timescales for the delivery of initiatives.

A needs-based scheme (currently “Nest”)

65. The majority of those who commented on Nest suggested that changes to the eligibility criteria were needed to more effectively target those living in fuel poverty and to provide support to low-income households.

66. The Welsh Heads of Environmental Health Private Sector Housing Panel and Isle of Anglesey County Council Housing Department pointed out that, in the reporting year 2018-19, 57% of households that received an energy efficiency

⁴⁹ www.audit.wales/publication/fuel-poverty

package through Nest were not living in fuel poverty. As such, the scheme was not targeting those in most need.⁵⁰

67. Several respondents raised concern that using receipt of means-tested benefits to determine eligibility automatically excluded a significant number of low-income households in need of support. This was of particular concern given the rise of in-work poverty and the prevalence of fuel poverty among pensioners on fixed low incomes.

“We’re finding ourselves helping more and more people. It’s now approximately 50/50 in terms of families who are in work and out of work.”

Focus group participant, Powys

68. Similarly, Warm Wales explained that using receipt of means-tested benefits left “a large tranche” of households ineligible for energy efficiency improvements. It stated:

“We’re missing those single people with no children who are working on a basic wage, in private rental, they have a landlord who isn’t going to fix their boiler; we can’t help them. Pensioners who’ve worked all their lives who just miss out on pension credit by £2, they don’t have any money.”⁵¹

69. Several respondents, including NEA Cymru⁵² and Care & Repair⁵³, welcomed the steps taken by the Welsh Government to extend eligibility to low-income households with respiratory or circulatory health conditions. However, Care & Repair explained that disability benefits are treated as income in the household income calculations. As a result, “the more disabled the household, the more benefit they receive and the more likely they are to fall outside the Nest income threshold”.⁵⁴

Enabling works

70. Respondents pointed out that the cost of enabling works, which are not routinely funded under the current schemes, often prevent households from

⁵⁰ Written evidence FP30, The Welsh Heads of Environmental Health Private Sector Housing Panel; and Written evidence FP12, Isle of Anglesey County Council Housing Department

⁵¹ RoP, para 239, 8 January 2020

⁵² Written evidence FP27, NEA Cymru

⁵³ Written evidence FP32, Care & Repair

⁵⁴ Written evidence FP32, Care & Repair

receiving energy efficiency improvements under the schemes. The Welsh Heads of Environmental Health Private Sector Housing Expert Panel⁵⁵ and Ceredigion County Council⁵⁶ explained that, while Home Improvement Loans may be available from some local authorities, “in the majority of cases where households qualify for Arbed or Nest they would not satisfy the affordability check for the loan”.

71. EST called for the Welsh Government to establish a “flexible top-up fund” to be made available for ‘hard to treat homes’, where additional retrofit or improvement work was required.⁵⁷

Reaching vulnerable households

72. The importance of multiple and diverse referral routes to energy efficiency schemes was emphasised by contributors. This is particularly important because people rarely identify themselves as fuel poor. This was supported by the findings of FLEXIS Social Science Project Team at Cardiff University, which showed that “relying on self-referral for access to help with energy problems may meet with difficulties”.⁵⁸ CHC⁵⁹, Scope⁶⁰, and local authorities suggested that this could be addressed through stronger links between housing, health and social care.

73. Some contributors suggested that the Welsh Government should incorporate an in-home advice service in any future iterations of the schemes. EST explained:

“people living with health problems, or who are older and frail, may still find it difficult to engage with the referral processes for fuel poverty programmes...while Nest and Arbed referrals can be made over the phone or in person, some older people’s lack of digital skills also removes an easy route to information about the programmes.”⁶¹

⁵⁵ Written evidence FP30, The Welsh Heads of Environmental Health Private Sector Housing Panel

⁵⁶ Written evidence FP09, Ceredigion County Council

⁵⁷ Written evidence FP23, EST

⁵⁸ Written evidence FP05, FLEXIS Social Science Project Team, Cardiff University

⁵⁹ Written evidence FP28, CHC

⁶⁰ Written evidence FP26, Scope

⁶¹ Written evidence FP23, EST

74. This was echoed by Scope, which reported that disabled people “are more likely to be digitally excluded” or face difficulties in accessing information via the internet.⁶²

75. Both Scope⁶³ and EST⁶⁴ referred to Scotland’s ‘Energycarers’, an in-house advice service with specialist energy advisors to provide intensive support to vulnerable households. Although the service is still in its infancy, a pilot scheme had reported positive outcomes.

76. While British Gas reported that Nest does offer an in-home advice, this is only for households who were successful at the first stage of the application process for a free home energy efficiency package.⁶⁵

Energy Company Obligation

77. The Energy Company Obligation (ECO) is a UK Government energy efficiency scheme to help reduce carbon emissions and tackle fuel poverty. Funding from ECO has been used to supplement funding for Nest and Arbed. The latest ECO scheme is the Energy Company Obligation: Help to Heat scheme - flexible eligibility (Eco Flex⁶⁶).

78. Many respondents highlighted ECO as an important source of funding for tackling fuel poverty in Wales. Energy UK reported that, since the start of the scheme (2013), “5.2% of all ECO delivery has occurred in Welsh homes, slightly more than Wales’ share of the total population of Great Britain (4.8%)”, and during the first full quarter of ECO3, Wales’ share of the obligation increased to 7%.⁶⁷

79. However, several respondents raised concerns that local authorities were not engaging with the scheme effectively. They highlighted a lack of resources and capacity within authorities as barriers to engaging with ECO Flex. Ceredigion

⁶² Written evidence FP26, Scope

⁶³ Written evidence FP26, Scope

⁶⁴ Written evidence FP23, EST

⁶⁵ <http://senedd.assembly.wales/documents/s99154/Correspondence%20from%20Nest%20-%20February%202020.pdf>

⁶⁶ Eco Flex provides an opportunity for local authorities to engage with energy suppliers on how suppliers meet their obligations to install energy efficiency measures in households under the Energy Company Obligations.

⁶⁷ Written evidence FP25, Energy UK

County Council confirmed that “capacity for proactively seeking the [ECO Flex] funding” varied across authorities.⁶⁸

80. The RLA called for “greater partnership working between local authorities” and for the Welsh Government “to use its influence in delivering a strategic approach to accessing funding in the most efficient way”.⁶⁹ Similar views were expressed by EST, which recommended: “a centralised Welsh support programme to help local authorities to take advantage of ECO”.⁷⁰ This approach has been adopted in Scotland, which receives a higher share of ECO funding per person than either England or Wales.

Evidence from Welsh Government

81. In responding to our report on the Welsh Government’s draft budget 2020-21, the Minister acknowledged the evidence received during this inquiry on the need to scale up the Warm Homes Programme in order to eradicate fuel poverty. She stated:

“If these estimates are accepted, then the number of homes benefitting from investment through the Warm Homes Programme, currently averaging 6000 homes a year, will need to be more than doubled. This will be considered as part of our new draft plan to tackle fuel poverty which we plan to publish in the coming weeks.”⁷¹

82. The Minister explained that the success of the Warm Homes Programme “has been measured by the improvement in the energy efficiency rating of the homes benefitting from the schemes”. She said that “monitoring by the Welsh Government is ongoing”.⁷²

83. She also explained that given the number of households that had already received measures through the Warm Homes Programme and ECO, “identifying large clusters of homes suitable for an area-based scheme has been increasingly challenging”. The Minister said that “much of the data held both publicly and by

⁶⁸ Written evidence FP09, Ceredigion County Council

⁶⁹ Written evidence FP03, RLA

⁷⁰ Written evidence FP23, EST

⁷¹

<http://senedd.assembly.wales/documents/s99446/Welsh%20Government%20response%20to%20the%20Recommendations%20from%20the%20Climate%20Change%20Environment%20and%20Rural%20Affa.pdf>

⁷² Letter to the Chair of the Climate Change, Environment and Rural Affairs Committee from the Minister for Environment, Energy and Rural Affairs, dated 30 January 2020

Local Authorities was not of sufficient quality to support the development of local area based projects". As such, more preparatory work and data analysis was required to develop a suitable programme of work.⁷³

84. Commenting on the concern that low-income households living in, or at risk of falling into, fuel poverty were ineligible for support under Nest, the Minister's official explained: "the new strategy tries to address that, both in definitions and in the actions and proposals we're bringing forward".⁷⁴

85. The Minister recognised that "the absence of support for people living in fuel poverty to be able to do enabling works is clearly an issue".⁷⁵ She stated:

"...we recognise that this is something we are going to have to provide—look at providing additional funding for minor repairs...and that will definitely be part of our new strategy and plan."⁷⁶

86. The Minister acknowledged that further work was needed "to look at how we improve the availability of advice and in-home support, especially to vulnerable people who are less engaged with the energy market".⁷⁷ She explained that Nest operates an in-house advisory service. However, she suggested that the service may need to be more bespoke and, potentially, extended.⁷⁸

87. The Minister acknowledged that more could be done to leverage funding through ECO Flex. The Minister said the Welsh Government was looking to Scotland to learn lessons, with a view to informing the new strategy and future iterations of the Warm Homes Programme schemes.⁷⁹ The Minister's official added:

"...one of the key things we took [from Scotland] was the way that agents [from the Scottish Government's home energy efficiency schemes] had supported local authorities to develop the ECO Flex

⁷³ Letter to the Chair of the Climate Change, Environment and Rural Affairs Committee from the Minister for Environment, Energy and Rural Affairs, dated 30 January 2020

⁷⁴ RoP, para 110, 13 February 2020

⁷⁵ RoP, para 200, 13 February 2020

⁷⁶ RoP, para 208, 13 February 2020

⁷⁷ RoP, para 50, 13 February 2020

⁷⁸ RoP, para 239, 13 February 2020

⁷⁹ RoP, para 172, 13 February 2020

schemes so that each local authority wasn't learning for themselves. They shared the learning and made it very much easier.”⁸⁰

88. He also explained that, while there had been good examples of ECO schemes in Wales, it varied across local authorities.⁸¹

Our view

The development of a new strategy provides an opportunity to consider whether and how the Warm Homes Programme should continue to operate. The Committee recognises that area-based and needs-based schemes can serve a useful purpose. However, there are several areas of concern that the Welsh Government must address if it wishes to continue with the Programme as it is currently constituted. These are set out below.

Despite the Welsh Government's continuing investment in its Warm Homes Programme, fuel poverty remains a significant issue. Nest and Arbed have helped improve energy efficiency in more than 55,000 households. But, given the scale of the problem, the level of investment in the schemes fell dramatically short of what was needed to meet the 2018 target. The Welsh Government must learn lessons from this. If it is to eradicate or even dramatically reduce fuel poverty within an acceptable time frame, it must be prepared to scale-up current and future schemes, and increase investment. The Committee has not seen evidence that either of the current schemes are ready to be scaled up to the levels that are necessary.

Given that Nest and Arbed form the central plank of the Welsh Government's approach to eradicating fuel poverty in Wales, the lack of robust monitoring of the impact of the schemes is a serious concern. Without robust monitoring data, it is impossible to evaluate whether the schemes are effectively reducing fuel poverty, or to assess value for money. The Welsh Government must address this issue as a matter of priority.

Arbed

In our report, *Low Carbon Housing: the Challenge*, we called for the Welsh Government to continue to expand and invest in Arbed, recognising the importance of delivering energy efficiency improvements at scale to tackle fuel

⁸⁰ RoP, para 175, 13 February 2020

⁸¹ RoP, para 175, 13 February 2020

poverty. However, evidence to this inquiry suggests that the current scheme, Arbed 3, is seriously under-performing. This is a significant concern.

We expect the Welsh Government to report back to the Committee on Arbed 3's activity at the end of the second year of the programme. The Welsh Government must explain what action it intends to take if the scheme continues to under-perform.

Nest

Analysis of the fuel poverty estimates for 2018 suggests that 72 per cent of households living in fuel poverty are in receipt of means-tested benefits. These households should be eligible for support under Nest, subject to other eligibility criteria. More must be done to proactively identify households on means-tested benefits who are living in fuel poverty to ensure they receive support.

Given the prevalence of in-work poverty in Wales, we believe there is a strong case for broadening Nest's eligibility criteria to enable low-income households, not in receipt of means-tested benefits, to access support under the scheme.

Enabling works

We are pleased the Minister has acknowledged that the cost of enabling works can prevent households from receiving home energy improvements under the schemes. The new strategy should provide for additional funding to be made available to meet the costs of enabling works for households that are most in need.

Sufficient time must be built into the planning and delivery of schemes to allow for enabling works to be completed, where these are needed ahead of energy efficiency improvement measures.

Reaching vulnerable households

Fuel poverty is not simply a housing problem. Its impact is far-reaching and puts pressure on public services, in particular health and social care. A coordinated, partnership approach to tackling fuel poverty is crucial. Central to this is working in partnership across organisations and sectors to proactively identify vulnerable people who are living in, or at risk of falling into, fuel poverty.

Nest's Annual Report 2018-19 suggests that 'partnership working' to raise awareness of the scheme and maximise referral opportunities is one of its key priorities. This was not reflected in the evidence we received. The Minister has acknowledged that the current 'referral network' is "patchy".

The Welsh Government must enhance and expand partnership engagement in the tackling fuel poverty agenda. It must build on and develop the 'referral network', recognising the key role of local authorities, and health and social services, in proactively identifying households that would benefit from advice and support. Public Service Boards can play an important role in bringing together different services. The Welsh Government should reflect on how Public Service Boards can be encouraged to take a leadership role in this policy area.

While Nest provides free energy efficiency advice for all households, much of its advice work involves signposting and referral to third party support services. Vulnerable households may be reluctant, or unable, to access onward services, particularly if they are digitally excluded.

We believe there is a strong case for an in-home advice and support service for vulnerable households who are likely to experience barriers to accessing support. This service should be a one-stop-shop, providing direct assistance, for example, in taking up financial entitlements and switching energy suppliers.

ECO scheme

Wales must take full advantage of the UK Government's Energy Company Obligation to maximise investment in current and future home energy efficiency schemes. The majority of local authorities are not currently engaged with ECO Flex, which is disappointing. The Welsh Government must work with local authorities and partners to identify barriers to engagement. Drawing on best practice, it must establish a suitable support mechanism to ensure that local authorities across Wales are able to take full advantage of ECO Flex and successor schemes.

Recommendation 7. The Welsh Government must work with Nest and Arbed am Byth to develop a robust monitoring and evaluation framework, which includes measuring the impact of the schemes on fuel poverty.

Recommendation 8. The Welsh Government must work with Arbed am Byth, and its partners, to establish more sophisticated tools for targeting support for households in fuel poverty under the scheme.

Recommendation 9. The Welsh Government must report back to the Committee on:

- the number of properties improved and the total spend through Arbed 3 for the second year of the three year programme; and

- action it intends to take in the event that figures on improvements and spend suggest that Arbed 3 is continuing to underperform.

Recommendation 10. The Welsh Government must review the eligibility criteria for free energy efficiency improvement packages under Nest, taking account of the new definition of fuel poverty. The review must consider, in particular, broadening the eligibility criteria to include low-income households living in, or at risk of falling into, fuel poverty.

Recommendation 11. The Welsh Government must ensure that funding is available through the Warm Homes Programme to meet the cost of enabling works for households that would otherwise be unable to benefit from home energy efficiency improvements under government schemes.

Recommendation 12. The Welsh Government must reflect on the evidence received about the need for adequate lead-in time for the completion of enabling works ahead of energy efficiency improvements under schemes.

Recommendation 13. The Welsh Government should establish a pilot scheme for an in-house advice and support service for vulnerable households in, or at risk of falling into, fuel poverty. The service should:

- operate on the basis of a holistic approach, providing advice and support on improving energy efficiency, maximising income and reducing energy costs; and
- provide direct assistance to households, for example, in taking up financial entitlements, checking energy tariffs and switching energy suppliers.

Recommendation 14. The Welsh Government must establish a suitable support mechanism to enable local authorities to maximise funding for energy efficiency improvements through ECO Flex.

4. Helping people pay less for energy

Pre-payment and smart metres

89. Some respondents believed that the Welsh Government should do more to encourage the use of smart metres as a means of reducing energy costs. They suggested that smart meters would be of particular benefit to low income and vulnerable households, including pre-payment customers. Smart Energy GB stated trials were “showing energy savings of 5-20%”.⁸²

90. Several respondents raised concern about the continued use of pre-payment meters and the correlation between this method of payment and fuel poverty. Public Health Wales explained that “households using a pre-payment meter are twice as likely to be unable to afford to heat their home adequately” and “a quarter of all households using pre-payment meters are fuel poor”.⁸³ Smart Energy GB reported that 19% of households in Wales use pre-payment metres. It explained that, traditionally, pre-payment has been “the most expensive and inconvenient way to buy energy”.⁸⁴ A similar view was expressed by Warm Wales.⁸⁵

Switching energy suppliers or tariffs

91. Under Ofgem regulations, energy suppliers are required to inform customers about their cheapest energy deals. This is done by including information on customers’ energy bills. However, Warm Wales reported that most of its clients were unaware of this information.⁸⁶

“The knowledge and understanding about how energy markets work is next to zero. I helped one gentleman save £825 a year on his fuel bills. He was on a pre-payment meter and then moved to direct debit. Sometimes it’s an issue with familiarity – people feel comfortable in sticking to what they know.”

Focus group participant, Merthyr Tydfil

92. Scope emphasised that disabled people are more likely to be digitally excluded and therefore will experience difficulty switching energy suppliers or

⁸² Written evidence FP06, Smart Energy GB

⁸³ Written evidence FP24, Public Health Wales

⁸⁴ Written evidence FP06, Smart Energy GB

⁸⁵ Written evidence FP11, Warm Wales

⁸⁶ Written evidence FP11, Warm Wales

tariffs. According to Scope, only 36 per cent of disabled people use price comparison sites to compare energy deals, compared to 57 per cent of non-disabled people.⁸⁷

Income maximisation

93. There was consensus that further action is needed to improve awareness and take-up of financial entitlements, in particular Pension Credit, as a means of helping households to maximise income. The Older People's Commissioner for Wales stated:

“Increasing household income is a major factor in preventing fuel poverty and it is essential that older people are fully aware of all financial entitlements that they qualify for and are encouraged to take-up entitlements. It is estimated that up to £214m of Pension Credit goes unclaimed every year in Wales.”⁸⁸

94. According to the Older People's Commissioner for Wales (the Commissioner), the Welsh Government has set up a task and finish group to consider how to improve take-up of Pension Credit. She called for “funded approaches” to arise from the group's work.⁸⁹ The Commissioner made several suggestions to improve take-up in Wales, including replicating Northern Ireland's ‘Make the Call’ programme and pressing the UK Government to simplify the application process.⁹⁰

95. Some respondents highlighted Winter Fuel Payments as an important lever to help address fuel poverty among older people. E.ON suggested that improved targeting of payments to those in most need could free up around £1 billion across the UK.⁹¹ The Bevan Foundation believed there was a case for the devolution of Winter Fuel Payment to Wales.⁹²

96. The Warm Homes Discount (‘WHD’) Scheme is a UK Government initiative which eligible customers⁹³ can access to receive a one-off discount on their

⁸⁷ Written evidence FP26, Scope

⁸⁸ Written evidence FP07, Older People's Commissioner for Wales

⁸⁹ RoP, para 149, 8 January 2020

⁹⁰ RoP, para 149 and 151, 8 January 2020

⁹¹ Written evidence FP14, E.ON

⁹² Written evidence FP17, Bevan Foundation

⁹³ There are two eligible groups of people who can qualify for the Warm Homes Discount Scheme: those who are in receipt of the Guarantee Credit element of Pension Credit (the ‘core group’); and

electricity bill⁹⁴. Some customers receive the discount automatically (the ‘core group’), while others have to apply (the ‘broader group’). For the ‘broader group’, the discount is awarded on a first-come, first-served basis.

Evidence from the Welsh Government

97. The Minister explained that the Nest helpline provides a range of advice, including on reducing energy bills, switching energy suppliers, and improving tariffs. According to the Nest Annual Report 2018-19, more than 3,000 callers had been signposted to Uswitch, an energy-saving service.⁹⁵

98. The Minister said that she meets Ofgem twice a year⁹⁶, although more regular contact takes place at official level⁹⁷. The Minister’s official explained:

“There is representation within the Ofgem office, people who are based in Wales and represent Welsh interests in Ofgem decisions...I think we are recognised as an important stakeholder for Ofgem, and I think our interests have a high degree of alignment. Could we be more represented? Could we have a louder voice? Probably. Would that make a hugely material difference to the direction they’re going in? At the moment, I suspect not. We are very closely aligned, but we could always do more.”⁹⁸

Our view

Energy prices are one of the main determinants of fuel poverty. Although the Welsh Government has no direct control over prices, there is much it can do to help households lower energy bills. To date, actions have centred around providing advice to households through the Warm Homes Programme.

Since the publication of the Welsh Government’s 2010 Fuel Poverty Strategy, Ofgem has introduced a package of reforms aimed at making the energy market ‘simpler, clearer and fairer’ for consumers.⁹⁹ Despite this, and efforts

those on a low income, who meet their energy supplier’s criteria for the scheme (the ‘broader group’). All applicants will only be successful if their energy suppliers are a part of the scheme.

⁹⁴ A discount of £140 for winter 2019 to 2020.

⁹⁵ RoP, para 50, 13 February 2020

⁹⁶ RoP, para 116, 13 February 2020

⁹⁷ RoP, para 121, 13 February 2020

⁹⁸ RoP, para 121 and 127, 13 February 2020

⁹⁹ www.ofgem.gov.uk/electricity/retail-market/market-review-and-reform/retail-market-review/simpler-clearer-fairer-market-reforms

through the Warm Homes Programme, there are still too many households in Wales paying too much to heat their homes.

The ‘poverty premium’ on the cost of energy must be brought to an end. Almost one in five households in Wales are using pre-payment meters. Prepayment meters penalise households that may already be struggling to afford to heat their homes, forcing them into or exacerbating existing fuel poverty.

Replacing prepayment meters with smart meters may, in part, help address the ‘poverty premium’ and reduce energy bills for those living in, or at risk of falling into, fuel poverty. The Welsh Government’s fuel poverty strategy should address how the use of smart meters can be increased across Wales, working in partnership with energy providers and trusted partners.

Too many older people in Wales are missing out on Pension Credit. Addressing this will help tackle poverty in its wider form, and could provide a route out of fuel poverty for pensioner households. We welcome the establishment of the Welsh Government’s task and finish group to consider this issue. The findings of the group must be followed by direct and decisive action by the Welsh Government to address what has been a long-standing issue in Wales.

Finally, the Welsh Government must seek to have a stronger voice in the development of UK-wide initiatives, for example, the Warm Homes Discount Scheme. Fostering strong working relationships with the UK Government and Ofgem is key to this. The Welsh Government must build on its existing relationship with Ofgem to ensure that Wales’s interests are fully reflected across the energy industry.

Recommendation 15. The new fuel poverty strategy should aim to increase the use of smart meters in households across Wales, in particular those using pre-payment meters, and those living in, or at risk of falling into, fuel poverty.

Recommendation 16. The Welsh Government should:

- provide details of the task and finish group on promoting take-up of Pension Credit, including its terms of reference and timeline for its work, and
- report back to the Committee on the findings of the task and finish group, and on the actions the Welsh Government intends to take and timelines involved.

Recommendation 17. The Welsh Government must seek to secure a Welsh representative on the Board of Ofgem and to strengthen the regulator's presence in Wales.

5. Supporting rural areas

99. According to the Welsh Government’s latest fuel poverty estimates, households living in rural areas were more likely to be in fuel poverty. Of all households in rural locations, 14 per cent were fuel poor, compared with 10 per cent in urban areas. It states that this, in part “may reflect a greater proportion of households in rural areas not having central heating”.¹⁰⁰

100. While the Welsh Government’s Nest and Arbed schemes cover all geographical areas, respondents suggested the schemes fail to address the specific challenges associated with tackling rural fuel poverty.

“Some of my clients are on oil and can’t afford it, but don’t have much choice. One lady I advise lives in the living room of her house with a one-bar gas fire. She has to scramble for gas bottles from her builder friends.

If people can’t afford to fill their oil tank, they’ll go to the petrol station and pay 75p for a litre of kerosene to heat their home.”

Focus group participant, Pembrokeshire

101. Calor reported that 17 per cent of Welsh properties are off mains gas, and rely on LPG, oil or electric heating, which are on average more expensive.¹⁰¹ A high proportion of these homes are in rural areas, for example, Ceredigion, where 83.4 per cent of properties are off-mains gas.¹⁰² According to Ceredigion County Council:

“...these households are heavily reliant on more expensive forms of heating such as oil with the need for bulk purchases. Paying for such fuel is challenging amongst low-income households, leading to self-disconnection and under-use of heating.”¹⁰³

102. Calor reported that energy efficiency schemes “have failed to properly target rural homes which has led to an historic under delivery on homes that have required upgrades the most”.¹⁰⁴

¹⁰⁰ <https://gov.wales/fuel-poverty-estimates-wales-2018>

¹⁰¹ Written evidence FP22, Calor

¹⁰² Written evidence FP09, Ceredigion County Council

¹⁰³ Written evidence FP09, Ceredigion County Council

¹⁰⁴ Written evidence FP22, Calor

103. Gwynedd Council¹⁰⁵ and Calor¹⁰⁶ emphasised that different energy efficiency measures were required for rural properties and schemes should take account of this. Calor stated:

“With rural properties often being older, stone-built and off-grid, many of the retrofitting measures offered by Arbed and Nest are not appropriate solutions to improving fuel poverty and energy efficiency in these homes.”¹⁰⁷

104. While Nest spending caps are higher for rural households, respondents reported that funding was not sufficient for the works required in ‘hard to treat’ properties, which are prevalent in rural areas. According to CHC, these properties need “significant levels of intervention and funding”. It called for further research “to identify a suite of measures that effectively improve the energy performance of [hard to treat properties], whilst providing value for money for tenants and housing associations.”¹⁰⁸

Evidence from the Welsh Government

105. When asked whether she has had considered tailored support for rural areas, the Minister said:

“...it’s certainly something that we have considered, and we can continue to consider with the new strategy.”¹⁰⁹

106. The Minister acknowledged that, while oil “remains one of the lowest-cost fuels providing heating in off-gas areas”, its continuing use “undermines what we’re trying to do on the decarbonisation of our housing stock”.¹¹⁰

107. The Minister explained that the energy efficiency scheme spending caps are more generous in areas not connected to the gas grid, at £12,000, compared to £5,000 for areas that are on-grid. This was to take account of the need for more complex and costly improvements.¹¹¹ She also explained that, in some cases, the

¹⁰⁵ Written evidence FP19, Gwynedd Council

¹⁰⁶ Written evidence FP22, Calor

¹⁰⁷ Written evidence FP22, Calor

¹⁰⁸ Written evidence FP28, CHC

¹⁰⁹ RoP, para 68, 13 February 2020

¹¹⁰ RoP, para 55, 13 February 2020

¹¹¹ RoP, para 55, 13 February 2020

Welsh Government “will consider, appropriate, approve measures costing more than the cap currently permits”.¹¹²

108. The Minister recognised that emerging technologies will result in more options to address fuel poverty in areas that are off-grid.¹¹³ The Welsh Government’s Innovative Housing Programme, which is trialling and evaluating new technologies, will be used to help identify appropriate options.¹¹⁴

Our view

The new strategy must address rural fuel poverty. A weakness in the 2010 Strategy was that it did not give sufficient weight to this subject area. Furthermore, current schemes are not designed to address the specific challenges associated with improving energy efficiency in rural properties.

We are concerned that current spending caps prevent fuel poor households living in ‘hard to treat’ properties benefitting from existing schemes. The Welsh Government must review this as a matter of priority. There is a risk that the current gap between fuel poverty levels in rural and urban areas will widen if those properties that are the easiest properties to improve continue to be first in line for support.

The cost of energy efficiency improvements in rural areas can be high and, in some cases, prohibitive. The Welsh Government must ensure that, in future, energy efficiency schemes are able to support rural, off-gas grid households.

Recommendation 18. The new fuel poverty strategy should include provisions aimed at addressing the distinct challenges faced in rural areas. This should include a bespoke programme with appropriate levels of funding that take account of the more complex and costly measures required to address rural fuel poverty.

¹¹² Letter to the Chair of the Climate Change, Environment and Rural Affairs Committee from the Minister for Environment, Energy and Rural Affairs, dated 3 March 2020

¹¹³ RoP, para 59, 13 February 2020

¹¹⁴ RoP, para 62-63, 13 February 2020

6. The quality of buildings in Wales

Building on the Welsh Housing Quality Standard

109. The Welsh Housing Quality Standard (WHQS) is the Welsh Government's standard for social housing quality. The WHQS includes a requirement for all social housing to achieve a minimum Standard Assessment Performance ('SAP') rating of 65. The Welsh Government has set a target for all social housing to meet the WHQS as soon as possible, but by December 2020 at the latest.¹¹⁵

110. As previously noted, the latest fuel poverty estimates indicate that 9 per cent of social housing tenants were living in fuel poverty, compared to 12 per cent of all households. Fuel poverty in the social housing sector has reduced by 17 per cent since 2008.¹¹⁶

111. There was recognition of the improvements in the standard of social housing, including energy efficiency, arising from the WHQS. For example, Chartered Institute of Housing (CIH) Cymru stated:

"...social housing is by some margin, the most efficient form of tenure with 50 per cent of homes achieving EPC rating band C or above. This is compared to around 25 per cent for homes in the private rented sector and those that are owner-occupied. This difference is clear evidence of the impact achieved through the activity bringing homes in line with the WHQS."¹¹⁷

112. While EST acknowledged the achievements of the WHQS, it called for more ambitious targets, recognising this would support the Welsh Government's decarbonisation agenda.¹¹⁸ A similar view was expressed by CHC, which stated:

"...now we need to go further to reach an EPC A, because getting a property up to an EPC C might make you a little bit more comfortable in your home, but your bills aren't going to be less and you're still going to be living in debt...Although we've dropped to 9 per cent, that's 20,000 households in the social sector still living in fuel poverty, and

¹¹⁵ **Latest figures** show that 93% of social housing dwellings were WHQS compliant. WHQS compliance is higher for RSLs, with 99% achieving WHQS compliance compared to 84% of local authority dwellings.

¹¹⁶ <https://gov.wales/fuel-poverty-estimates-wales-2018>

¹¹⁷ Written evidence FP21, CIH

¹¹⁸ Written evidence FP23, EST

that's 20,000 too many. So, I think we need to build on the good work with the right support and investment and funding behind it. We need to build on that good work to eradicate the problem for good.”¹¹⁹

113. Several respondents reiterated the need for a holistic approach to tackling fuel poverty that seeks not only to improve energy efficiency but to address low household incomes and high energy costs. CHC provided various examples of how the sector was providing advice and support to tenants to help maximise income, switch energy suppliers, and make behavioural changes.¹²⁰ Similarly, Isle of Anglesey County Council Housing Department reported it was using ‘Energy Wardens’ and ‘Financial Inclusion Officers’ to help address inefficient energy usage among tenants and to provide them with additional advice and support.¹²¹

The Private Rented Sector (‘PRS’)

114. According to the Welsh Government’s 2018 fuel poverty estimates, the private rented sector has the highest proportion of households in fuel poverty. Estimates show that approximately 20% of all privately rented households were in fuel poverty compared with 11% of owner-occupied and 9% of social housing.

115. The levels of fuel poverty in the private rented sector was attributed, in part, to the high proportion of pre-1919 housing stock and low-income households. To add to this, the sector was “being used to house increasingly high numbers of vulnerable tenants”.¹²²

116. The RLA explained that current schemes have “done little to reduce fuel poverty in the PRS with little access to funding and support to landlords in this sector compared to the social [housing] sector”.¹²³ A similar view was expressed by CIH, which stated:

“...we are concerned that private landlords who are largely smaller businesses, may not be able to leverage the investment required to upgrade their homes at the pace, scale and to the standard required without considerable technical support and expertise to draw from, in addition to financial support.”¹²⁴

¹¹⁹ RoP, para 186 and 188, 20 January 2020

¹²⁰ Written evidence FP28, CHC

¹²¹ Written evidence FP12, Isle of Anglesey County Council Housing Department

¹²² Written evidence FP03, RLA

¹²³ Written evidence FP03, RLA

¹²⁴ Written evidence FP21, CIH

Wales's new homes

117. There were mixed views among respondents about current standards for new build housing. While some believed that new houses are already highly energy-efficient, others emphasised the importance of higher standards to avoid the need for future retrofit. EST stated:

“95% of new build EPCs issued in 2019 in Wales are C or above, the large majority are in the B category. It is therefore the case that fuel poverty in homes built to today's building regulations is likely to be a very marginal problem in Wales.”¹²⁵

118. The Decarbonisation of Homes in Wales Advisory Group's ('the Advisory Group') recommended that, by 2025, all new homes must be built to be low carbon, energy, water-efficient and climate resistant. In addition, by 2021, all new homes built with public sector funding should meet these standards. While CIH and CHC supported the recommendation, they outlined the challenges faced by the social housing sector in developing low carbon, highly energy efficiency affordable homes and delivering against affordable housing targets.¹²⁶

119. Several respondents emphasised the importance of the Welsh Government's Innovative Housing Programme and called for on-going investment in the programme.

Evidence from the Welsh Government

120. The Minister explained that the Welsh Government had invested around £108 million annually to help social landlords meet the requirements of the Welsh Housing Quality Standard, which includes improvements to energy efficiency.¹²⁷

121. The Minister explained that PRS tenants are eligible to apply for energy efficiency improvements through Nest. A maximum of three properties under the ownership of a landlord can receive improvements, although the Welsh Government can grant permission for more where there is a legitimate case for doing so.¹²⁸

¹²⁵ Written evidence FP23, EST

¹²⁶ Written evidence FP21, CIH; and Written evidence FP28, CHC

¹²⁷ Letter to the Chair of the Climate Change, Environment and Rural Affairs Committee from the Minister for Environment, Energy and Rural Affairs, dated 30 January 2020

¹²⁸ Letter to the Chair of the Climate Change, Environment and Rural Affairs Committee from the Minister for Environment, Energy and Rural Affairs, dated 30 January 2020

122. The Minister said that support for the PRS had been considered as part of its 2016 consultation on Nest:

“Most respondents generally accepted the principle private landlords should be responsible for installing energy efficiency measures in their properties, but accepted removing grant support under the scheme was not appropriate at the time due to the current lack of alternative support mechanisms. The majority of respondents felt Home Improvement Loans did not provide a sufficient alternative on their own due to the lack of incentives to ensure landlords take action in this area. The policy position adopted in 2016 was to maintain the eligibility of homes in the PRS providing landlords were registered with Rent Smart Wales.”¹²⁹

123. The Minister explained that “homes in the PRS remain the oldest and least thermally efficient homes in Wales”. There was, therefore, “a compelling argument for the Welsh Government to continue to support the delivery of home energy efficiency improvements in the PRS through the Warm Homes Programme”. She said that support for the PRS would be considered “as proposals are brought forward about how the current Warm Homes Programme can be further improved in future years”.¹³⁰

124. The Minister explained that MEES Regulations were enforced by local authorities, which have a range of powers to check and ensure compliance. She explained that the Welsh Government was funding Rent Smart Wales to identify rented properties that have EPC rating below Band E. A total of 8,086 properties have been identified as having an EPC rating of either F or G and “will not be able to be let under the new arrangements”. She said that Rent Smart Wales are contacting non-compliant landlords to remind them of their responsibilities, and offer assistance on how to achieve and maintain energy efficient homes. This could potentially include support through Nest, or other schemes, such as the ECO Scheme. The Minister said that “landlords refusing to comply with the standards are referred to local authorities for potential enforcement action”.¹³¹

¹²⁹ [Letter to the Chair of the Climate Change, Environment and Rural Affairs Committee from the Minister for Environment, Energy and Rural Affairs, dated 30 January 2020](#)

¹³⁰ [Letter to the Chair of the Climate Change, Environment and Rural Affairs Committee from the Minister for Environment, Energy and Rural Affairs, dated 30 January 2020](#)

¹³¹ [Letter to the Chair of the Climate Change, Environment and Rural Affairs Committee from the Minister for Environment, Energy and Rural Affairs, dated 3 March 2020](#)

125. The Welsh Government has recently consulted on changes to Part L (Conservation of Fuel and Power) and Part 6 of the Building Regulations ('Part L of the Building Regulations'). These Regulations, among other things, set minimum energy efficiency standards for new homes. According to the Welsh Government, it is proposing the introduction of "tough new standards on new homes, to be implemented in stages over the next 5 years".¹³²

Our view

Improving the quality and energy efficiency of social housing through the Welsh Housing Quality Standard has, undoubtedly, contributed to the reduction in fuel poverty across the sector. While we welcome this, 20,000 households in the sector are still fuel poor. This serves to emphasise that improving energy efficiency alone is not enough to lift houses out of fuel poverty. As we set out in Chapter 2, a holistic approach, which addresses energy efficiency, household incomes and energy prices, is required.

Fuel poverty remains a significant problem in the private rented sector. We reiterate our conclusion in our report, *Low Carbon Housing: the Challenge* - that there should be a long-term objective to bring standards in the PRS in line with those in the social housing sector. This will not only contribute towards decarbonisation of Wales's housing stock but will help tackle fuel poverty within the PRS. While MEES may go some way in improving energy efficiency in the sector, at EPC Band E, the standard is still lower than that required by WHQS.

The success of MEES will depend on the ability of landlords to meet the cost of energy efficiency improvements and effective enforcement of standards.

The PRS plays an important role in helping meet housing demand in Wales and is used increasingly to house some of the most vulnerable people in our communities. There is a role for government in helping ensure that appropriate financial support mechanisms are in place to enable landlords to improve energy efficiency in their properties to meet or exceed MEES.

Enforcement action must be taken against those landlords who are unwilling to meet the new standards. But robust enforcement requires appropriate levels of capacity and resource. Given the financial constraints on local authorities reported in evidence, we are not convinced that they will be able to deliver this.

¹³² <https://gov.wales/all-new-homes-wales-be-heated-and-powered-clean-energy-sources-2025>

In our report, *Low Carbon Housing: the Challenge*, we recommended that the Welsh Government revise Part L of the Building Regulations to increase the energy efficiency standards in new homes. As such, we welcome the recent consultation on changes to Part L. These changes must be progressed with no further delay.

Recommendation 19. The Welsh Government must work with relevant partners to develop financial support mechanism to enable private landlords to improve the energy efficiency of their properties. This work must be undertaken as a matter of priority, given the introduction of new Minimum Energy Efficiency Standards from April 2020.

Recommendation 20. The Welsh Government, in conjunction with local authorities and Rent Smart Wales, must undertake work to identify and address barriers to enforcement of Minimum Energy Efficiency Standards. The Welsh Government must report back to the Committee on the outcome of this work at the first available opportunity.

Recommendation 21. The Welsh Government must ensure that new energy efficiency standards in new homes are sufficiently ambitious, and that changes to Part L Building Regulations are progressed with no further delay.

Annex A: List of oral evidence sessions.

The following witnesses provided oral evidence to the committee on the dates noted below. Transcripts of all oral evidence sessions can be viewed on the Committee's website.

Date	Name and Organisation
8 January 2020	<p>Hélène Herklots CBE, Older Peoples Commissioner for Wales</p> <p>Professor Sally Holland, Children's Commissioner for Wales</p> <p>Adam Smiley, Scope</p> <p>Dr Steffan Evans, Bevan Foundation</p> <p>Lindsay Murray, Warm Wales</p> <p>Adam Scorer, National Energy Action</p>
22 January 2020	<p>Shaun Couzens, Caerphilly County Borough Council</p> <p>Gaynor Toft, Ceredigion County Council</p> <p>Amy Hawkins, Swansea City and County Council</p> <p>Patrick Holcroft, Swansea City and County Council</p> <p>Matthew Kennedy, Chartered Institute of Housing</p> <p>Bethan Proctor, Community Housing Cymru</p> <p>Tim Thomas, Residential Landlords Association</p>
30 January 2020	<p>Daniel Alchin, Energy UK</p> <p>Jenny Boyce, E.ON</p> <p>Crispin Jones, Arbed am Byth</p> <p>Rajni Nair, Citizens Advice</p>

	David Weatherall, Energy Saving Trust
13 February 2020	Lesley Griffiths AM, Minister for Environment, Energy and Rural Affairs Julie James AM, Minister for Housing and Local Government Christine Wheeler, Head of Decarbonisation and Energy – Welsh Government Stephen Chamberlain, Domestic Energy and Fuel Poverty team – Welsh Government Lisa Dobbins, Head of Innovative Models & Housing Decarbonisation – Welsh Government

Annex B: List of written evidence

The following people and organisations provided written evidence to the Committee. All Consultation responses and additional written information can be viewed on the Committee's website.

Reference	Organisation
FP01	Dr Thornton
FP02	Individual
FP03	Residential Landlords Association
FP04	Swansea City and County Council
FP05	FLEXIS Social Science Project Team, Cardiff University*
FP06	Smart Energy GB*
FP07	Older Peoples Commissioner for Wales*
FP08	Caerphilly Council
FP09	Ceredigion County Council
FP10	National House Building Council
FP11	Warm Wales
FP12	Isle of Anglesey County Council Housing Department*
FP13	Home Builders Federation
FP14	E.ON
FP15	Welsh School of Architecture, Cardiff University
FP16	Policy Connect
FP17	Bevan Foundation
FP18	UK and Ireland Fuel Distributors Association (UKIFDA)
FP19	Cyngor Gwynedd*
FP20	Children's Commissioner for Wales
FP21	Chartered Institute of Housing (CIH) Cymru
FP22	Calor
FP23	Energy Saving Trust
FP24	Public Health Wales

FP25	Energy UK
FP26	Scope
FP27	National Energy Action (NEA)
FP28	Community Housing Cymru (CHC)
FP29	Citizens Advice
FP30	The Welsh Heads of Environmental Health Private Sector Housing Expert Panel
FP31	Christina Nascimento, Academic Researcher
FP32	Care and Repair Cymru
FP33	Age Cymru
FP34	Active Building Centre
FP35	Welsh Local Government Association (WLGA)