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Llywodraeth Cynulliad Cymru
Welsh Assembly Government

Fuel Poverty Strategy

Consultation

November 2009



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Ministerial Foreword

A key outcome of the National Energy Efficiency and Savings Plan consultation was the need to revise the Assembly Government's Fuel Poverty Strategy.

Fuel poverty impacts across many portfolios of the Assembly Government and only by working together can we provide the support that hard pressed householders in Wales need to cope with their fuel bills. Work in many parts of the Assembly Government supports the fight against fuel poverty and many departments have had an input in to developing our new Fuel Poverty Strategy.

As an Assembly Government we are committed to securing a better deal for fuel poor householders in Wales. This includes meetings with Ministers from across the UK, pushing energy companies to do more to help vulnerable customers in Wales, raising the needs of Welsh householders with Ofgem and the Department for Energy and Climate Change and working with partners across Wales to deliver effective programmes to address fuel poverty in Wales.

It is important to recognise that fuel poverty needs effective action from a range of other organisations and that it is vitally important to have a co-ordinated approach to tackling fuel poverty. A number of organisations already work to reduce the number of households in Wales who are in fuel poverty. It is important to have a joined up approach to ensure that the best use is made of the resources available in Wales.

The Fuel Poverty Coalition for Wales recently asked me to launch their Fuel Poverty Charter, which called for:-

- A detailed action plan setting out how and when fuel poverty will be eradicated in Wales.
- Support to all fuel poor households to stay warm - until fuel poverty is eradicated.
- A co-ordinated and united approach across the statutory sector (at UK and Wales levels) that involves partners from the private, voluntary and community sectors in Wales.

This draft strategy is an important first step in response to the Charter and I have incorporated the policy calls into the strategy where ever possible. Fuel poverty is a complex issue and will require a coordinated approach to tackle it.

I look forward to receiving your views on our proposals and to working with partners across Wales to tackle fuel poverty.

Jane Davidson AM
Minister for Environment, Sustainability and Housing

1. Responding to this consultation

Please respond electronically if possible to neespteam@wales.gsi.gov.uk by 4 January 2010.

Alternatively please post your comments to:-

Fuel Poverty Strategy Consultation
Climate Change and Water Division
Welsh Assembly Government
Cathays Park
Cardiff CF10 3NQ

The consultation will be open for eight weeks. The consultation period is slightly shorter than many Assembly Government consultations. This is because:-

- There was a full consultation on the original Fuel Poverty Strategy and the objectives and targets that it contains.
- We are now proposing to revise the existing Strategy, but will not be making changes to the current objectives and targets.
- The majority of the proposals were also raised and consulted upon in the National Energy Efficiency and Savings Plan consultation earlier this year.

Please feel free to comment on any aspect on the draft Strategy although we are particularly interested in your responses to our questions. You do not need to answer all the questions unless you have views on all the questions.

If you have any queries about the consultation document, you can contact the Energy Efficiency and Fuel Poverty team on the email address above or on 029 20825393.

Freedom of Information Act 2000 – Confidentiality of Consultations

The Welsh Assembly Government intends to publish a summary of the responses to this document. The summary will include a list of respondents. Full responses, including the name and address (or part of the address) of its author, may be published, as this gives credibility to the consultation exercise. If you do not wish to be identified as the author of your response, please state this expressly in writing to us.

For further information on the Assembly's Code of Practice in dealing with requests for access to information it holds please visit our website:

www.information.wales.gov.uk

2. Purpose of this consultation

In 2003, the Assembly Government published its Fuel Poverty Strategy *Warm Homes and Energy Conservation Act 2000 – A Fuel Poverty Commitment for Wales*. The Strategy set out the Assembly Government's fuel poverty targets and how it intended to meet them, as required by the Warm Homes and Energy Conservation Act 2000.

Requirements of the Warm Homes and Energy Conservation Act

The Warm Homes and Energy Conservation Act 2000 came into force in Wales in 2002 and requires that the Welsh Assembly Government produces a Fuel Poverty Strategy that:-

- Defines fuel poverty.
- Specifies a comprehensive package of measures for ensuring the efficient use of energy.
- Specifies interim objectives to be achieved and the dates for achieving them.
- Specifies a target date for achieving the objective of ensuring that as far as reasonably practicable persons do not live in fuel poverty.

The targets and definitions set out in that Strategy remain in place but there have been significant developments in the policy measures being taken, and proposed for the future, by both the Assembly Government and the UK Government to support the eradication of fuel poverty.

The purpose of this consultation is to summarise progress against our fuel poverty objectives drawing on the latest fuel poverty statistics published in 2007, and to inform an update to the Strategy focused on the measures being taken to address fuel poverty.

This consultation and the final document which will follow are intended to fulfil the requirement that the Assembly Government, from time to time, assesses the impact of its Strategy, progress being made and make any revisions deemed necessary. This consultation has been informed by the research and responses to the consultation on the National Energy Efficiency and Savings Plan.

The consultation recognises that the Assembly Government has limited powers in relation to some of the key factors that contribute to fuel poverty. Achieving our fuel poverty objectives relies on action being taken by the UK Government, Ofgem, energy companies and others on aspects of fuel poverty where the Assembly Government does not have powers to act itself, as well as action by the Assembly Government in those areas that it can influence directly.

Our intention, as outlined in this consultation on a revision to our fuel poverty strategy, is to maximise the impact of the interventions that we can make and to be clear where action by others is necessary in order to deliver our objectives.

The consultation also places action to alleviate fuel poverty within the context of the Assembly Government's wider policy agenda:-

- *One Wales: One Planet – the Sustainable Development Scheme of the Welsh Assembly Government* – sets out the Assembly Government's vision of a Sustainable Wales, where we use only our fair share of the earth's resources and become a fairer and more just society... 25 per cent of Wales' ecological footprint is related to how we use energy within our homes. Reducing fuel poverty will contribute towards reducing Wales' ecological footprint and our wider sustainable development objectives:-

'Communities which are safe, sustainable, and attractive places for people to live and work, where people have access to services, and enjoy good health'. Fuel poverty can have significant health impacts, so tackling the issue will help create communities where people enjoy good health.

'A fair, just and bilingual nation, in which citizens of all ages and backgrounds are empowered to determine their own lives, shape their communities and achieve their full potential'. Fuel poverty derives from inequalities in our society. Helping to reduce the impact of high fuel bills helps to create a more equal and just society, by making sure those that have the least do not suffer disproportionately.

- The Welsh Assembly Government's *Climate Change Strategy* will set out how we will work towards meeting our commitment to reduce greenhouse gas emissions by 3 per cent a year from 2011, and contribute to meeting the UK statutory carbon budgets. We will ensure that the solutions that we employ to tackle fuel poverty also contribute to the reduction of greenhouse gas emissions.
- *The Financial Inclusion Strategy for Wales, "Taking Everyone into Account"*, seeks to facilitate a holistic and coordinated, joint-agency response to financial inclusion issues. There are clear links between financial exclusion and fuel poverty that will need to be addressed if we are to be successful in our aim of promoting financial inclusion. The most relevant elements of the Financial Inclusion Strategy include:-
 - Providing more integrated advice.
 - A new Welsh Financial Inclusion Champions team.
 - Increasing cross referral between agencies.
 - Effective and accessible money advice.
 - Increasing awareness of sources of free, impartial debt advice.

- Developing a strong and sustainable credit union movement throughout Wales.
- *The Strategy for Older People in Wales* sets out a comprehensive framework for the next 10 years to ensure the Assembly Government develops policies and plans which meet the needs of older people.

Phase 2 of the Strategy, *Living Longer, Living Better* was launched in 2008 and concentrates on four key strategic and cross-cutting themes:-

- Valuing Older People – Maintaining and Developing Engagement.
- Changing Society – The Economic Status of Older People.
- Well-Being and Independence.
- Making it happen – Implementation.

Through the implementation of the Strategy for Older People the Assembly Government will continue to develop and implement a range of policies and programmes with the aim of increasing income, encouraging better financial management and promoting support for work and learning opportunities for older people.

- The *proposed Children and Families (Wales) Measure* will require Welsh Ministers to prepare and publish a new strategy for contributing to the eradication of child poverty in Wales. This strategy will build on the Assembly Government's existing strategy, *A Fair Future for our Children*, and will set the strategic direction for tackling child poverty in Wales and helping achieve the aim of eradicating child poverty by 2020.
- *Communities First* is the Welsh Assembly Government's flagship programme for tackling the effects of deprivation in Wales's most deprived communities. The programme is now moving forward into its next stage - following a consultation in 2008 - and has an increased focus on communities working in partnership with service providers. A three year £25 million Outcomes Fund is available to Communities First Partnerships to support joint projects.
- There are important links between initiatives to improve public health, prevent ill health and tackle fuel poverty. As fuel poverty can have significant health impacts, tackling fuel poverty can significantly reduce burdens on the health system in the longer term. One example of how the Assembly Government is addressing this is the Keep Well This Winter (KWTW) campaign which aims to provide information and support to people aged 65 and over, and certain at risk groups, such as people with chronic disease. KWTW forms a part of wider 'Ageing Well' health promotion programme being developed and co-ordinated by Age Concern Cymru and Help the Aged in Wales in collaboration with local community partnerships. KWTW focuses on both the endemic and epidemic factors that impact on health during the winter months. Amongst

other things, it provides advice and support for older people on keeping warm and staying healthy; encouraging the uptake of flu immunisations; and tackling fuel poverty by providing advice on measures to maximise income, for example through accessing benefits, and reducing costs through the promotion of the Home Energy Efficiency Scheme (HEES) and other measure to reduce fuel costs, this is of particular importance now with the increase in fuel prices in recent years.

- The Assembly Government consulted on '*Sustainable Homes: A National Housing Strategy for Wales*' earlier this year. Improving the efficiency of the existing housing stock as well as significant improvements to new build standards are key components of the strategy. Implementing and maintaining the Welsh Housing Quality Standard in social housing will be an important component of tackling fuel poverty in the social housing sector.

Next steps

This consultation, and the final proposals that result, will revise *A Fuel Poverty Commitment for Wales* and outline the Assembly Government's approach to eradicating fuel poverty and achieving the 2018 target.

The consultation describes how fuel poverty programmes and delivery organisations need to be brought together to achieve the 2018 target. It also highlights other key policy documents which will set out relevant objectives and actions.

We want to work with stakeholders to develop the detail of delivery that will achieve the eradication of fuel poverty in Wales. The work highlighted in this consultation will be delivered in partnership and will need to continue to respond to challenges that may come about between now and 2018.

A summary of responses to the National Energy Efficiency and Savings Plan consultation has been published on the Assembly Government website and a final National Energy Efficiency and Savings Plan will be available by early 2010.

3. What is Fuel Poverty?

Fuel poverty is defined as having to spend more than 10 per cent of income (including housing benefit) on all household fuel use to maintain a satisfactory heating regime.

The World Health Organisation defines a satisfactory heating regime as 21°C in the living room and 18°C in other areas, although householders with specific needs may require different levels of heating.

Q1: Do you agree with the definition of fuel poverty as outlined here? Please provide evidence to support your responses.

3.1. Health Impacts of Fuel Poverty and Living in a Cold Home

Fuel poverty can have a significant impact on the health and well-being of householders. Effects can include:-

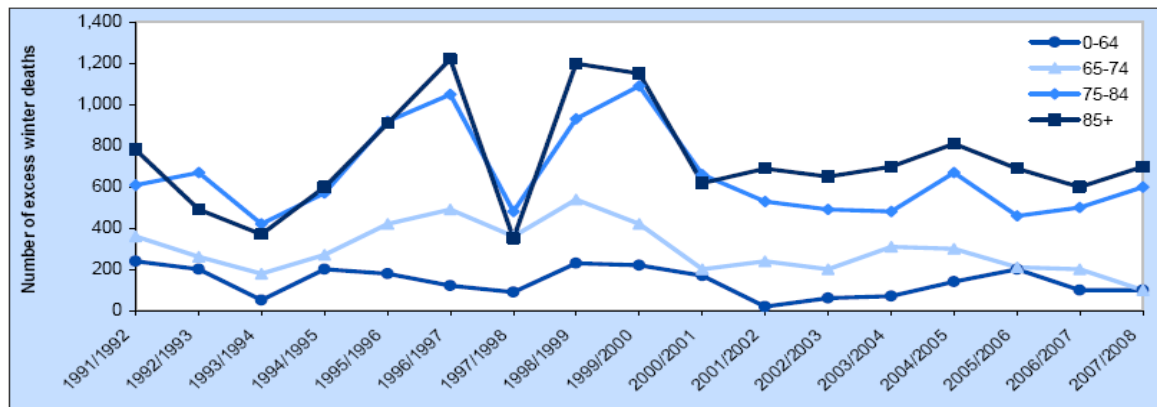
- Direct health impacts including an increase in respiratory illnesses including asthma.
- Increased blood pressure and risk of heart attack and stroke (cardiovascular disease).
- Increased levels of slips, trips and falls, particularly in older people as cold can reduce mobility and cause a worsening in the symptoms of arthritis.
- Social isolation leading to impaired mental health because of a reluctance to invite friends into a cold, damp home.
- In direct health impacts as householders have less money available for food, other day to day expenses and social activity.
- Stress and mental health issues driven by concerns over bills and/or energy debt.
- Impacts on education where only one room may be properly heated, resulting in the lack of a quiet, warm space to study or increased levels of absenteeism as a result of sickness.
- Impacts on the economy because of increased levels of sickness. Reducing money spent on energy bills can have positive effects on local regeneration because people have more money to spend in the local economy.
- Increased pressure and cost on health and care services.

3.2. Facts Related to Excess Winter Deaths (EWDs)

Excess Winter Deaths (EWDs) are the number of additional deaths between December and March compared to equivalent periods at other times of the year.

There are two distinct factors that influence excess winter deaths; endemic factors, such as fuel poverty and environmental conditions such as cold; and epidemic factors, such as influenza and other viruses. The consequences of these factors are disproportionately more significant for older people in terms of negative health impacts than for other age groups within the population as shown in Chart 1.

Chart 1: Excess winter deaths by age group, Wales, 1991/1992 to 2007/2008



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

It is known that:-

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

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

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

33 per 10,000 for those aged 75-84 and 100 per 10,000 for those 85 or over.

- Wales follows a similar trend to other areas of the UK.

Trends of EWDs in Wales from 1991/1992 to 2007/2008 can be seen in Chart 1.

4. Fuel Poverty objectives and progress

4.1. Our Fuel Poverty objectives

As set out in *Warm Homes and Energy Conservation Act – A Fuel Poverty Commitment for Wales*, our fuel poverty objectives are that, as far as reasonably practicable, fuel poverty will be eradicated:-

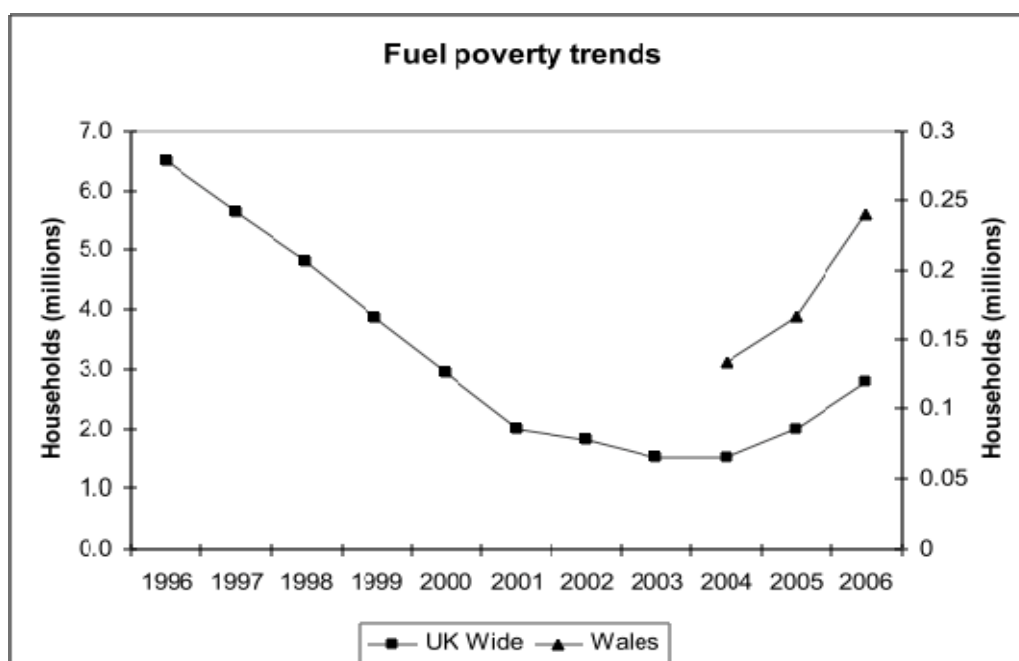
- Amongst vulnerable households by 2010.
- In social housing by 2012.
- That, by 2018, there would be no-one in Wales living in fuel poverty.

These objectives remain in place. The Assembly Government will develop a Monitoring and Evaluation Plan which will outline how progress towards these targets will be reported more frequently (see Section 7). We will also review data when it becomes available to ensure that our measures are targeted effectively on those in fuel poverty.

4.2. Progress against objectives

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

Chart 2: Fuel poverty decreased until 2004, but has risen since



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

However, this positive progress was reversed in 2004. Data from the Living in Wales property survey in 2004, and subsequent modelling suggested that the number of

households in Wales in fuel poverty have increased significantly (as set out in Table 3.).

Table 3: Estimated numbers of households in Fuel Poverty

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

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

Although UK and Assembly Government programmes have helped to ensure that the energy performance of homes has continued to improve since 2000 (see Table 4), energy prices have increased significantly, particularly since 2004 (see Chart 5). The trend for increasing fuel costs corresponds with the increase in fuel poverty since 2004.

Table 4: Energy efficiency activity

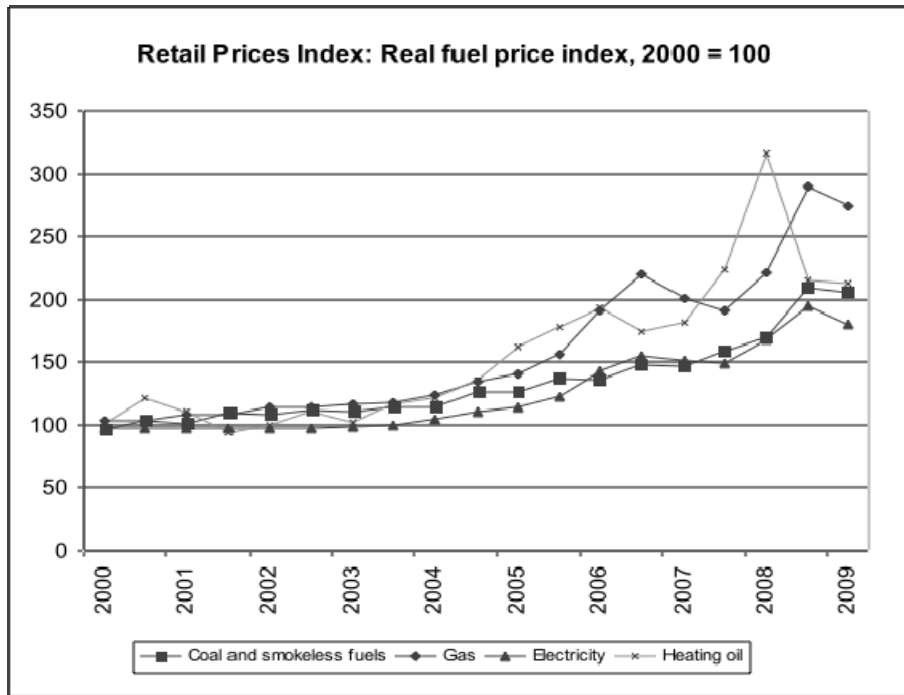
	HEES (households assisted)	Supplier obligations
2001/2	11,021	n/a
2002/3	14,466	11,419*
2003/4	12,572	26,525*
2004/5	13,149	53,969*
2005/6	9,834	Data expected later in 2009
2006/7	13,739	Data expected later in 2009
2007/8	18,647	Data expected later in 2009
2008/9	15,199	Data expected in 2010

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

Despite the recession, household disposable income has held up relatively well, supported by falling inflation, which has enabled some households to cope with the rise in fuel prices, however this does not apply to all households. In particular households affected by job losses during the recession will have been adversely affected. The labour market in Wales has deteriorated quite sharply in the last year,

with employment down by 2.9 per cent, unemployment up by 2.6 per cent and inactivity up by 0.9 per cent. Vulnerable communities with historically high levels of unemployment and poverty have been hit harder by the rise in unemployment, putting pressure on their ability to avoid fuel poverty.

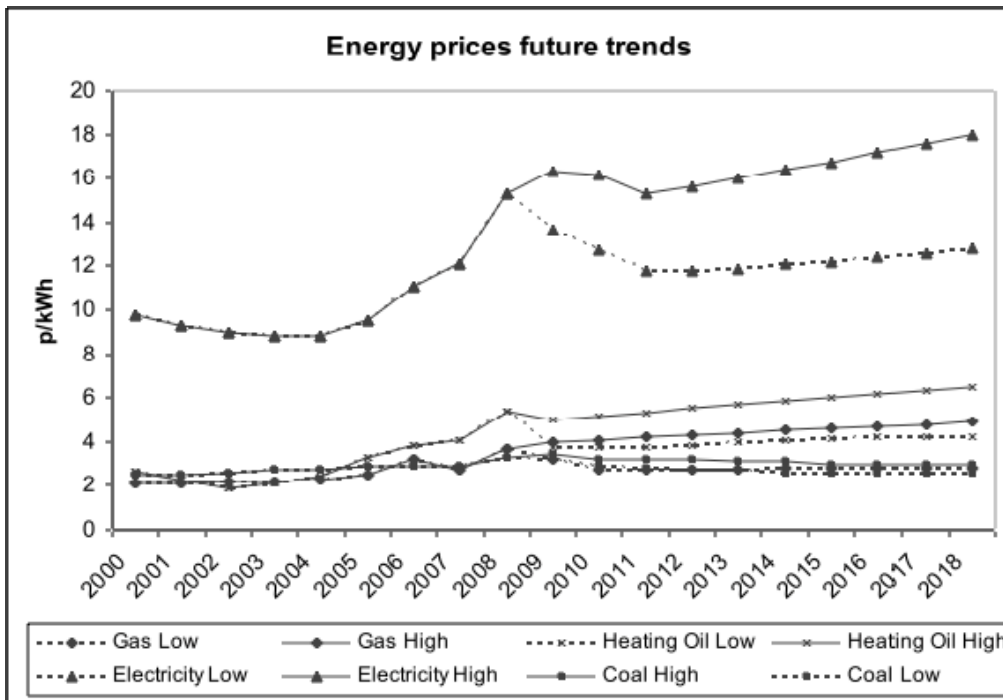
Chart 5: Increasing fuel prices



Source: BERR Energy Trends and Prices August 2009

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

Chart 6: Energy prices are predicted to continue to increase to 2018



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

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

Further details on our plans for more regular monitoring and evaluation to inform our fuel poverty policies is in Section 7.

4.3. Fuel Poverty across Wales in 2004¹

Vulnerable households

In 2004 it was estimated that 134,000 households in Wales were in fuel poverty. Of these households, 85 per cent (115,000) could be classed as vulnerable households². Modelling completed in 2007 suggested that by 2006, 243,000 households were in fuel poverty, and a similar proportion of those were vulnerable households. This means that eliminating fuel poverty in vulnerable households by 2010 corresponds to an 85 per cent reduction in fuel poverty. It may be the case that the increases in fuel prices since 2004 could have increased numbers of 'non-vulnerable' fuel poor households at a higher rate than the

¹ Data from Fuel Poverty in Wales 2004 report published in 2007 and social housing statistics based on Living in Wales 2008 survey.

² Vulnerable households are those with a member aged 60 or over, with any dependent children under 16 or with a long-term sick or disabled member.

vulnerable fuel poor. This will be explored as part of the analysis of fuel poverty in 2008 that will be published in 2010.

Severity of Fuel Poverty

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

Tenure

In 2004 it was estimated that the majority of fuel poor households are in the owner occupied sector (72 per cent) with the remaining households spread equally between the private rented sector and the social housing sector. However, because the majority of households in Wales are in the owner-occupied the majority of householders who own their own home are not fuel poor (89 per cent). In the social housing sector 8 per cent were estimated to be fuel poor in 2004 and 17 per cent of private tenants were estimated to be fuel poor. There are likely to be less gains to be made from improving energy performance of homes in the social housing sector because energy efficiency already tends to be better than in other sectors (in large part due to the requirements of the Welsh Housing Quality Standard) so advice and support on using energy in the home, getting the best deal on your energy and maximising income is likely to be important in tackling fuel poverty amongst social housing tenants. Increases in fuel prices in recent years may have increased fuel poverty in the social housing sector disproportionately as a higher proportion of tenants are on very low incomes and could therefore be pushed into fuel poverty more easily.

Age and household composition

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

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

5. Action to tackle Fuel Poverty

Focusing action in response to progress so far

The Assembly Government acknowledges that the significant increases in fuel prices in recent years have had an impact on the number of households in Wales who are living in fuel poverty. These factors are largely outside the control of the Assembly Government and they make delivery of the 2010 target very challenging, however we remain determined to do everything reasonably practicable to alleviate fuel poverty in Wales.

Our proposed approach is:-

- Where the Assembly Government has powers to take action that will contribute directly to alleviating fuel poverty, we will ensure that our support and funding is focused on those most in need.
- To promote the co-ordination and joining up of support, not just of different providers who are helping to tackle fuel poverty but also by finding ways to enable other services and programmes to support action that will assist in alleviating fuel poverty.
- To work with others to identify and target the most vulnerable households first and assist those households in accessing support to address income levels, energy prices and the energy performance of their property. Much of this support will be from organisations other than the Assembly Government but our aim is to enable access and support co-ordination.
- Where others have the powers to take action, for example in relation to energy prices, income levels and the benefits system, we will ensure that the Assembly Government plays a proactive role in influencing decisions.
- Ensure that programmes that aim to improve the energy efficiency of a home bring long term improvements in the quality of the housing stock and reduce its carbon footprint.

This consultation also addresses the need for better and more timely data on fuel poverty; this is important for ensuring better delivery of measures across Wales.

Q2: Do you agree with this proposed overall approach?

Factors contributing to fuel poverty and the levers available to us

Income

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

When assessing whether a household is in fuel poverty, we look at the total amount of money spent on all household fuel as a percentage of Full Income. Full Income is the total household income, including Housing Benefit or Income Support for Mortgage Interest (ISMI). Income is influenced by a number of factors, including employment status, salary or welfare benefits received and number of dependents.

The key levers available to influence income are set out in the following table:

Levers	UK Government scope to act	Assembly Government scope to act
Benefits system	Within the direct control of the UK Government and potential for immediate impact	Indirect only with some potential for quick impact: <ul style="list-style-type: none"> • Influencing UK Government • Support uptake of relevant benefits through advice/information provision
Encouraging access to better quality higher paid jobs	Indirect: <ul style="list-style-type: none"> • Overall economic policy 	Indirect only: <ul style="list-style-type: none"> • Support to improve training and skills • Support to stimulate businesses and create jobs

How much people pay for energy

The amount a person or household spends in total on household energy bills is influenced by their energy supplier, the tariff they are on, the type of fuel(s) they use and options available.

The key levers available to influence the price they pay for their energy are set out in the following table:

Levers	UK Government scope to act	Assembly Government scope to act
Wholesale energy prices	Direct: <ul style="list-style-type: none"> • Taxation Indirect: <ul style="list-style-type: none"> • Competitive energy market 	Indirect only: <ul style="list-style-type: none"> • Influencing UK Government
Tariffs	Historically indirect approach but UK Government now taking direct action to introduce mandated social price support and greater clarity of Ofgem's role. Ofgem monitors the domestic market and can alter regulation by which energy companies set tariffs.	Indirect only: <ul style="list-style-type: none"> • Influencing UK Government, Ofgem and energy companies • Support people to find better/more suitable tariffs through advice and information provision directly or with partners
Fuel used for heating	Indirect only: <ul style="list-style-type: none"> • Influencing regulation (for natural gas and electricity only) via Ofgem. 	Indirect: <ul style="list-style-type: none"> • Supporting or encouraging uptake of advice on options and costs • Gather and share information on options available for those dependent on oil and LPG for heat. Direct <ul style="list-style-type: none"> • Financial support to switch to alternatives

Levers	UK Government scope to act	Assembly Government scope to act
Sustainable energy sources	Direct: <ul style="list-style-type: none"> • Supporting development of renewable energy technologies. • Increasing electricity grid capacity. • Financial support to homeowners to install energy efficiency measures including renewable energy technologies. • Changes to Building Regulations (until December 2011 if approved by UK Parliament). • Proposed Feed in Tariff and Renewable Heat Incentive 	Direct: <ul style="list-style-type: none"> • Financial support to homeowners to install energy efficiency measures including renewable energy technologies. • Changes to Planning Regulations. • Changes to Building Regulations from December 2011 if approved by UK Parliament.

The energy performance of a property

This relates to how energy efficient a property and its heating system is and therefore how much energy, and money, is needed to keep it warm. This is influenced by the construction characteristics of the property.

This also relates to how householders use energy in their homes. This can be influenced by habit or need (e.g. some people may need to use their heating for larger a proportion of the day).

The key levers available to improve the energy performance of homes and reduce energy use are set out in the following table:

Levers	UK Government scope to act	Assembly Government scope to act
Changing consumer behaviour	Indirect: <ul style="list-style-type: none"> • Promoting the benefits of low carbon, low energy technologies in UK Government policies and programmes. • Funding the Energy Saving Trust (EST) to provide advice. 	Indirect: <ul style="list-style-type: none"> • Promoting the benefits of low carbon, low energy technologies in Assembly Government policies and programmes. • Ensuring that advice recognises the needs of different groups. • Behaviour change campaigns and initiatives.
Improving the energy performance of homes	Direct: <ul style="list-style-type: none"> • Setting the Carbon Emission Reduction Target (CERT), Community Energy Saving Programme (CESP) and supplier obligations, which are implemented by energy companies. • Funding the UK-wide Low Carbon Buildings Programme. • Changes to Building Regulations (until December 2011 if approved by UK Parliament). 	Direct: <ul style="list-style-type: none"> • Providing funding for energy improvements through the Home Energy Efficiency Scheme (HEES) and its successor. • Developing an area based energy improvement programme. • Welsh Housing Quality Standard. • Neighbourhood Renewal Schemes. • Social housing investment and standards. • Changes to Building Regulations from December 2011 if approved by UK Parliament. Indirect: <p>Influencing UK Government, Ofgem and energy companies, including to maximise the funding available from other sources and that maximum use is made of Energy Performance Certificates (EPCs).</p>

Q3: Have we identified all of the appropriate levers?

6. Tackling Fuel Poverty in Wales

This chapter sets out how the Assembly Government intends to use the levers available to it to influence, either directly or indirectly, the key factors which contribute towards fuel poverty.

6.1. Advice, support and referrals

Key to ensuring the eradication of fuel poverty in Wales is the advice available to people. Advice needs to be easy to access so that householders can make the most of it to help them reduce their energy bills and to maximise their income. Advice is already widely available from a number of sources. However, this advice needs to be better coordinated, more easily accessible and provided in a format best suited to those needing advice. A clear central point of contact for referrals and advice needs to be established to ensure that people have access to the full range of assistance available to them.

Therefore we want to create a 'central hub' which will coordinate access to, and referrals to and from:-

- Other advice providers.
- Local support agencies.
- Energy company funding.
- Assembly Government energy improvement packages.

Reaching the right people to make sure that they are able to access the available advice and support will be an essential outcome of an effective referral network. There are significant opportunities to work with the wide range of organisations that have contact with vulnerable householders on a day to day basis to achieve this.

The Assembly Government will:-

- Establish an effective central hub for advice and referrals that will be at the heart of delivering new fuel poverty and energy efficiency programmes.
- Work with providers of health and social services (including local authorities) to establish referral mechanisms to fuel poverty advice and support.
- Not endorse multiple energy efficiency advice lines.
- Continue to recognise that particular organisations may be best placed to provide support on specific issues or to specific groups and ensure that this richness of expertise and the trust that people have in certain organisations is valued and built into a referral network.
- Support initiatives that provide advice and support to help people keep their home warm and healthy, for example, Keep Well This Winter.

We will work with others to:-

- Identify training needs and find ways to meet these needs collectively.
- Analyse the types of queries received, advice sought and gaps and use this to improve the advice and support available.

Q4: Do you agree with the proposed approach to advice and support?

6.2. Working together

Fuel poverty requires effective action from a wide range of partners including the UK Government, local government, Ofgem, the energy suppliers and generators, the third sector, Housing Associations, Registered Social Landlords, private landlords, the Citizens' Advice Bureau, the National Health Service in Wales, private sector organisations, Police, Fire and Rescue Services and householders themselves.

The Assembly Government will ensure that it works across departments internally to ensure that opportunities to identify and assist those in fuel poverty are maximised. Key departments with an interest include the Department for Environment, Sustainability and Housing, the Department for Health and Social Services; the Department for Local Government and Social Justice; and the Department for Economy and Transport including the Regeneration team.

The Assembly Government recognises the critical need to work with others and has established or participates in the following fora to facilitate this:

With all key partners in Wales:-

- Fuel Poverty Advisory Group (FPAG) - established in 2004, an independent Chair was appointed in October 2008. The group is made up of senior stakeholder representatives drawn from statutory agencies, Local Government, community and private sector organisations and meets on a quarterly basis.

The primary role of FPAG is to:-

- Consider and report on the monitoring of the Fuel Poverty Strategy.
- Examine the effectiveness of current Assembly Government policies in delivering reductions in fuel poverty.
- Examine barriers to the delivery of reduction in fuel poverty.
- Consider the need for additional policies and initiatives needed to deliver the Assembly Government's targets.
- Advise on engagement between key players involved in tackling fuel poverty.
- Identify areas in which the Assembly Government could commission research into fuel poverty.

- National Energy Action (NEA) Cymru - the Assembly Government funds the NEA in Wales to: support action to tackle fuel poverty; provide training; and contribute to the evidence base on fuel poverty in Wales. The NEA in Wales plays a role in engaging stakeholders, particularly at a local level, and ensuring that their views are fed back to the Assembly Government.
- Local authorities have a critical role to play in tackling fuel poverty. Their front line, locally based staff are ideally placed to identify and refer people in fuel poverty for the various support programmes. It will be crucial that local authorities have a good understanding how they can work with the central hub. To facilitate this we will develop a Local Authority Engagement Officer role to ensure that Local Authorities are engaged with the central hub.

With suppliers:-

- Energy Roundtable – set up in 2008 by the Minister for Environment, Sustainability and Housing. The six-monthly Roundtable meetings are attended by the Minister and chaired by the Chair of FPAG.

Stakeholder representatives include the big six energy suppliers (Centrica, Scottish & Southern, Scottish Power, RWE NPower, EDF Energy and E.on) and the Energy Retail Association (ERA). From October 2009, Ofgem will also be represented at the Roundtable meetings.

The purpose of the meetings is to provide a forum for discussion between the Minister and energy suppliers on Assembly Government policies in relation to energy and climate change, and issues of concern regarding the provision of energy services and the cost of energy for Welsh householders.

- Bilateral meetings – regular meetings between the Assembly Government and individual energy suppliers, the Energy Retail Association (ERA) and Ofgem. The purpose of these meetings is to enable discussion on specific actions being taking forward by energy suppliers in Wales and to raise issues that cannot be taken forward in the Energy Roundtable.

With key partners across the UK:-

- Interministerial Group – this group provides an opportunity for Ministers from the UK Government and the Devolved Administrations to discuss cross-cutting issues.
- Ofgem’s Social Action Strategy Review Group – In April 2008, Ofgem held a Fuel Poverty Summit with the objective of identifying practical, cost effective ways to make real improvements as quickly as possible to the lives of vulnerable energy consumers and those in fuel poverty. The focus of the Summit was on tariffs and assistance provided by suppliers. A

programme was produced which is kept under review by Ofgem through its Social Action Strategy Review Group.

- Regular meetings with Ofgem to discuss implementation of policies and programmes under their regulatory controls.

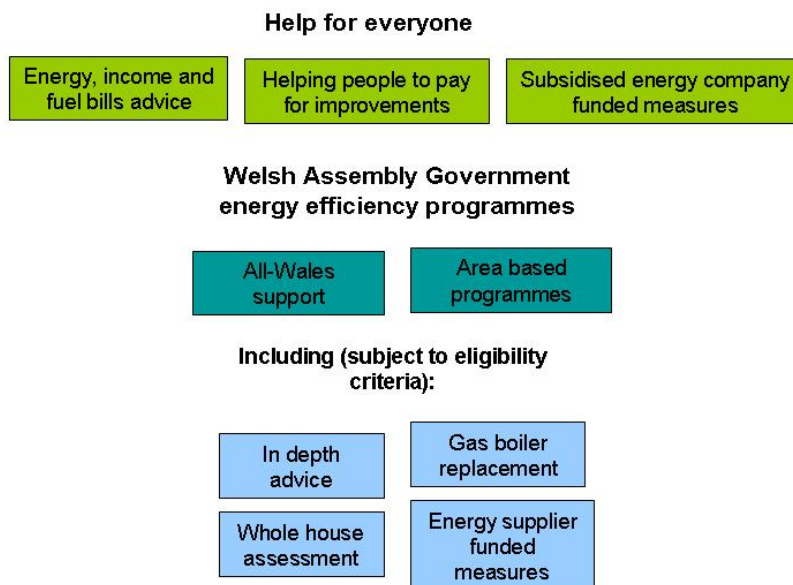
Q5: Is there anything else that the Welsh Assembly Government should be doing to help make sure that organisations across Wales and the UK are working together effectively to tackle fuel poverty?

6.3. Energy Efficiency Measures and Low or Zero Carbon Energy Generation Technologies

A key feature of our Fuel Poverty Strategy will be investment in energy efficiency and low or zero carbon energy generation technologies in homes where householders are most likely to suffer from fuel poverty. Advice and support, as set out above, will be an integral component of investment programmes.

We plan to approach this in two ways. We will continue to provide an all Wales programme that helps individual householders to improve the energy performance of their homes and reduce the impact of fuel bills. We will also develop significant programmes to improve the energy performance of the housing stock in particular areas. Figure 7 demonstrates how the two approaches would sit together.

Figure 7: Approach to fuel poverty and energy efficiency programmes



6.4. All Wales Support

We will develop a new, improved all Wales programme to help householders reduce the impact of fuel bills which will replace the Home Energy Efficiency Scheme. The programme will be agreed by the end of 2010. The co-ordinated programme will encompass advice on energy efficiency, tariffs and benefits, as well as link in to energy company funding and other programmes developed on a UK and Wales-level.

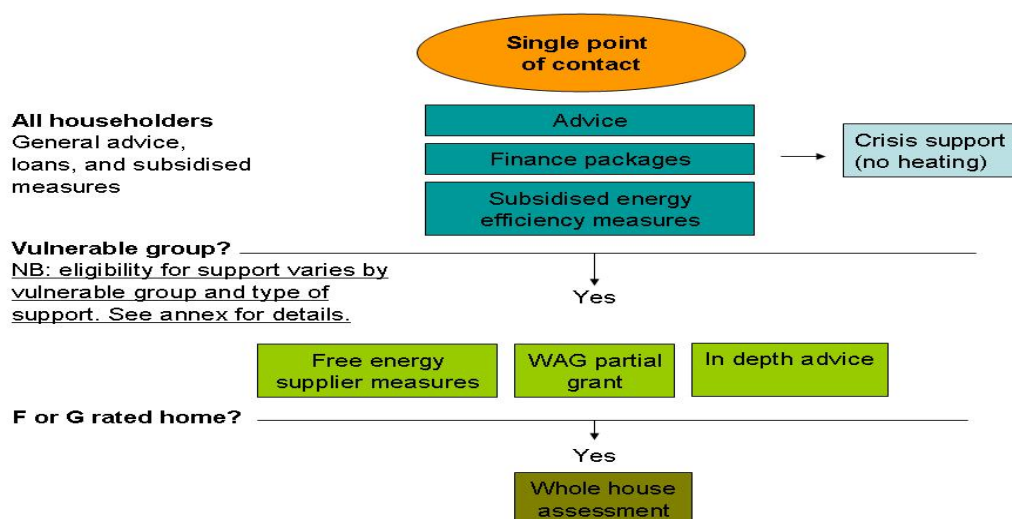
The new programme will work towards a situation where access to all types of support to help reduce the impact of fuel bills is co-ordinated through a single telephone number. We will build on existing networks to achieve this. The central coordination point would be the focus of a stronger and larger referral network proposed in Section 6.1. We will support local agencies and partners will be able to refer householders into the new programme.

The level of support provided to householders will depend on their individual circumstances, and will include:-

- A range of advice and support (including through partner organisations).
- Co-ordinated access to widely available funding sources like the Carbon Emissions Reduction Target (and its successor).
- For householders that are considered to be most likely to be in fuel poverty (based on available evidence), a whole house assessment will be offered to identify the most cost effective way to improve the energy performance of their property. The Assembly Government will then fund the most appropriate improvements (subject to certain limitations, which will be reviewed from time to time).

Figure 8 below demonstrates the various levels of support that may be available.

Figure 8: Different levels of support will be available to householders across Wales depending on their circumstances



Eligibility for whole house assessments and Assembly Government funded improvement packages will be linked to the energy performance of the property and the householder's current circumstances. Eligibility will be defined in regulation and/or determination from time to time, and will be based upon the best available evidence in terms of the groups who are most likely to suffer from fuel poverty. See Annex 1 for the eligibility criteria we expect to be in place initially.

We will continue to provide a non-means tested partial grant for loft and cavity wall insulation to householders considered to be vulnerable to the impacts of fuel poverty. It will be set at a level that will ensure that the use of energy supplier or other UK wide funding is maximised before the Assembly Government uses its own funds. This will help to ensure that we are not duplicating funding sources. The partial grant will provide a 'back up' should there be an issue with accessing energy supplier or other UK wide funding for free or reduced cost loft or cavity wall insulation

Q6: Do you agree with the definition of vulnerable households set out in Annex 1? We would be grateful if respondents would provide evidence to support their response.

The overall approach to Assembly Government investment in improving the energy performance on homes occupied by the fuel poor set out above was supported by the majority of respondents to the National Energy Efficiency and Savings Plan consultation (where it was first proposed). Respondents did however want to be able to comment on further details of the proposals. Our all-Wales fuel poverty programme will be agreed by the end of 2010. This will require revision of Regulations, which will be subject to full public consultation in winter 2009/10. More detail of the proposed 2010 revisions can be found in Annex 1.

We will introduce interim measures to ensure that people begin benefitting from our proposals as soon as possible. More detail of interim measures can also be found in Annex 1.

We expect to be able to offer Assembly Government funded energy performance improvement packages to between 2,700 and 3,600 householders across Wales per year (depending on the level of maximum investment per property). The new programme aims to make a significant difference in the homes that will benefit the most whilst offering the majority of households advice and support to reduce their energy bills. Each year, the extra energy performance improvement packages alone are likely to save householders around £1.4m - £1.7m on their yearly energy bills and reduce annual greenhouse gas emissions by 7,600 – 9,600 tonnes. There will be significant additional benefits from the provision of advice, other support and uptake of energy company funded improvements. We expect that up to 7,000 householders per year could be referred for more basic energy efficiency improvements funded by energy companies under CERT.

6.5. Area based programme

Area based programmes offer efficiencies of scale and offer opportunities to engage householders across a community (including those who might not actively apply

for help). At the same time we are committed to continuing to offer demand-led programmes mean that we can offer help to people across Wales.

Working with partners, we have developed a major programme (*Arbed - Strategic Energy Performance Investment Programme*) to improve the energy performance of homes in communities across Wales. The Assembly Government will invest at least £30 million in area based energy efficiency improvements and low or zero carbon energy generation technologies before the end of 2011. This investment includes £12 million as part of the Heads of the Valleys Low Carbon Zone and £18 million of the investment earmarked for low carbon buildings. We will also contribute to the development of significant area based programmes to improve energy performance that use EU Structural Funds. Investment under the programme will be focused on low income and fuel poor households in the Strategic Regeneration Areas across Wales.

The programme will seek to maximise additional sources of funding wherever possible. For example, we hope to be able to use our £30 million investment in area based home energy improvements to secure energy company investments through the Community Energy Saving Programme.

We expect that around 12,000 to 15,000 households may receive energy performance improvement packages as part of these area based programmes. This could support up to 1,900 person years of employment³, reduce annual household energy bills by £6.1m – £7.4m and reduce annual greenhouse gas emissions by 33,500 to 40,000 tonnes.

Q7: Is our proposed approach to all-Wales and area-based programmes clear? Do you think this combination of approaches is appropriate?

6.6. Improving housing standards

Implementing and maintaining the Welsh Housing Quality Standard in social housing will help to keep the cost of heating homes in this sector down. The Welsh Housing Quality Standard provides for the annual energy consumption for space and water heating to be estimated using the SAP (Standard Assessment Procedure) method and specifies a minimum SAP rating of 65 out of a possible 100 to be achieved . A SAP rating of 65 is equivalent to an Energy Performance Certificate rating of D.

Providing advice and support on other aspects of fuel poverty (e.g. tariffs, benefits, energy efficiency) will be important to help tenants. Also, there is a need to focus on consumer/householder behaviour as thermal efficiency of the building fabric is improved. Feedback on consumption can be useful e.g. Smart Meters, Energy Audits, Informative billing, labelling schemes.

The Assembly Government is also working in close co-operation with Local Authorities to improve standards in the private sector, especially in renewal

³ There is a clear distinction between 'jobs' and person years of employment - the equivalent of one person employed for a year. A job is the regular work that a person does to earn money and may last a very long or short period of time.

areas which are housing led and include significant improvements to the energy efficiency of homes often as part of a wider improvement programme. Grants to improve the energy efficiency of the homes of first time buyers is also being piloted in renewal areas by 17 Local Authorities.

Increasingly high energy performance standards for new housing in Wales will help to ensure that the cost of heating new homes continues to be reduced. Once again, other advice and support, in particular on how to make the most of the features of homes built to high energy standards, will be important.

6.7. Links between improving the energy performance of housing, regeneration and the economy

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

The Assembly Government will put a number of cross-cutting interventions in place to ensure all the benefits of investment in domestic energy efficiency can be unlocked in Wales. These will include:-

- Business support (technical and financial) for Welsh businesses and social enterprises.
- Support for research and development by Welsh Higher Education Institutes into energy efficiency/renewable energy technologies.
- Flagship (demonstration and pilot) projects.
- Skills and training for local people in relevant occupations/sectors.

6.8. Community-level Action

We recognise that community scale renewable energy generation can have a role in tackling fuel poverty by generating income for community projects and /or providing cheaper energy or heating to the whole community.

The Assembly Government intends to support such action through its Community Scale Renewable Energy Generation Project. The project will enable the establishment or further development of 22 sustainable social enterprises based on new community scale renewable energy installations. The project will also include a development officer service to build capacity and provide locally based advice.

With the role community scale renewable energy can play in tackling fuel poverty in mind, the Assembly Government calls on the UK Government to ensure that its Feed-In Tariffs and Renewable Heat Incentives are set at such a rate that makes this type of action attractive to communities.

The Assembly Government has also supported the NEA's Feel the Heat Awards as a vehicle for highlighting innovative community-based actions aimed at tackling fuel poverty.

The central hub will play an important role in identifying and linking up with community-based advice providers. The central hub will provide these providers with a clear place to refer people in fuel poverty for assistance.

6.9. Helping householders to pay for energy improvements

Many respondents to the National Energy Efficiency and Savings Plan consultation were concerned about householders who would not quite qualify for free improvements to the energy performance of their home, but who may not be able to afford an up-front contribution to improvements, even when those improvements are subsidised.

The National Energy Efficiency and Savings Plan consultation document suggested that one option was to work with credit unions to offer loan packages that are designed in such a way that loan repayments are less than savings on energy bills. Although respondents were supportive of the concept, a number of issues were raised, including the current lack of national coverage of credit unions⁴, credit union capacity, and concern that many fuel poor householders (especially older people) may be reluctant to put themselves into debt.

The Assembly Government will continue to explore the potential to work with credit unions and other financial institutions to help people pay for energy efficiency improvements in Wales. This is also an area which the UK Government is currently placing significant emphasis on, particularly in respect to larger and more expensive improvements. We will work with the UK Government, and put our own mechanisms in place where necessary, to ensure that a range of loan options and sizes are available to householders in Wales.

6.10. Income Maximisation

The Financial Inclusion Strategy for Wales identifies the need to provide an integrated advice service both in terms of how utility bills can be lowered through improved energy efficiency and advice on how households can better manage their debts and increase their incomes through benefit take-up or reducing expenditure with specialist money advice.

⁴ Although this is something that the Financial Inclusion Strategy is seeking to address

Key measures to address fuel poverty that will be taken forward through the Financial Inclusion Strategy include:-

- Incorporating fuel poverty into the work of the new Welsh Financial Inclusion Champions team which is jointly funded by the Assembly Government and the Department for Work and Pensions.
- Working with the Financial Inclusion Champions Team to increase awareness of sources of free, impartial debt advice, forming partnerships between debt advice agencies and local third sector lenders.
- Developing a strong and sustainable credit union movement throughout Wales, accessible to all citizens and which has the capacity to deliver a wide range of affordable financial services.
- Encouraging and supporting ways of reducing utility bills including:-
 - Helping householders to consider whether switching energy suppliers may help to get the best deals on offer.
 - Helping to ensure the most vulnerable households take advantage of 'social tariffs' to ensure that they can buy energy more cheaply.
 - Encouraging householders to have a Benefit Entitlement Check to ensure they are receiving all the benefits they are entitled to.
 - Making homes more energy efficient

Furthermore, the Assembly Government is working to ensure that the *Arbed -Strategic Energy Performance Investment Programme* creates economic benefits for Wales. By generating employment opportunities we will put people in a better place to deal with their fuel bills. We are working across the Assembly Government to ensure that the Welsh workforce and business population are appropriately engaged and skilled to benefit from the investment.

6.11. Energy prices

Another important aspect of tackling fuel poverty in Wales will be ensuring that householders are on the best energy tariff for their circumstances.

While energy pricing is not a devolved matter, the Assembly Government will continue to work with energy suppliers and Ofgem to ensure that consumers have access to information and advice on the range of tariffs available and which tariff will best meet their needs.

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

The Assembly Government will, through the establishment of a central hub for advice and support, ensure that protocols are in place to refer callers to the most

appropriate service for the provision of advice on energy tariffs and switching suppliers.

Social Tariffs

Energy suppliers currently provide social tariffs for eligible consumers as part of a voluntary agreement with the UK Government, but there is concern that not all eligible consumers are offered a cheaper social tariff by their supplier.

In the UK Low Carbon Transition Plan, the UK Government outlined proposals to build on the voluntary agreement by bringing forward legislation to set social price support on a statutory footing. The Assembly Government is in favour of mandating social tariffs and ensuring consistency across suppliers, and will ensure that the interests of Wales are represented during the development and consultation of legislation.

6.12. Regulation and Statutory Plans

In some cases, regulation may be needed to tackle fuel poverty in Wales. The Assembly Government will always seek to use existing regulation more effectively before new regulation is considered. Regulation would only be put in place alongside complementary or supporting policy, or where other methods have failed.

Housing Health and Safety Rating System (HHSRS)

A higher than average proportion of households in the privately rented sector are estimated to be in fuel poverty (17 per cent compared to an average of 11 per cent across all tenures in 2004). Energy performance tends to be lower in the privately rented sector because landlords do not benefit directly from reductions in fuel bills that result from increased energy performance.

One option for encouraging landlords to improve the energy performance of their properties is to highlight the fact that particularly inefficient properties may have a detrimental affect on tenants health, therefore potentially constituting a 'category 1 hazard' under the Housing Health and Safety Rating System (HHSRS).

Based on responses to the National Energy Efficiency and Savings Plan consultation and discussions with environmental health professionals we believe that the following proposals may help to encourage landlords to improve the energy performance of their properties:-

- Issuing guidance on the link between F and G rated properties and Category 1 Hazards under the HHSRS.
- Providing landlords with advice on the support available to them to ensure that their property does not constitute a hazard where:-
 - Their property receives an F or G rating on an Energy Performance Certificate; or

- External agencies suggest that the property may constitute a hazard.

This advice could be provided by a third party, for example, the Energy Saving Trust.

- Contacting landlords in areas with high proportions of privately rented properties likely to be F or G rated (e.g. areas with high numbers of solid wall households off the gas network).
- Referring landlords who refuse to have Assembly Government or energy company funded measures installed in their properties for a HHSRS inspection.

Q8: Do you think the proposals for encouraging landlords to improve the energy performance of their properties are appropriate?

Health, Social Care and Wellbeing Plans

Local authorities, Local Health Boards and their partners have a crucial role to play in tackling fuel poverty. Important aspects of their role include:-

- Helping to identify those householders most in need of support (many of whom will already be in contact with local providers of health or social care services).
- Contributing to and helping to target programmes to reduce the impact of fuel bills (using local knowledge and expertise).

We propose to include guidance on realising opportunities to tackle fuel poverty locally in the next round of guidance on Health, Social Care and Wellbeing Plans. Existing affordable warmth action plans can be incorporated under the umbrella of the Plans. Inclusion of fuel poverty in the guidance on these statutory plans will require local service providers to take action to tackle fuel poverty in their local areas. The guidance is next due to be reviewed in 2010, and will inform the Plans that cover the period 2011 – 2014.

7. Monitoring and Reporting

Understanding the scale and distribution of fuel poverty will be vital in helping to work towards our fuel poverty targets. We need better and more regular information to help us target our policies and programmes as effectively as possible. The Assembly Government will work with partners to develop a Monitoring and Evaluation Plan which will cover:-

- Progress towards the Assembly Government's statutory targets for 2010, 2012 and 2018.
- Interim activity targets and results measures which will provide an annual picture of progress in tackling fuel poverty.
- Reporting arrangements, including an annual report.
- Process reviews.
- Evaluation of HEES and its successor (direct Assembly Government grants and wider scheme).

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

- Number of households in fuel poverty.
- Severity of fuel poverty.
- Energy performance of properties.
- Greenhouse gas emission reductions (including contribution towards 3% target).
- Household fuel spending (including before and after HEES measures).

Q9: Is there anything else you think the monitoring and evaluation plan should cover? Do you know of, or does your organisation hold, any data that can help us to monitor and evaluate our progress?

Details of proposals for interim changes to the Home Energy Efficiency Scheme (HEES) in 2009/10

We will make some interim changes to the current Home Energy Efficiency Scheme during Autumn/Winter 2009/10. These will include:-

- Building on the work done under HEES to deliver CERT funding in Wales we will explore, with energy companies, processes for ensuring CERT funding is always used before Assembly Government funding wherever possible.
- Providing guidance to the current scheme managers on where to refer householders in a crisis for appropriate emergency support.
- Piloting whole house assessments and energy performance improvement packages in a small number of homes (including hard to treat homes) to test costs, benefits and operational processes. This will inform the development of the new programme to be agreed by the end of 2010.

Details of proposals for changes to all-Wales support in 2010

Programme structure

The new programme of support will be managed through a central hub which will coordinate access and referrals to:

- Other advice providers.
- Local support agencies.
- Energy company funding.
- Assembly Government energy improvement packages.

Eligibility

Every householder in Wales will be able to access a range of advice and support through the hub. Householders who are struggling to pay their fuel bills (households spending more than 10 per cent of income on their energy bills) will be offered in depth advice.

Free energy supplier measures:

Householders who are over 70 and on qualifying benefits will be able to access free energy supplier measures.

Welsh Assembly Government partial grant:

Vulnerable householders will be offered access to an Assembly Government funded partial grant where appropriate. The level of partial grant will be set at a level that

maximises the use of available UK wide funding before specific Assembly Government funding is utilised.

The definition of vulnerable householders often used is:-

- Householders aged over 60.
- Householders who are disabled or chronically ill. Or
- Householders with children under 16.

In depth advice:

Will be offered to householders struggling with their fuel bills.

Please note that we are consulting on whether this definition is still appropriate – see Q6.

Energy performance improvement packages (whole house assessments):
Assembly Government funded energy performance improvement packages will be available to those householders who meet all of the following criteria:-

- In receipt of a means tested benefit.
- Live in a particularly inefficient property (this is currently expected to be those householders who are living in a home that is expected to receive an F or G rating on an Energy Performance Certificate (EPC).
- Live in privately owned or rented accommodation. Social housing will not be eligible for these improvement packages. Other programmes, such as our area based schemes and the Community Energy Saving Programme, offer funding opportunities for inefficient homes in the social housing sector.

We recognise that linking eligibility for energy performance improvement packages to means tested benefits will mean that it will be even more important to ensure that householders eligible for means tested benefits actually take them up. For example, Age Concern Cymru and Help the Aged Wales suggest that one in three older people eligible for pension credit do not actually claim the benefit. Therefore, links to benefit take up support as part of the new scheme will be essential.

Measures Available

An energy improvement package will involve a whole house assessment of the most cost effective package of measures to improve the energy performance of a particular home. The assessment may be carried out remotely, or in some cases (particularly in the case of hard to treat homes) an assessor will visit the property to establish which measures are best suited to the property. The package may include basic measures (e.g. loft and cavity wall insulation, draught proofing etc), replacement of a particularly inefficient boiler, solid wall insulation and/or low or zero carbon energy generation technologies. It may encompass just one measure or

incorporate a combination of improvements. In each case the improvements that are offered will be based on the characteristics of each property. The packages will utilise UK wide or energy company funding wherever possible.

Process

The following is a summary of the steps expected to form part of the process for receiving a fully funded energy improvement package:-

- Householders are asked basic questions about their personal circumstances and the characteristics of their home.
- Based on the information provided on the characteristics of the home, an estimation of the likely current EPC rating will be made.
- An assessment will be made of the most effective and appropriate ways to improve the energy performance of the home (remotely or on site).
- The recommended improvements will be explained to the householder.
- Arrangements will be made with the householders for the improvements to be installed.
- Householders will receive a range of advice throughout the process.
- Householders' experiences of the of the process and the improvements will be evaluated.

This approach will be tested during Winter 2009/2010. The outcome of this work will provide a range of information that will help us to set an appropriate maximum cost of energy performance upgrades (that maximises benefits for Wales as a whole) and refine the operational process.

Policy Assessments

Policy Gateway

The National Energy Efficiency and Savings Plan consultation document underwent a Policy Gateway Assessment. This involved an initial discussion of the policies aims and objectives with representatives from all the departments at an early stage, and a later full assessment of the draft consultation document by a group of departmental representatives using the Policy Gateway Tool. The results of this assessment are shown below. As the National Energy Efficiency and Savings Plan consultation looked at fuel poverty and proposed the approach set out in this Fuel Poverty Strategy consultation document it is likely that similar issues would be raised and discussed. Therefore, we have not completed another Policy Gateway specifically on the Fuel Poverty Strategy at this stage. We will however undertake a further Policy Gateway assessment on the final versions of the Fuel Poverty Strategy and National Energy Efficiency and Savings Plan before they are published.

Equality Impact Assessment

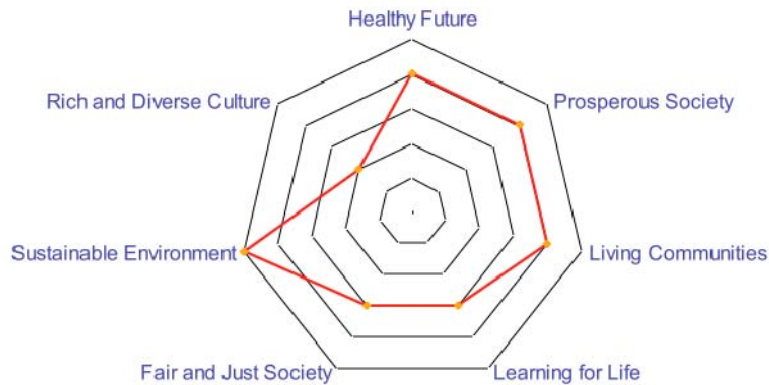
Equality issues are an important component of Policy Gateway discussions. We will also complete an Equality Impact Assessment on the proposed Fuel Poverty Strategy during the consultation period and ensure that the bodies funded by the Assembly Government to ensure equality and diversity in Wales are made aware of this consultation.

Other checklists and policy tests

A Welsh Language checklist and Rural Proofing test have also been undertaken on this policy document. We do not expect the policy to have an impact on the Welsh language and will ensure services provided by the Welsh Assembly Government are bilingual. We expect that the policy will have a positive impact on rural areas by ensuring that householders in rural areas are not excluded from Welsh Assembly Government funded energy improvement packages because their homes are 'hard to treat'.

Policy Gateway Tool Assessment Summary Sheet – National Energy Efficiency and Savings Plan

<p>The results below represent the agreed outcomes of the National Energy Efficiency and Savings Plan being tested against the Assembly Government's Gateway Tool that involved representatives from all relevant Departments. Those representatives agree that this is an accurate overview of their collective comments.</p>
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Summary Comments:

The proposed actions will provide a good contribution to meeting One Wales sustainable environment objectives, and a fair contribution to healthy futures, a prosperous society and living communities. Opportunities to improve contributions to learning for life and a fair and just society objectives were identified.

In terms of learning for life, opportunities to improve synergies included the role of the Climate Change Champions and strengthening the skills and education development theme within the draft Plan.

Opportunities to strengthen contributions to a fair and just society objectives included stronger links to work to reduce 'poverty premiums', getting involved with the Financial Inclusion Unit's Equality Evidence Research, considering how we will engage communities, considering how different solutions might emerge in different areas, and more explicit consideration of the needs of rural communities. Consideration of these topics has been included in the consultation document and will be explored further with colleagues as the proposed actions develop.

The reduction of non-means tested grants available to older people was raised as potentially in conflict with the objectives of a fair and just society, however the project team re-emphasised that reducing non-means tested grants allows greater support for householders most in need of support (which will often include older people).

The policy reflects differences across Wales in the context of the Wales Spatial Plan by:

Recognising that different opportunities for energy saving and reducing greenhouse gas emissions exist in different parts of Wales as well as the fact that fuel poverty can be of particular concern in certain areas due a combinations of inefficient housing, lack of access to the gas network and low income. The most appropriate solutions to reduce energy use in particular areas will be dictated by local housing and building types as well as fuel availability. Households most likely to be in fuel poverty will be targeted on a small area spatial scale using existing data as well as by household characteristics.

Signed:.....
 Date:.....