

## **Agenda – Equality and Social Justice Committee**

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Meeting Venue:

For further information contact:

Video Conference via Zoom

Rhys Morgan

Meeting date: 14 February 2022

Committee Clerk

Meeting time: 13.30

0300 200 6565

[SeneddEquality@senedd.wales](mailto:SeneddEquality@senedd.wales)

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### **Private pre-meeting and registration (13.00 – 13.30)**

#### **1 Introductions, apologies, substitutions and declarations of interest**

(13:30)

#### **2 Fuel poverty and the Warm Homes Programme: Evidence session 1**

(13:30 – 14:30)

(Pages 1 – 28)

Jonathan Cosson, Warm Wales

Dr Victoria Winkler, Bevan Foundation

Attached Documents:

Research brief

Consultation response from Warm Wales

Consultation response from the Bevan Foundation

#### **Break (14:30– 14:45)**

#### **3 Fuel poverty and the Warm Homes Programme: Evidence session 2**

(14:45–15:45)

(Pages 29 – 39)

Elliw Llyr, Housing Strategy – Ynys Môn County Council

Matthew Kennedy, Chartered Institute of Housing Cymru



Attached Documents:

Consultation response from Housing Strategy – Ynys Mon

Consultation response from Chartered Institute of Housing Cymru

#### **4 Papers to note**

(15:45)

##### **4.1 Correspondence from the Future Generations Commissioner to the Minister for Social Justice: Budget position**

(Pages 40 – 44)

Attached Documents:

Correspondence from the Future Generations Commissioner to the Minister for Social Justice regarding Budget position

#### **5 Motion under SO17.42 (iv) and (ix) to exclude the public from the remainder of today's meeting**

(15:45)

#### **Break (15:45– 16:00)**

#### **6 Fuel poverty and the Warm Homes Programme: Consideration of evidence**

(16:00 –16:15)

#### **7 Forward work programme: consideration of scoping paper**

(16:15–16:45 )

(Pages 45 – 53)

Attached Documents:

Cover paper

Scoping paper

Document is Restricted



## **Evidence submission from Warm Wales in respect of the Warms Homes Programme**

- **What are the main lessons learned from the Welsh Government's current Warm Homes Programme?**

Our involvement with the Warm Homes Programme has been primarily through the Nest scheme and, as such, our answers to these questions relate mainly to that component of the programme.

The Nest scheme is a tremendously positive scheme that has created vast numbers of warmer homes across Wales. In the last six months, alone, we have supported 65 householders with applying to Nest, and the impact of now being able to heat their homes has been significant.

*'It's wonderful coming downstairs to a warm room in the morning; I've started painting again and working on a book'*

*'I am delighted – I've had a new boiler and radiators, and all installed in just a few weeks'*

In considering future iterations of the programme though, there is, we believe, scope to refine and enhance aspects of the delivery model to make the scheme more efficient, accessible and inclusive.

- **How can these lessons help shape the next iteration of the Warm Homes Programme to ensure that it better supports those living in, or at risk of, fuel poverty? In particular:**

- **what should the eligibility criteria for home energy efficiency measures be?**

The principle of the current eligibility criteria is sound, however, there are several anomalous elements that could usefully be amended to ensure the programme reaches those most in need of support.

Under the health route into the Nest scheme, welfare benefits including PIP and Attendance Allowance are counted as 'income' in the same way as a salary would. Benefits such as PIP though, are paid to cover expenses incurred as part of living with an impairment or chronic health condition and are, therefore, not the same as a salary and should not, in our opinion be classed as 'income'.

An approach that saw these benefits deducted from income, in the same way as mortgage and rent payments are, would enable the scheme to reach more people living in fuel poverty. It would also support the scheme to better advance equality and social justice considerations as per a later question in this document.

Secondly, individuals who have a business registered to their address are ineligible for support via the Nest scheme. This is irrespective of what the business is or what its turnover is.

Many of these businesses, in our experience, are extremely small scale – selling vintage clothes on Ebay, for example, or making cakes – and it is difficult to see why having their business registered at their home should make a difference to their eligibility for the Nest scheme. Either, removing this criteria, or amending it to have a turnover or profit threshold, would improve the reach of the scheme while making it fairer and more inclusive.

- should the area-based approach to tackling fuel poverty (Arbed) continue,
- what specific support should be made available to meet the challenges associated with rural fuel poverty?
- how can private sector landlords be encouraged to tackle fuel poverty amongst tenants?
- **how can any successor scheme(s) better advance equality and social justice considerations?**

To better advance equality and social justice considerations any successor scheme would need to address two core areas that can impact current delivery:

- The communication breakdowns that occur between the scheme and householders

- The aspects of the scheme that are more difficult for householders with more complex needs to adhere to or engage with.

### **The communication breakdowns that occur between the scheme and householders**

Under the current scheme, there are aspects of the processes involved that can lead to a variety of breakdowns in communication, resulting in householders not being kept up to date about their application or the installation of measures. These breakdowns most often, in our experience, affect those householders with more complex needs. Advancing equality and social justice considerations will require improving processes from the current scheme so they best support those householders.

We support householders to make their application via a three-way phone call with us, them and Nest – this is a successful method as we will have prepared the householder in advance so they know what to expect and have any useful documents to hand. Making these calls can take a long time as capacity at Nest can mean that calls are transferred to an ‘overflow’ line where applications cannot be made.

As one of a number of partner organisations making very regular, successful referrals into the scheme this can be difficult as it adds significant time to the process. It would be beneficial to have a dedicated phone number we, and others doing similar work, could use; it would support good relationships between Nest staff and partner organisation staff while making processes more efficient.

In our experience, the process of surveying a property to establish which measures should be installed and whether work is required by the householder in advance of that, can be a source of considerable delay, brought about by two core types of issue:

- Electrical surveys – where the property is not connected to the gas mains - and technical surveys – which are undertaken when the property is more structurally complicated - can take months to be completed. Conveying messages to the householder about this does not always happen, and in most cases, the time taken for these surveys to occur extends the installation date well beyond the usual timeframes.
- Surveys not uploading to the system correctly and this not being noticed or addressed and / or the householder not being informed that a delay has occurred and / or the householder not being informed of the outcomes of the survey. These issues can create considerable delay and can, in some cases, lead to applications being cancelled.

In one recent example, the householder was waiting five months for measures to be agreed and the case is on-going as no installation date has been provided yet.

*[The householder] was originally referred for Nest help in August 2021 and still has not been done, survey was delayed then there was another survey, then they needed a tech survey, then they couldn't decide the best type of heating to install and needed ages to think about it. Now they have decided on air source heat pumps, but apparently they are awaiting parts for these as they are on back order.*

In another, technical issues meant that surveys and floor plans could not be accessed, adding delays to an already complex case that, ultimately, took seven months to see measures installed.

Part of the surveying process involves identifying activity that the householder may need to undertake to enable an installation to go ahead and we have found that this part of the process can be a source of communication breakdowns (as mentioned above).

Typically, breakdowns in communication involve one, or both, of the following:

- A householder not being told they need to undertake certain activity, such as clearing a room of items, and then submitting photographic evidence of this
- Evidence that is submitted not always reaching the correct end location, and therefore is logged as not having been submitted.

Both of these will result in delays to an installation date being agreed and, in some cases, applications are cancelled owing to a perception that the householder has ceased engaging. These issues are usually established to have occurred when we and / or the householder follow up with Nest to check on the progress of the work. There is very little pro-active communication from Nest to the householders to chase up missing evidence.

*I have been assisting a landlord with 3 properties he has emailed all the documents twice now yet they say they have not received them they have now told me they have cancelled the referral as the landlord isn't engaged.*

*His tenant has a non-working boiler no heat or hot water. When you ring the install team all they say is we haven't received the documents. Its soul destroying. I am going round in circles.*

In another example, a householder was told to undertake work including removing bath panels, getting a new, larger attic hatchway and clearing items from several areas of the house. She had done these things but did not know she needed to submit pictures.

That the work of Nest is split between two organisations does appear, at times, to be a contributing factor to some of the communication breakdowns as, apart from anything else, it can make following the progress of an application and installation more difficult, and this is especially the case if something is more complicated and requires additional or unusual decisions to be made.

Establishing a case-load approach at Nest so that the same advisor sees an application through from initial submission to final installation of measures would help mitigate some of these communication issues, creating a clearer line of responsibility.

This approach would also serve to advance equality and social justice considerations as many people find it easier to engage with or follow up with a named individual who is somewhat familiar to them.

### **The aspects of the scheme that are more difficult for householders with more complex needs to adhere to or engage with**

The Nest scheme, its purpose, and the eligibility criteria that underpin it, encourage applications from people with more complex needs, for example, having mental health issues or physical health issues, being older, being digitally excluded or a combinations of these things. Indeed, Nest has a 'priority' status for some of these applications.

However, some of the expectations that are placed on applicants to the scheme can be prohibitive to these individuals and, even with the support of organisations such as ours, they can create delays and add to workloads across the process. There will also, obviously, be those individuals who are not supported by another agency and who then may struggle further with processes or end up not seeing their application through.

The elements of the process that cause most difficulty most often are:

- Clearing rooms in advance – householders are expected to clear rooms, or parts of rooms, and submit photographic evidence to Nest before a date for installation can be agreed. That date is often several weeks into the future,



meaning the disarray caused by clearing the room needs to be lived with for those weeks.

- Taking and submitting photos of cleared rooms, lifted floors etc. For individuals with access to the internet and appropriate devices this is straightforward, however, many people remain digitally excluded either through a lack of access to the internet and devices, or a lack of skills to carry out this request. Relying on others to help with this is not always an option.

In the last six months, several notable examples of these issues stand out:

- An individual with autism and mental health issues for whom exercise, routine and stability were essential to his wellness, being asked to clear heavy gym equipment and a number of other items from two rooms in a two-bed flat.
- An elderly woman with mobility issues who needed a range of items within easy reach of where she sat being required to move these, putting them out of access, as well as move larger furniture items from another room. She also had no means of taking and submitting the photographs requested.

Householders understand why these requests are made but having a more flexible approach would be extremely beneficial to a number of applicants. For example, providing the installation date in advance, and then requesting the evidence the day before would be much more accommodating to those for whom moving items around is more difficult. Similarly, having straightforward approaches to foregoing the requirement to submit evidence in cases where that will be prohibitive would make the scheme more accessible and inclusive.

- **How can the Welsh Government ensure that the next iteration of the Warm Homes Programme better aligns with its efforts to decarbonise Welsh housing?**

We would like to mention two other aspects of the current scheme that may bear useful consideration in a future iteration of Nest – these fit loosely under this question, albeit that they are only tangentially related to the topic of decarbonisation.

The first is the matter of repairs and services. The current scheme provides for the first annual service but thereafter these become the responsibility of the householder. It is uncertain (to us) how many boilers fall into disrepair owing to poor maintenance or how many have to be replaced owing to a minor repair not being done at the right time. However, exploring this and creating a programme for subsidised or funded services and repairs may extend the efficient life of a number of boilers.

The second is the matter of stand-alone loft insulation. This is something we receive a number of enquiries about but there are no schemes currently running that provide this. Instead the insulation needs to be part of a package with a new boiler / heating system. Again, there may be merit in exploring this as an element to a new programme, allowing those homes that are poorly insulated and therefore inefficient to heat, but which have a functioning heating system to make their homes warmer and more affordable to heat.

## Senedd Equality and Social Justice inquiry into fuel poverty and the Warm Homes Programme

The Bevan Foundation is Wales' most influential think-tank. We aim to end poverty and inequality by working with people to find effective solutions and by inspiring governments, organisations and communities to take action. We are grateful for the opportunity to respond to the Senedd's Equality and Social Justice consultation for its inquiry into fuel poverty and the Warm Homes Programme. Our extensive work on poverty and inequality provides us with some insights into the difficulties faced by those living in low-income households, including fuel poverty. Our response draws on this experience and addresses each of the committee's questions in turn.

### What are the main lessons learned from the Welsh Government's current Warm Homes Programme?

A diverse range of organisations have highlighted a number of concerns about the current Warm Homes Programme.<sup>1</sup> Among the calls for change that have already been made are:

- To make it easier for households to access the assistance available through the Warm Homes Programme.
- For the Welsh Government to set realistic targets and measure progress against them regularly.
- For the Welsh Government to ensure that no measures are taken through the programme that increases carbon output.

The primary lesson we think the Welsh Government must draw from its current Warm Homes Programme, however, is that a single programme cannot have the dual aim of reducing fuel poverty and decarbonising homes. Whilst the two objectives are clearly linked, we believe that the Warm Homes Programme was undermined by not having a clear aim. As a result, the programme did not adequately meet either objective.

The impact of the Warm Homes Programme on decarbonisation has been limited. As highlighted by Audit Wales, Nest has evolved to become a boiler replacement programme, rather than a whole house scheme.<sup>2</sup> This means that the programme has prioritised the installation of a carbon emitting measure rather than decarbonisation measures such as the installation of insulation.

On the other hand, the Warm Homes Programme's decarbonisation objectives curtailed its effectiveness in tackling fuel poverty in two ways.

First, many households that receive support through the Warm Homes Programme don't live in fuel poverty. Nearly half (49.6 per cent) of households that benefited from a Nest Energy Improvement Package in 2020/21 didn't live in fuel poverty.<sup>3</sup> This figure may even be an underestimate based on Audit Wales' findings as to how some Nest officials collect data.<sup>4</sup> This builds on concerns raised by the Bevan Foundation in 2019 that the Nest scheme disproportionately benefits higher income households.<sup>5</sup>

Second the Warm Homes Programme offers very little assistance to households living in fuel poverty beyond improving home energy efficiency. Whilst improving energy efficiency can have a positive impact on the costs faced by households it does not, as of itself, remove the risk of fuel poverty.

In most energy efficient dwellings, households are still faced with energy bills. If fuel prices are high, or a household's income is low, using relatively small amounts of fuel can still push families into fuel poverty. This situation is exacerbated by the fact that whilst low-income households spend less on their energy bills than higher income households, it accounts for a greater proportion of their spending.<sup>6</sup>

### How can these lessons help shape the next iteration of the Warm Homes Programme to ensure that it better supports those living in, or at risk of, fuel poverty?

We suggest that to successfully address fuel poverty and to decarbonise housing, the Welsh Government should develop two separate programmes. Our recent experience in Wales suggests that it is very difficult to design a single programme that can accommodate both objectives. This is the result of the differing policy priorities related to both goals.

The overriding objective of a decarbonisation programme is to reduce carbon emissions. Household incomes and energy prices are secondary concerns. The overriding objective of a fuel poverty programme is to ensure people can afford to heat their homes to an adequate level. Energy efficiency does matter, but household incomes and energy prices are just as important.

Developing two separate programmes would allow the Welsh Government to ensure that it takes adequate measures to both tackle fuel poverty and to decarbonise housing stock.

We would envisage that the first of these programmes would focus primarily on decarbonising housing. We suggest that this programme should be open to all households living in energy inefficient homes and provide a mixture of financial assistance and advice to households who wish to make their homes more energy efficient. The level of financial support available to households should be based on a sliding scale, with all households that are eligible for Universal Credit and equivalent legacy benefits entitled to see the cost of decarbonising their home covered in full.

The second of these programmes should focus specifically on fuel poverty. This programme could focus on measures beyond retrofitting properties, ensuring that households who have taken every available measure to improve their home's energy efficiency, but who are still struggling with energy costs are provided with assistance. Assistance provided through such a scheme would include measures such as advice, repairs and financial help. The Welsh Government's recent decision to launch a winter fuel support scheme is a step in the right direction in recognising the need to look at the problem more holistically.<sup>7</sup>

With regards to the specific questions raised by the committee our response is set out below:

#### **What should the eligibility criteria for home energy efficiency measures be?**

As noted above the Bevan Foundation believes that there is a need to move away from a model where energy efficiency measures are seen as the only solution to fuel poverty.

We recommend that all households eligible for Universal Credit and equivalent legacy benefits should be entitled to see the cost of decarbonising their home covered in full, with this forming part of a broader programme of support.

#### **Should the area-based approach to tackling fuel poverty (Arbed) continue?**

The Audit Wales report leaves little doubt that there were serious shortcomings with the way that Arbed was administered.<sup>8</sup> We do believe however, that there may be a place to retain an area-based approach to tackling fuel poverty.

Area-based programmes do offer some benefits over national schemes. Area-based schemes provide economies of scale benefits, with contractors able to work on numerous properties in a location. It can also help reduce stigma, ensuring more homes are decarbonised.

Given the evidence collated by Audit Wales we believe that were area-based schemes retained by the Welsh Government it should move from a top-down approach to identifying areas that are covered by the scheme to a more localised approach. Local authorities are better placed to understand which of their communities would most benefit for area-based interventions and how such interventions would align with broader regeneration work ongoing within communities.

### **What specific support should be made available to meet the challenges associated with rural fuel poverty?**

Rural communities do face additional challenges in relation to fuel poverty. Many communities are off gas, with a number of rural homes being detached or constructed in a way that makes it difficult to significantly improve their energy efficiency. There are options available to the Welsh Government to help meet these challenges.

One option for the Welsh Government is to prioritise the installation of new heating technologies such as heat pumps in off gas communities. Such technologies can lead to long term savings for households but can be expensive to install. Given that it may no longer be desirable to expand the gas network, exploring such options may provide greater value for money in the long term and help lift some households out of fuel poverty.

### **How can private sector landlords be encouraged to tackle fuel poverty amongst tenants?**

We are concerned that there may be limitations as to how far it may be possible to encourage landlords to tackle fuel poverty amongst tenants.

Research undertaken by the Bevan Foundation over the summer of 2021 found that there is little correlation between a home's EPC rating and market rent, meaning that there is little financial incentive for landlords to make their properties more energy efficient.<sup>9</sup> Encouraging the market to value energy efficiency more highly may be counterproductive from a tackling fuel poverty perspective. If homes with a high EPC rating become more expensive to rent, then it is likely that many low-income tenants will be forced into energy inefficient homes putting them at greater risk of fuel poverty.

It may therefore be necessary for the Welsh Government to consider tightening legislation to improve standards and to reduce fuel poverty. One option may be to strengthen fitness for human habitation legislation to ensure that all homes meet a required minimum energy efficiency standard for their property type. In the interim, the Welsh Government should ensure that any landlord who receives support through the Welsh Government leasing scheme takes action to make their properties as energy efficient as possible.

### **How can any successor scheme(s) better advance equality and social justice considerations?**

As noted in our response above the Warm Homes Programme is not focused enough on low-income households living in fuel poverty. Our proposal to establish two distinct programmes would ensure

that there was a greater focus on fuel poverty itself, ensuring better advancement of equality and social justice considerations.

### How can the Welsh Government ensure that the next iteration of the Warm Homes Programme better aligns with its efforts to decarbonise Welsh housing?

As noted above we propose that the Welsh Government should establish a distinct programme that focuses on decarbonising homes. To make a meaningful difference to the Welsh Government's net zero targets, the funding available for this programme should be increased significantly to maximise the number of properties that benefit from the scheme.

The Welsh Government should also ensure that the concerns raised by Audit Wales are considered when such a programme is designed.<sup>10</sup> The programme must take an all house approach to decarbonisation and ensure that environmentally damaging practices such as inserting new boilers in place of ones that could be repaired, is halted immediately.

## References

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<sup>1</sup> The have included previous submissions by the Bevan Foundation, Bevan Foundation, *Bevan Foundation National Assembly's Climate Change Environment and Rural Affairs Committee inquiry into fuel poverty*, (October 2019) available at - <https://www.bevanfoundation.org/resources/consultation-response-fuel-poverty/>; Audit Wales, *The Welsh Government's Warm Homes Programme*, (November 2021) available at - <https://www.audit.wales/sites/default/files/publications/The%20Welsh%20Governments%20Warm%20Home%20Programme%20-%20English.pdf>; and National Energy Action, *A new fuel poverty strategy for Wales* (July 2020) available at - <https://www.nea.org.uk/wp-content/uploads/2020/10/A-new-fuel-poverty-strategy-for-Wales-July-2020.pdf>

<sup>2</sup> Audit Wales n(1)

<sup>3</sup> Welsh Government Nest Programme, *Annual Report 2020/21*, (2021) available at - <https://nest.gov.wales/workspace/uploads/files/nest-annual-report-20-21-engli-61a8bab91155e.pdf>

<sup>4</sup> Audit Wales n(1)

<sup>5</sup> Bevan Foundation n(1)

<sup>6</sup> Bevan Foundation, *State of Wales Briefing: Energy efficiency of Wales' housing stock* (January 2022) available at (subscriber only) -<https://www.bevanfoundation.org/subscribers-area/state-of-wales-briefing-energy-efficiency-of-wales-housing-stock/>

<sup>7</sup> Welsh Government, *Winter fuel support scheme*, (December 2021) available at - <https://gov.wales/winter-fuel-support-scheme>

<sup>8</sup> Audit Wales n(1)

<sup>9</sup> Bevan Foundation, *Wales' housing crisis: the role of LHA*, (September 2021) available at - <https://www.bevanfoundation.org/resources/wales-housing-crisis-the-role-of-lha/>

<sup>10</sup> Audit Wales n(1)

# Agenda Item 3

## Response from Housing Services, Ynys Môn County Council

January 2022

What are the main lessons learned from the Welsh Government's current Warm Homes Programme? How can these lessons help shape the next iteration of the Warm Homes Programme to ensure that it better supports those living in, or at risk of, fuel poverty?

Fuel Poverty remains to be a large problem in Wales, despite the latest Welsh Government Fuel Poverty Estimates (2018) showing that the percentage of fuel poor households in Wales has reduced from 26% to 12% over a 10 year period. A report produced by Denbighshire County Council in 2017, 'Wylfa Newydd Key Study Area: Housing Energy Efficiency Assessment', found that 212 census output areas within the key study area had higher than average levels of fuel poverty (at a time where Government commissioned studies stated an average of 24% fuel poverty in Wales). This information suggests that the current percentage of fuel poor households in the Wylfa Newydd Key Study area is likely to be higher than the National average of 12%. It is also noted that fuel poverty is more prevalent in the PRS and owner-occupied dwellings, compared to social rented properties.

Fuel Poverty is known to have a number of negative health, social and economic impacts, which include the following:

- Heat or Eat – people living in fuel poverty often have to choose between heating their home to an acceptable standard and eating a healthy balanced diet. A large number of individuals on Anglesey are being referred to food banks.
- Health Issues – failure to heat the home adequately can lead to a number of respiratory and cardiovascular problems, in addition to an increase in the risk of arthritic symptoms.
- Heightened risk of falls within the home – falls and domestic accidents are more common in cold homes in winter.
- Excess Winter Deaths – there were 3,400 excess winter deaths in Wales during 2017/18 (up from 1,850 excess winter deaths during 2016/17).
- Social Exclusion – people living in cold, damp homes tend to avoid inviting friends or relatives to their home because they are embarrassed of the condition it is in. This can lead to mental health issues such as stress and depression.
- Mental Health Issues – in addition to the mental health issues caused by social exclusion, worrying about paying energy bills can increase levels of stress and other mental health conditions.
- Lower Educational Attainment – periods of ill health caused by living in a cold, damp home will likely mean that children will miss a lot of valuable lessons in school, leading to lower educational attainment.
- Cost to the NHS – poor housing costs the NHS in Wales approximately £67 million per year in treatment costs, with the full cost to Welsh society estimated to be around £168 million per year.



- Wider impacts on the economy – through increased days lost due to sickness, and reduced disposable household income that might otherwise be spent in the local economy.
- Increase in poor quality housing stock – poorly heated/insulated homes can lead to damp and mould.

As the recent WAO report on Cartrefi Clyd programme states:

The Cartrefi Clyd Programme comprises the Nest and Arbed schemes that have been a key part of the Welsh Government’s strategic ambitions to reduce and ultimately eradicate fuel poverty. The Arbed scheme ended in early November 2021. The Welsh Government has reiterated its commitment to tackling fuel poverty and decarbonising homes in the Programme for Government 2021 to 2026.

The types of heating systems offered to households will need to shift to newer and greener technologies. But this is likely to come at an additional cost. The Welsh Government will also need to be clearer about the core purpose of Nest and consider the continued viability of the area-based approach used by the Arbed scheme given its under-delivery.

Reference could also be made to previous evaluation reports, such as Arbed 1 evaluation report by Cardiff University.

- **what should the eligibility criteria for home energy efficiency measures be?**

There should be a more co-ordinated approach to the matters highlighted above by using current and available data to target the most vulnerable to fuel poverty. As fuel costs rise more people will be experiencing fuel poverty Cartrefi Clyd should have a targeted eligibility criteria moving forward. The Government should use a fabric first approach taking into consideration the need to achieve zero carbon as set, this should include a range of energy measures.

The eligibility criteria for the Nest scheme should be looked at, there should be improved co-ordination of the Cartrefi Clyd scheme so that both schemes work better together.

Warm Homes programme should reflect the recommendations made by the *‘Better Homes, Better Wales, Better World – Decarbonising existing homes in Wales’* review.

Consideration should be given to the in work fuel poor, this could be achieved by working with agencies/providers such as the Trussell Trust, Supporting People, Families First and Flying Start.

The Scottish Government published their *“Draft Fuel Poverty Strategy for Scotland 2018”* in June 2018. Welsh Government should consider implementing some similar actions, such as considering the development of a fuel poverty assessment tool, engaging with councils to identify opportunities to make schemes work better locally, and ensuring robust and effective governance of any future programmes.

- should the area-based approach to tackling fuel poverty (Arbed) continue?

The recent WAO report highlighted the need to review the viability of the area-based approach used by the Arbed am Byth scheme, given it has under-delivered in the past.

The scheme experienced significant delays and considerably fewer fuel poor households received support than the Welsh Government wanted.

The WAO also highlighted that the scheme aimed to target clusters of very energy inefficient homes in deprived areas. However, it is not clear how many such clusters still exist.

There has been a lack of resource within Local Authorities to assist WG with the Nyth and Arbed am Byth schemes, revenue funding should be provided to LAs to assist with future implementation of Energy Efficiency Programmes.

This scheme could work better at a local level if there was better co-working / communication with local authorities. There has been limited / sporadic communication local authorities during Arbed am Byth Programme.

- **what specific support should be made available to meet the challenges associated with rural fuel poverty?**

There needs to be a better understanding of the lived experience of those living in rural communities and better engagement with those communities. A holistic approach should be provided in giving advice and assistance to people living in rural communities.

There is an opportunity to work with a range of stakeholders including Social Landlords at a more local level. Previous Arbed schemes offered the opportunity to work with Social Landlords and improve the stock and achieve economies of scale. Cartrefi Clyd schemes have the potential to boost economic development

Another barrier to tackling fuel poverty is the fact that many people will rarely identify themselves as living in fuel poverty. Welsh Government could work with Health Boards to ensure that GP practice managers are able to identify the signs of fuel poverty, and refer individuals to agencies who are able to help.

- **how can private sector landlords be encouraged to tackle fuel poverty amongst tenants?**

Cutting Fuel Poverty In The Private Rented Sector toolkit states that fuel poverty is highest in the PRS and this sector also has the highest fuel poverty gap<sup>1</sup>. The most recent statistics show that around 36% of private rental tenants in Wales are in fuel poverty<sup>2</sup>.

Compared with other housing tenures, the PRS has the largest proportion of the most energy inefficient F- and G-rated properties (as recorded on their Energy Performance Certificates), at 6.3%. This compares to around 0.7% of social housing<sup>3</sup>. 45.7% of households living in such properties are in fuel poverty.

Improving the Energy Performance of Privately Rented Homes in England and Wales by BEISS made policy proposals in 2021, consideration should be given to these.

By working with Rent Smart Wales there could be better co-ordination of the benefits for landlords to work with such schemes as Cartrefi Clyd. A targeted approach to include landlords could see a higher take up as currently the tenant is the person receiving the initial letters to take part.

- **how can any successor scheme(s) better advance equality and social justice considerations?**

As above, those in private rented are most at risk of fuel poverty as well as those in work fuel poor

**How can the Welsh Government ensure that the next iteration of the Warm Homes Programme better aligns with its efforts to decarbonise Welsh housing?**

Previous reports have shown that the Arbed am Byth scheme relied heavily on installing fossil fuel heating, particularly gas boilers, alternatives will cost more. Consideration should be given to more expensive solutions going forward.

Welsh Government should ensure that Rent Smart Wales have the power and resources to encourage landlords to take part.

WG has commissioned an evaluation of the Arbed programme. This aim of this evaluation is to understand the management and delivery of Arbed, assess its performance against its stated outputs and objectives and explore wider outcomes and impact. This was done in May 2021 and to date the report has not been published. Consideration should be given to this report when issued.



## Fuel poverty and the Warm Homes Programme

### CIH Cymru inquiry response

This is a response to the Senedd's Equality and Social Justice committee's inquiry focussing on second fuel poverty and the Welsh Government's Warm Homes Programme.

#### 1. Introduction

- 1.1 The availability, quality and cost of housing in Wales has received a huge boost in attention over the course of the Covid-19 pandemic. Sharp increases in house prices, coupled with demand outstripping supply in both the for sale and rental markets in addition to living cost increases has brought greater attention to the challenges many people face in finding a home that meets the needs of their household in a location and at a cost that fits with the resources they have available.
- 1.2 The striking increase in energy costs is one area where the pressing need to ensure homes perform as efficiently as possible, reducing the financial burden on households whilst in tandem addressing their impact on the environment is overwhelmingly apparent.
- 1.3 Of great concern, is the evidence around the difficult spending decisions households are currently having to make. The pinch is being felt with 2 in 3 households spending more on their energy and water costs between May and November 2021. During the same time period, 1 in 3 households were cutting back on heating, electricity and/or water.<sup>1</sup> More concerning still is the evidence that households were in tandem also having to cut back on other essentials such as clothing, food and transportation.<sup>2</sup>
- 1.4 This reality re-affirms the view that fuel poverty cannot and should not be considered in isolation. Our own work around housing affordability warned of an 'autumn cliff-edge' at the end of 2021, where a combination of the furlough scheme ending, local housing allowance rates continuing to be misaligned with actual rents, the removal of the £20 uplift to Universal Credit at a time where the cost of living for things such as energy continue a rise sharply.

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<sup>1</sup> <https://www.bevanfoundation.org/wp-content/uploads/2021/12/A-snapshot-of-poverty-in-winter-2021-.pdf>  
[Accessed 10/01/22].

<sup>2</sup> *Ibid*



- 1.5 The following response is based on the work of our members – housing professionals working across Wales. We have responded to the aspects of the terms of reference that fits with the work of our members.
- 2. Lessons from the Warm Homes Programme**
- 2.1 Given the attention afforded to better understanding the impact of the Warm Homes Programme (WHP), there is strong evidence around the need for change and to ensure the next iteration of the programme evolves from what has been offered to date. We believe the key lessons include:
- 2.2 Defining fuel poverty – The previous inquiry conducted in the fifth Senedd by the Climate Change Environment and Rural Affairs committee put forward a recommendation for the Welsh Government to re-consider its definition of fuel poverty. The Welsh Government’s ‘Tackling Fuel Poverty 2021-2035’ plan contains the following definition:
- “For the purpose of this plan and as defined in the Warm Homes and Energy Conservation Act 2000, a household is to be regarded as living “in fuel poverty” if a member of a household is living on a “lower income” in a home which cannot be kept “warm” at “reasonable cost.”*
- 2.3 The Scottish definition (which uses the residual model) of fuel poverty takes housing, childcare, disabled living and other costs into account when determining the level of income available to pay for fuel. This provides a more sensitive measurement of fuel poverty. That said, it is not immune to the challenge of capturing households who are under-heating, self-disconnecting and self-rationing. For example, a household which appears to be spending little on energy could be doing so due to a need to afford other essentials, such as food. Whilst we recognise the definition has been set we believe that an ongoing dialogue on its appropriateness is needed.
- 2.4 In terms of other definitions currently used by the Welsh Government in this area, the plan should be clear on whether the figures used to inform the definition of low-income households (the Household Below Average Income) is based on the UK or Wales figures.
- 2.5 Evaluation – The challenges in truly understanding the direct impact of the WHP previously has been the lack of clear data demonstrating how situations changed for households for the better following work through a scheme under WHP. We recognise and welcome that the Welsh Government in its plan ‘Tackling Fuel Poverty 2021-2035’ set out measures to improve evaluation efforts through for example establishing an administrative advisory board on fuel poverty to ‘monitor and review progress’ on tackling fuel poverty.



- 2.6 We feel there is a need for greater detail on how the process of 'monitor and review' will work in practice, the data sources that will be drawn from and importantly, how stakeholders – from contractors through to tenants/landlords/owners have their insight and experience used to inform and refine the approach.
- 2.7 Any evaluation mechanism, should in our view, take into consideration the broader impact of the WHP on poverty. Whilst it could be assumed that a household who saves money on their energy costs would then have greater financial resources to spend on other aspects of day to day living, creating a clearer picture of this would both help build a vivid evidence based underpinning the programme whilst demonstrating the value for money delivered by investment in this area further still.
- 2.8 Governance and administration – Some of our members, particularly those working within local authorities who have had a direct role in delivering the WHP outline the challenging timescales they have had to work to in disseminating the funding. In addition, whilst the support to develop a workforce amongst SMEs was a positive step there were clear challenges in attracting business to train personnel without having a more concrete guarantee of business as a result.
- 2.9 In addition the stringent focus on fuel poverty measures have meant that a whole-home approach to tackling fuel poverty and more broadly housing quality is a missed opportunity. The future of the programme should consider how it focuses on whole-house improvements, even if these don't fall within the remit of the programme to ensure that any intervention to improve the efficiency of a home is as effective as possible.

### **3. Rural fuel poverty**

- 3.1 Fuel poverty in more rural areas is likely to be contained to pockets, rather than areas and as such may require greater flexibility in how support is targeted within a locality. Rural locations are also more likely to have higher costs for works, and households are more likely to have issues with other infrastructure vital to day to day life, such as transportation and internet.
- 3.2 With properties in rural areas often being older, and more likely to be off-grid the interventions needed to improve the efficiency of these homes are more considerable than those the WHP may have considered for homes in more urban areas. Diversifying the options that can be delivered under the programme alongside appropriately weighted funding is vital.



#### 4. Supporting private landlords and tenants

- 4.1 Private landlords are already operating in a challenging environment where pressures on their business may act as barriers to having a long-term focus on things like energy efficiency and reducing fuel poverty. With the Minimum Energy Efficiency Standards (MEES) there is a clear baseline landlords have to work towards. But there is a risk that given the costs that achieving MEES could entail, landlords become unwilling to invest additional finance in improving a property beyond this – which at present would represent achievement of EPC C rating.
- 4.2 To compel landlords to continue on that journey of improvement a number of factors need to be considered:
- Financial support: The substantial costs involved in improving the efficiency of a home are likely to be prohibitive to some landlords. Financial support will need to be tailored to reflect the variety of business models private landlords operate under. For example, smaller landlords, with highly leveraged mortgages are unlikely to have sufficient funds available to invest over and above ongoing maintenance and improvement costs. In addition, compared to larger organisations undertaking similar improvements, smaller landlords are less likely to be able to carry risk and raise significant investment against their revenue streams. Landlords also do not directly benefit from lower energy bills and it is important therefore to consider how the broader impacts around tenant satisfaction, and tenancy sustainment are communicated effectively. In addition, the viability of retrofit will rely heavily on property values against costs, which will vary considerably between different areas.
  - Consumer advice and confidence: The consumer environment for new, sustainable forms of providing clean energy into homes can be confusing and be reliant on an individual having some expertise. For private landlords there is need for greater government support to understand the products available, de-mystify the technology and build a greater knowledge base amongst landlords of the overall benefits of investing in improvements. Within this there should also be greater links between the Welsh Government's Optimised Retrofit Programme and work to support private landlords and improve homes in the PRS.



- Housing Support Grant services: A key way to support tenants who may be living in fuel poverty and experiencing financial difficulty is through Housing Support Grant (formerly Supporting People services). Our work with private landlords suggests that awareness that services provided through HSG are tenure-neutral is not always well-known and could itself act as a barrier to tenants receiving timely support.
- Local authority engagement: As primary points of engagement with a local private landlord population, local authorities have an important role to play in providing information, having a dialogue about local issues and sign-posting to source of support. Whilst many local authorities operate private landlord forums, not all do and the level of engagement where these exist can be variable and heavily reliant on the staff resource available to facilitate it.

4.3 We have recently commissioned research through our Tyfu Tai Cymru project, focussing on what is needed to make homes in the private rented sector more environmentally friendly. Undertaking the work is a collaborative team including The Sustainable Design Collection, Severn Wye Energy, Sero and the Future Generations Commissioner for Wales. We look forward to sharing the full report with the committee in due course.

## **5. Advancing equality and social justice**

- 5.1 As one of the coalition partners of the 'Back the Bill' campaign alongside Tai Pawb and Shelter Cymru we have been at the forefront of the call to enshrine a right to adequate housing into Welsh law.
- 5.2 We strongly welcomed the commitment in the Welsh Labour-Plaid Cymru Co-operation Agreement to bring forward a white paper to begin formal cross-party consideration of how a right to adequate housing could look and work in practice. We believe the approach, if adopted, would support strides in reducing housing-related inequalities, providing citizens with an enforceable right to housing. Given that any right is likely to consider the adequacy of a home, it is natural that factors concerning the efficiency of housing will be considered within the scope of the work.

## **6. Alignment with decarbonisation**





- 6.1 The WAO, in their 2019 review of Welsh Government's fuel poverty activity highlighted the tensions between the ambition to decarbonise homes in Wales at pace and scale whilst addressing fuel poverty. The WAO noted that natural gas is the cheapest form of domestic energy – but is not the most carbon-efficient source of energy. Alignment therefore needs to be made with the broader approach around energy supply and creating a greener energy grid.
- 6.2 In their 2019 report 'Homes of Today for Tomorrow' a team from the Welsh School of Architecture have modelled a number of scenario's that set out the practical challenges ahead.
- 6.3 The capital costs for improving homes to EPC rating A fall within these ranges -
- Good practice narrative £17k to £32k
  - Best practice narrative £33.5k to £63.3k
  - Heritage narrative £10.8k to £25.5k
  - Rural narrative £39.4k to £66.8k
- 6.4 The report highlights that achievement of the rating is also reliant on other factors being progressed, including:
- Significant improvements to clean energy supply (with national grid supplying 60% at the middle level and 80% clean energy if most transformative changes undertaken)
  - Increases in energy costs (50% increase for the middle level change and 100% for the most transformative)
- 6.5 The support to decarbonise all homes needs to be made as clear as possible and be underpinned by clear and consistent communication with the public that breeds consumer confidence and willingness to take action in tandem with broader progress to action ambitious improvements to energy infrastructure.

### About CIH

The Chartered Institute of Housing (CIH) is the independent voice for housing and the home of professional standards. Our goal is simple – to provide housing professionals and their organisations with the advice, support, and knowledge they need to be brilliant. CIH is a registered charity and not-for-profit organisation. This means that the money we make is put back into the organisation and funds the activities we carry out to support the housing sector. We have a diverse membership of people who work in both the public and private sectors, in 20 countries on five continents across the world. Further information is available at: [www.cih.org](http://www.cih.org).



Chartered  
Institute of  
Housing  
Cymru

Contact: [matthew.kennedy@cih.org](mailto:matthew.kennedy@cih.org) (policy and public affairs manager)

January, 2022

# Agenda Item 4.1



Comisiynydd  
**Cenedlaethau'r  
Dyfodol**  
Cymru

**Future  
Generations**  
Commissioner  
for Wales

By email

18th January 2022.

Dear Jane,

Thank you for meeting with me last week to discuss my budget position. We have forwarded to your officials some additional information as requested and many of the things you asked for further details on are already included in my statutory estimate. However, I wanted to write to you to reiterate the main issues facing me in terms of my capacity to support implementation of the Future Generations Act.

- 1. I believe the Regulatory Impact Assessment which allocated the initial budget to my office substantially underestimated the costs of meeting the statutory duties place on me.**
  - At the time it could not have been known that public bodies between them would set in excess of 350 wellbeing objectives and the Act places statutory duties on me to monitor and assess progress being made against these objectives which is impossible based on current level of resources.
  - The review powers were added by amendment and were not included in the RIA.
  - I remain the lowest funded Commissioner body with the largest remit.
- 2. Meeting these duties does not account for the powers to provide advice and support which is critical in ensuring the Act is successfully implemented**
  - Requests for support to my office from public bodies have **increased 179%** over the last year.
  - 22 Public Bodies have requested specific and tailored support (officials have been provided with a full list) and these requests are generally not simple and straightforward. They include requests for 'handholding' advice and support in major policy areas such as Vale of Glamorgan request for help on food poverty and working with the third sector, 4 local authorities requesting help on implementing the Act in procurement, NRW advice on their 2050 vision and plan, Cwm Taf Morgannwg Health Board request for help on addressing health inequalities post covid, Arts Council request help in better embedding their wellbeing objectives in their whole organisational approach, request from Torfaen to help scrutiny

committee members make better use of the Act in Scrutiny, Cardiff and Vale Health Board on their shaping clinical futures plan.

### **3. Requests identify significant gaps in capacity in all public bodies and lack of support being provided on 'implementation' of Welsh Government and other policy**

- Emerging themes from most public bodies relate to help with implementation including aligning equality and other duties with WFG, support in budgeting for WFG, support for applying WFG to procurement, help in developing better wellbeing objectives
- As an example of the implementation gap – in 2019, after the Welsh Government had declared a Climate Emergency, my office reviewed 363 Sell to Wales tenders focused on social care, construction and food. Only 35 references to community benefits, 2 references to the WFG Act, 1 reference to broader well-being (economic, social and environmental well-being), and 1 reference to A Healthier Wales. There was not a single reference to requirements around carbon reduction. To follow up, this year I have started looking at this again. So far, we have considered 41 contracts advertised on Sell 2 Wales and I have found limited references to the WFG Act (3) and 12 references to non-scored Community Benefits. Considering Welsh Government's commitment to "make Carbon Reduction Plans a mandatory part of tenders for Welsh Government contracts over £5m from April 2022" and the commitment for the public sector to be carbon neutral by 2030, public sector procurement contracts should be detailing clear requirements on carbon reduction. In the current contracts I have reviewed, there are no specific requirements about carbon reductions in the documents I could see. Although Welsh Government are providing WPPN's including the new one on decarbonisation, I am concerned that this doesn't seem to be recognised within public contract documentation which I will continue to review.

### **4. The Welsh Government accounts for 45% of all requests for advice and these requests come from across all departments**

My office has been significantly involved in providing detailed advice and support to the Welsh Government as well as supporting the Government with detailed research and analysis and on a plethora of advisory groups. Officials have been provided with a full list but as a flavour these include:

- Economy Dept - Reviewing the Economic Renewal and Recovery Strategy and providing detailed advice on how to ensure the Act is embedded;
- Economy Dept– ongoing advice on skills policy including sitting on a number of advisory boards;

- Climate Change - Detailed advice and feedback on Second Low Carbon Delivery Plan Sustainability Appraisal, detailed advice on the new Transport Strategy and review of WelTAG, ongoing membership of the Roads Review Panel;
  - Climate Change, detailed externally commissioned report on funding the retrofit challenge in housing;
  - Climate Change – support in developing the Net Zero plan engagement and activities around Climate Week;
  - Finance - detailed advice and feedback on the Social Partnership and Procurement Bill and detailed advice around the overall approach to procurement;
  - Social Justice – advice on aligning the socio-economic duty and the WFG Act, supporting the engagement and reporting to the UN on SDG implementation;
  - Local Government- detailed on going advice on ensuing the new Corporate Joint Committees work in line with the WFG Act;
  - Education – advice on embedding the Act in curriculum Reform;
  - Culture – detailed involvement on developing the cultural contract and freelancers’ pledge.
5. **Where my office provide advice and support the outcomes are significantly improved**
- The Public Account Committee Inquiry report states "We heard many specific examples of when the Commissioner’s office’s expertise and guidance had shaped public services for the better or had helped to embed the culture change that is so central to the successful implementation of this legislation. "
  - Specific examples of the impact our work has had is included in the attached slide deck.
6. **Without additional funding I will have to cease the provision of advice and support to public bodies including Welsh Government which will have a hugely damaging impact on implementing the WFG Act**
- No uplift in my budget will mean I will have to terminate the contracts of 14 members of staff and revert only to meeting core monitoring and assessing duties.
  - No further advice and support will be able to be provide to Welsh Government or other public bodies beyond statutory duties.
  - There is no other mechanism by which public bodies can access advice.
  - Advice that my office provides up front often saves problems occurring later e.g. the alignment of the WFG with new WG policy and legislation is often poor before we provide advice.

- Welsh Government itself will struggle to meet statutory duties in aligning policy with the Act without the provision of advice and support.

**7. I have explored every avenue to reduce costs and bring extra resources to delivering the functions of my office**

- Since 2016 I have reduced Director roles from 4 to 1.
- I have shared key posts for example HR Manager with the Childrens Commissioner and collaborate on internal services such as payroll (delivered by the Ombudsman) and internal audit (joint commission with other Commissioners).
- I have relocated my office saving £100k over 3 years.
- I have secured an additional £1.7 million of cash and staff resources through charging for services, collaborating with others, securing partner contributions and secondments.

**8. New Welsh Government budget alignment process compromises the independence of all Commissioners makes it impossible for me to flex my resources over multiple years to achieve maximum efficiency and impact**

- We operate on a partnership first approach with every piece of work and are highly successful at achieving collaborative funding arrangements. The downside of this is that we can never be certain that we will be able to obtain funding or a partnership contribution for planned. Every time we have achieved this, we have been able to utilise planned funding for additional support work, often maintaining continuity of staff in roles which would otherwise have to cease.
- Reserves have also been held for the purpose of statutory reviews. As this will no longer be permitted, I have been advised by WG Officials that we must seek additional resourcing from WG if I want to conduct a review. This clearly compromises the independence of Commissioners and is not in the spirit of the purpose for which they are established.

As you know the WFG Act is the envy of many countries including a number who are now following our lead. It is my strong advice to you that without additional resources to support the implementation of the Act, we will certainly fall behind and not achieve the aspirations or indeed statutory requirements that have been set out. The addition of new bodies to the Act without addressing the ongoing shortfall in funding for support would only add to this problem. I appreciate that funding its implementation

through my office should be a cross Government commitment and certainly departments across Government have requested and received support from my office. However, there is also an urgency in addressing this funding gap as I must start to issue termination notices to staff on 28<sup>th</sup> February 2022. These are staff who have built up expertise on the Act and would be difficult to replace. I would therefore be grateful if you could review the current budget allocation as a matter of urgency.

Yours Sincerely,



Sophie Howe  
Future Generations Commissioner for Wales

cc: Andrew Charles -Welsh Government

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