

Minutes of the Cross Party Group on Fuel Poverty and Energy Efficiency Meeting

Thursday 23 July 2020, 2.30pm-4.00pm

Sponsored by Mark Isherwood MS

In Attendance

Chair: Mark Isherwood MS

Michael Anderson, Ofgem	Simon Lannon, Cardiff University
Sumina Azam, Public Health Wales	Fflur Lawton, Smart Energy GB
Stephen Chamberlain, Welsh Government	Michelle Lewis, Older People's Commissioner for Wales
Matt Copeland, NEA	Cheryl Martin, Children in Wales
Jonathan Cosson, Warm Wales	Juliet Morris, Care & Repair Cymru
Ceri Cryer, Age Cymru	Mike Potter, NEA
Phil Dawson, E.ON	Bethan Proctor, Community Housing Cymru
Steffan Evans, Bevan Foundation	Daniel Roberts, Ofgem
Brian Hart, NEA	Ben Saltmarsh, NEA
Mike Hedges MS	Adam Scorer, NEA
Sam Hughes, Citizens Advice	Joanna Seymour, Warm Wales
Sion Jones, Welsh Parliament	Tim Thomas, NRLA
Tudur Jones, Welsh Government	Jack Wilkinson-Dix, Energy Saving Trust
George Jones, Older People's Commissioner for Wales	Nigel Winnan, Wales & West Utilities
Crispin Jones, Arben Am Byth	

Apologies for Absence

Claire Durkin, NEA Trustee
William Jones, Citizens Advice Ceredigion
Lia Murphy, Ofgem
David Wallace, Melin Homes

1. Welcome and Introduction

Mark Isherwood MS [MI] welcomed participants to the first online meeting of the Cross Party Group and welcomed Ben Saltmarsh [BS] as the Acting Secretary of the Group and recently appointed Head of Wales at NEA Cymru. BS noted the apologies received.

MI highlighted that the COVID outbreak had had a significant impact on household finances, especially for those already struggling with the cost of essential services; and this meeting would reflect on some of the immediate and emerging impacts COVID-19 will have on the fuel poor and at-risk households in Wales.

2. Minutes of the last meeting and matter arising

The minutes of the last meeting, held on 19 October 2019, had been previously circulated and were approved as a true and accurate record by Juliet Morris and seconded by Crispin Jones. There were no matters arising.

3. Ben Saltmarsh, Head of NEA Cymru

BS explained that the far-reaching impacts of COVID-19 are not being felt equally, with 155,000 fuel poor households and potentially many others now in Wales likely to be more exposed than before. The clear link between medical conditions that make COVID-19 worse – most specifically respiratory and cardiovascular conditions – are exacerbated by living in a cold, damp home and it is more crucial than ever that people can keep warm over winter.

The UK Government and energy industry has taken some commendable early steps to protect domestic energy consumers during the crisis, however National Energy Action (NEA) had seen several issues that needed to be resolved ahead of a potential second lockdown. Households were not necessarily aware of the energy-related support that is available to them, particularly if they lived in rural areas or are digitally excluded. Where people are aware of help available, they may face challenges in accessing it and some households may not always be comfortable asking for help. NEA also found that advice across suppliers was not always clear and consistent and, while there were broad principles in place, organisations approach the situation in different ways, so there needs to be some standardisation in support.

Energy debt was a significant issue for consumers and suppliers before the crisis. Many low-income households have seen significant reductions in their income in the last few months due to furlough or being laid off, and when that is paired with increased utility usage it is likely we will see increasing indebtedness. It is imperative that debt is recovered fairly and with appropriate advice and financial support. On fair recovery, Ofgem has continued work on this recently and all suppliers will now be required to identify pre-payment customers who are self-disconnecting and offer them support, as well as offering emergency and friendly credit. The ability-to-pay principles, which were introduced in 2010, will also now be placed into licence, meaning that all suppliers need to take in to account ability to pay when setting up repayment arrangements; not just on how arrears are paid but how much is paid towards those arrears and at what rate. NEA has been looking at proposals of setting minimum levels of emergency credit, or standardising mechanisms to access discretionary credit, perhaps including specific financial vulnerability flags on Priority Service Registers; government also needs to ensure that debt advice is funded sufficiently and consider jointly funding payment-matching schemes for debt relief, similar to the water industry. NEA, in its campaign jointly run with Fair By Design, has called on the government to extend and expand the Warm Home Discount scheme, which is due to come to an end in March 2021. The scheme currently provides more than 80,000 households in Wales with automatic payments of £140 under the core group and many ten of thousands of households beyond that via the broader group.

NEA held a call for evidence throughout May and early June to gauge stakeholders' views on how they and the households they support have been impacted by COVID-19. In total there were 73 responses, a quarter of which came from Wales. 78% of respondents from Wales found there was a significant impact on their ability to deliver their fuel poverty-related services; 100% in Wales felt there was a moderate or high risk that energy was becoming less affordable for fuel-poor households during the crisis; and 60% had seen an increase in the number of clients seeking to access the benefits system.

This work is explored in greater detail in policy papers available from www.nea.org.uk/COVID-19

BS concluded by reiterating that the new Fuel Poverty Plan for Wales will be vital to helping households live in warm, healthy homes. It is now expected to be published for 12-week consultation by the end of September and provides a great opportunity for Welsh Government to renew its

commitment to end fuel poverty and rejuvenate efforts by a range of key stakeholders around this crucial cause.

4. Sam Hughes, Policy Researcher, Citizens Advice

In June 2020 Citizens Advice's website saw 4.9 million views, with the most viewed advice pages being around furlough and redundancy, with the top search term being 'redundancy'. 148,200 people were given advice over the phone or via webchat, with the top issues being Universal Credit, benefits and tax credits and debt.

In Wales, offices have helped more than 30,000 people since lockdown. In April approximately 250,000 people had already seen their hours cut, laid off or made redundant and 42% of people had seen their household income drop, with 7% losing 80% or more. 34% of renters in Wales reported that they had fallen behind, or expected to fall behind, on their rent payments. Council Tax and energy bills dominated where people were expecting to experience the biggest problems, with 5% already fallen behind and over 15% expected to fall behind due to lack-of or reduced income. It is estimated that around 300,000 people in Wales have fallen behind on one or more household bill as a result of the outbreak.

Research published in June (applying to England and Wales) saw the rate of self-disconnections for pre-payment meter customers increasing as a result of not having enough money - 29% over the past year rising to 44% during lockdown – with two thirds due to reduced income as a result of COVID-19. The research found that although outgoings may have reduced due to being restricted to home, there was no indication of a decrease in self-rationing, which suggests that some are still not able to afford the energy they need to be comfortable in their home.

The *Facing the Cliff Edge* survey in Wales shows a substantial proportion of the population (56%) were worried about their ability to cope during the crisis and these concerns are higher for renters, the 18-34 age group, the shielded group and those who have lost income due to the outbreak. Other research shows that those under 40 are four times more likely to fall behind on a bill due to coronavirus, and those with insecure work such as zero-hours contracts and agency work, are three times more likely. Of those in the rented sector, only a quarter had savings they could fall back on and in the shielded group 41% lost at least 20% of their income since the start of coronavirus and more than a quarter lost more than 60% of their income.

Data from the Citizens Advice consumer service in Wales shows that between March-June 2020 billing errors made up a large proportion of the contacts (45.8%). From the beginning of March to the middle of June, these calls increased by nearly 130%. Of those consumers who are referred to the Extra Help Unit, the overwhelming majority (73.3%) were on a pre-payment meter and unable to credit their meter.

In the coming months Citizens Advice expects unemployment to be a significant issue with an additional 90,000 people out of work in Wales. Significant debts are expected to have been built up, with 16% of people in Wales already over-indebted before the crisis. A lot of the protections are expected to come to an end over the next few months. Currently over 378,000 people in Wales are furloughed (an uptake of 28.9%), so when the Job Retention Scheme comes to an end that's a sizeable proportion of the population who could potentially be facing redundancy.

Looking at potential annual heating bill costs during a second lockdown, the Energy and Climate Intelligence Unit estimates that those in particularly inefficient homes could be paying £268 more a year on their energy bills just because of lockdown.

What options are there available in Wales? One option would be to widen the criteria for the Discretionary Assistance Fund. Income maximisation remains a big issue – people need to be directed towards advice to get as much of the income as they're entitled to. We need to ensure Council Tax enforcement does not exacerbate financial difficulty by asking local authorities to pause enforcement for 6-12 months, offer a three-month holiday for those who cannot afford to make payments, and consider extending the backdating period for Council Tax reduction beyond the three month minimum. Protections for private renters granted under the Coronavirus Act should be extended, and targeted support should be provided for those who have fallen into arrears as a result of the COVID-19 crisis.

5. Sumina Azam, Head of Policy, Public Health Wales

Improving winter health and well-being and reducing pressures in Wales is a report by Public Health Wales published in November, which focuses on taking a preventative approach to improve winter health and well-being and reduce winter pressure on services, and it aims to inform strategic planning at all levels, across all sectors.

Wales and the UK have a high rate of excess winter deaths (3,400 in Wales during the winter of 2017/18; with 50,100 across England and Wales in the same year) and the effect of cold weather seen at temperatures as mild as 8°C. Respiratory disease (35%) is one of the key factors in excess winter deaths along with circulatory disease (23%) and dementia (22%). Over 75% of excess winter deaths are in those aged 75 years and over; underlying health conditions are a key factor but also important are social, economic and environmental factors such as deprivation, fuel poverty (10% of EWD), cold housing (30%), homelessness and social isolation.

One of the things looked at was evidence-based interventions in tackling winter poor health and reducing pressure on services. Interventions with good evidence behind them that have positive health impacts include influenza vaccinations, hygiene advice, vitamin D supplementation and prevention of chronic disease and these are very much the same things being discussed at the moment in light of COVID and in preparation for winter. There is mixed evidence for the direct impact of housing and energy efficiency improvements on health, but they may have an indirect effect.

Looking at emergency hospital admissions we see that each winter there is a marked increase. There is an underlying trend upwards, so regardless of the peaks and troughs emergency admissions are going up year-on-year. The key cause of emergency admissions is respiratory disease and it has a marked association with winter months. The two age groups with notable increases in winter admissions to hospital are under 18s and the over 85s. The over 85s tend to have very complex issues which keeps them in hospital for longer periods of time which then causes issues in the wider hospital and health system. Data shows that the most deprived fifth of our population has the highest level of winter admissions and there is a marked peak each winter.

In interviews, all stakeholders mentioned that we should be tackling root causes such as poverty and housing, and if we strengthen community services and keep people well it stops people from going in to hospital and are more likely be able to get them out, so it helps the flow through the health and care system. They also said to not just prepare for winter, we should be thinking of what we can do all year round to improve the system; the current approach is very reactive and short term. Within the report a

framework for action was identified which is very much about prevention and community approaches, such as supporting those who live in fuel poverty and improving the warmth and energy efficiency of homes.

Very recently the Academy of Medical Sciences published a report looking at preparing for the challenges for the coming year, mainly COVID-related, and the mitigating measures that could be implemented, including increasing temperatures within the home, supporting the most vulnerable with winter fuel payment and tackling fuel poverty.

6. Stephen Chamberlain and Tudur Jones

Had hoped to publish the fuel poverty plan in draft form for public consultation before the pandemic hit. The minister has asked officials to have the plan back and relook at it in light of COVID-19, so looking at the measures that were going to propose in that plan with a view to strengthening them where we feel that they don't meet that requirement.

The Welsh Government has moved swiftly to enhance the Discretionary Assistance Fund for those most in need, with funds allocated in the region of £24m, and around £3m of that has been made in the last six months for emergency payments for things like top-up fuel vouchers.

In terms of the Warm Homes programme, during the lockdown period, we were able to support more than 300 homes to have installations of hot water and central heating boilers. Now in the process of ramping up installations before we hit the winter months.

The Nest Health Conditions Pilot, which has been running since July 2019, offers support for people with respiratory and circulatory conditions, and also with mental health issues. Since that time we have received more than 5,500 referrals into pilot and more than 1,000 households have benefited from home energy efficiency improvements, that would otherwise have not been able to benefit from the Nest scheme. Even though the pilot was due to end, we are going to continue with it as it is helping people with those conditions, and with COVID-19 still being in the community.

When we did the fuel poverty estimates back in 2018, that were published last year, we said that around 12% of households in Wales were in fuel poverty by the 10% measurement, we also recognised that about 144,000 households were also in the margin of 8%-10% of household income being spent on fuel and at risk of falling in to fuel poverty. Given the figures of 378,000 people in Wales being furloughed and the rise of unemployment, the likelihood is that a great deal of those people will technically be in fuel poverty and we need to address that going forward.

On 24 April the Senedd Committee on Climate Change, Environment and Rural Affairs concluded its inquiry into fuel poverty, making 21 recommendations, and the Welsh Government has tabled its response to that and all but four of the recommendations were accepted in totality. We hope to open the new plan to a full 12-week consultation by the end of September, and we are organising some virtual discussions as part of that consultation and the hope is to publish the finalised plan by February 2021 and make a start on its implementation over the next two years. It is intended that the plan will be reviewed every two years and updated as needed.

Annual reports for Nest and Arbed are due to be published in the next few weeks. Since its launch in 2009 we estimate that about £365m has been invested through our Warm Homes programme, benefitting more than 61,400 homes.

Minister Lesley Griffiths has written to the Secretary of State seeking assurances regarding the Warm Home Discount. A response has been received which indicates that there will be a consultation regarding the continuation of the existing scheme as an interim measure followed by a fuller consultation next year on potential revisions to the scheme going forward.

An update was provided on a major piece of work looking at how advice and support services are provided to people in Wales who are vulnerable or disengaged from the energy market. The purpose of the pilot is to measure the impact in-home energy advice has on peoples' household energy costs or against fuel poverty objectives. Anecdotal evidence seems to suggest that this is a good thing, but we have very little quantitative data to support that, so we are hoping to get a pilot scheme up and running sometime in the autumn to get that information. We hope to use the learning from this to feed into a wider piece of work we are doing on energy advice services more generally.

7. Questions

Mark Isherwood [MI] noted that the Welsh Government had circulated Ofgem's annual report to Members with a comment that the First Minister and Lesley Griffiths have requested a seat on the Ofgem board and the UK Government was considering it.

MI: Sam Hughes [SH] referred to disconnection figures having gone up, are you able to identify whether any energy suppliers are appearing to have a higher rate of disconnection than others. [SH] Although not aware of any suppliers that have been particularly performing poorly, the Citizens Advice retail team is monitoring this consumer service data and flagging with suppliers directly when they are seeing trends that are concerning.

MI: In Sumina Azam's [SA] presentation you showed that 10% of excess winter deaths were fuel poverty related and 30% cold home related, it might be expected the two to be pretty similar, is that because of definitions of fuel poverty or is there some other factor? [SA] I think it is mainly definitions because a lot of cold home aren't in fuel poverty, but there may be other things in play. We didn't look at it in detail, but there are a broad range of things such as underlying health conditions and all sorts of social and environmental issues.

MI: Assuming there isn't a major second wave, when would you realistically hope to be publishing the fuel poverty plan? [Stephen Chamberlain] The minister has made it clear to officials that she would like to get the consultation started in September and published in February 2021, and officials are confident of hitting those targets.

Cheryl Martin asked could any of the facts and figures given out by Ben Saltmarsh and Sam Hughes be disaggregated down to families with children? [SH] We don't have anything specific. [BS] Responded likewise and noted importance of continuation/expansion of schemes like the Warm Home Discount to families in Wales.

MI: What greater role could the health sector itself, particularly primary care, play in the preventative agenda or sign posting or social prescribing when they know a patient is suffering health symptoms in consequence of fuel poverty or energy inefficient homes? [SH] Citizens Advice is currently have a think about how a potentially changed Priority Services Register could operate; we find that there's quite a lot of duplication of effort in trying to identify PSR customers from energy networks and suppliers, and we are considering whether or not we could have a lot more efficient system where referrals in to that can be made from a GP surgery or other people who are delivering advice in

homes or in hubs as a way to try and expand the amount of services and offers available to those people.

Tim Thomas to Stephen Chamberlain: I noted that you are going to be doing verbal discussions as part of your consultation for the next Fuel Poverty Strategy; will you be engaging with private rented sector landlords specifically or we could act as a conduit for some of our members? [SC] The benefit of doing virtual meetings is that we can do many more of them and have wider discussions. The Welsh Government did have a policy on restricting the number of private landlords that could benefit from home energy efficiency measures through Nest, to no more than three properties; this has been relaxed and Nest is now accepting applications beyond that number, so we are keen to continue to support the private rented sector through the Nest scheme. We've also been working with Rent Smart Wales in terms of the funding they've got to improve properties that are below the current minimum energy efficiency standards because we do recognise that there could be an impact on the private rented sector which ultimately only harms the people living in those homes. We are also moving Nest into a position where they can give better support to housing cooperatives.

Steffan Evans: Have you recently seen an uptick recently in demand now that the initial health crisis has eased, and maybe people are moving on to a second phase of economic crisis. Are there any plans in place to consider how to further promote Nest in particular, beyond the existing channels? [SC] Not sure that Nest has anything in their current plan beyond what they currently do, but one of the things we are trying to do is improve awareness of Nest through various channels and working with stakeholders. The numbers did fall away during lockdown and are now seeing the number of measures ramping up to pre-COVID levels.

9 Election of Group Secretary

It was proposed by Mike Hedges MS that current Acting Secretary, Ben Saltmarsh, be elected as the Group's Secretary. The motion was seconded by Sam Hughes. Ben Saltmarsh was then elected, unopposed.

10 Date and time of next meeting

It is proposed to hold the next meeting in or around November, while the Fuel Poverty Strategy consultation is open, and a date and time will be forwarded to the group in due course.