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Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref MA/JH/00831/22

Llyr Gruffydd MS,
Chair, Climate Change, Environment, and Infrastructure Committee
Welsh Parliament

24 May 2022

Dear Llyr

Thank you for your letter of 10 May, regarding the inquiry into fuel poverty and the Warm Homes Programme undertaken by the Equality and Social Justice Committee.

I share the concerns expressed by the committee about the impact the energy and cost of living crisis is having on households in Wales. Latest forecasts published in April suggest 45% of all households in Wales could be spending more than 10% of their household income on their domestic energy needs.

The current offer by the UK Government to provide a £200 repayable rebate on energy bills in October will do little to lessen the impact on household budgets. Jane Hutt MS, Minister for Social Justice and I have lobbied for action by the UK Government to support hard pressed families. We have called for:

- Paying the £200 electricity bill rebate as a non-repayable grant to all bill payers;
- Introducing a lower energy price cap for lower income households so they are better able to meet the costs of their energy;
- Increasing the rebate paid through the Warm Home Discount and winter fuel schemes;
- Removing all the social and environmental policy costs from household energy bills and instead meeting them from general taxation, at least part-funded by a windfall tax on the excess profits being made by gas and oil producers;
- Reinstating the £20-a-week uplift to Universal Credit.

I can assure you and the committee we will continue to add our voice to the calls for the UK Government to step up to the mark and fulfil its morale obligations to do more to support households through this crisis.

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

Since October, we have committed £380m to a package of measures to support households most in need. More than 200,000 households benefitted from the £200 non repayable winter fuel support scheme this winter and a further scheme will be made available to eligible households this autumn. We are looking at how the scheme can reach more households. More than 330,000 households will also benefit from the £150 council tax rebate currently being processed by Local Authorities in Wales. Additional support is being made available to food banks and payments made to the most vulnerable households through our Discretionary Assistance Fund.

These are measures putting money into the pockets of people who are now struggling to pay for essential day to day living costs. We are working with stakeholders to explore what more can be done to lessen the burden for the winter to come. I recognise, however, these temporary measures do not address the underlying weaknesses in the UK energy sector, which remains reliant on the burning of fossil fuels to meet our energy needs.

Recent events underline how important it is to shift to a more sustainable and resilient energy supply, to ensure continuity and stable prices for consumers and deliver our shared net zero and social justice ambitions. For the last decade the UK Government has failed to put in place sufficient incentives to move to the net zero energy system we need. The UK Energy Security Strategy was published last month, during a cost of living crisis. Despite repeated calls for the UK Government to take action to support those most at risk from high energy prices, the strategy does nothing to support citizens. Instead, it sets out an approach to energy supply which risks locking the UK into continued reliance on fossil fuels and places significant financial burdens on future generations when there are cheaper alternative options for deploying large scale renewable generation. We will continue to scale up investment in renewable energy in Wales and as we do, we will be seeking to maximise the economic and social benefits. This will include how we can directly reduce consumer bills for households in Wales.

Improving domestic energy efficiency remains one of the most effective measures under our control to relieve householders of the cost to maintain a satisfactory heating regime. Since 2010, our Warm Homes Programme has benefitted more than 67,100 lower income households, saving an estimated annual average of more than £300 on their energy bills, based on 2021 values. This year, we have increased the budget to the Warm Homes Programme by £3m to support more households to reduce their energy bills. I opened the public consultation on the next iteration of the Warm Homes Programme on 22 December, which ended on 1 April. I expect our proposals for the next iteration of the programme to be with me in July. I shall of course update the committee with the results on the consultation and our proposed approach when the Senedd returns from the summer recess.

Kind regards



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