

ROCP 36, National Energy Action

Senedd Cymru | Welsh Parliament

Pwyllgor Newid Hinsawdd, yr Amgylchedd a Seilwaith | Climate Change, Environment, and Infrastructure Committee

Adolygiad o flaenoriaethau'r Pwyllgor ar gyfer y Chweched Senedd | Review of the Committee's priorities for the Sixth Senedd

Ymateb gan National Energy Action | Evidence from National Energy Action

National Energy Action (NEA) response to Review of the Climate Change, Environment and Infrastructure Committee's priorities for the Sixth Senedd

1. About National Energy Action (NEA)

- 1.1 NEA¹ works across England, Wales and Northern Ireland to ensure that everyone in the UK² can afford to live in a warm, dry home. To achieve this, we champion and deliver national and local energy efficiency programmes, aim to improve access to energy and debt advice, provide training and co-ordinate other related services which can help change lives³.

2. Suggested Inquiry (a) - An Inquiry into the progress towards interim fuel poverty targets

2.1 The nature of the issue

- 2.1.1 Even before the energy crisis and the pandemic, excess winter deaths due to living in a cold home had been estimated at approximately 10,000 per year across the UK. One of the largest contributors to these needless deaths is vulnerable people, often struggling with existing ill health, being unable to heat their homes adequately, if at all. As well as an unacceptably high number of preventable winter deaths, hundreds of thousands more people in Wales are struggling significantly to afford to adequately heat and power their homes and are suffering with poor physical and mental health due to cold homes. The resulting impact on health services is acute; costing the NHS in Wales £95m every year and creating huge needless strain on our stretched health and social care services.
- 2.1.2 The current energy crisis has exacerbated this, with households rationing their energy use to often extreme levels. This leads to cold, damp and mouldy homes and misery for those that live in them. Health, wellbeing, and educational attainment are just some of the negative impacts that arise from fuel poverty.
- 2.1.3 The Welsh Government estimates that there are currently up to 614,000 households in Wales in fuel poverty. That includes virtually all our lower-income households, over four in 10 of whom are estimated to be in deep, severe fuel poverty, having to spend huge portions of their income just to keep warm.⁴

2.2 Why it deserves attention

- 2.2.1 Under its latest *Tackling Fuel Poverty Plan*, the Welsh Government has set three targets, namely that by 2035: no households are estimated to be living in severe or persistent fuel poverty as far as reasonably practicable; not more than 5% of households are estimated to be living in fuel poverty at any one time as far as reasonably practicable; *and* that the number of all households "at risk" of falling into fuel poverty will be more than halved based on the 2018 estimate.⁵
- 2.2.2 While these targets are welcome, there are currently no interim targets to provide a clear pathway and measure progress along the way. This is despite a legal duty on the Welsh Government to put in place these key milestones towards the 2035 objectives. With 12 years left between now and the target date, we are concerned that non-statutory targets, spanning three Senedd terms, with no interim milestones, seriously risk not driving the sustained and necessary action and investment required to address this crisis in Wales.
- 2.2.3 The Senedd Equality and Social Justice Committee, NEA and other key stakeholders, including the Fuel Poverty Coalition Cymru, have called on the Welsh Government to introduce interim fuel poverty targets based on the energy efficiency of fuel poor homes. While action on fuel poverty requires parallel actions across incomes and rising energy prices, improvements to energy efficiency in the homes of those on the lowest incomes and least efficient properties are directly in the control of the Welsh Government and would ensure that related support is being channelled to these homes first. We would therefore welcome this Committee considering whether the Welsh Government should implement milestone targets to help guide them towards the final target in 2035.

2.3 How Welsh Government policy in this area could be developed or improved

- 2.3.1 To improve policies to combat fuel poverty in Wales there needs to be some significant scrutiny of the work the Welsh Government has done, and could do, to alleviate fuel poverty. In particular, there should be a focus on the potential for a significant increase in funding to make fuel poor homes more energy efficient over a long period of time, to reduce the risk of having to spend the sums of money that have been needed over the last 12 months to subsidise energy bills.

3. Suggested Inquiry (b) – An inquiry into achieving a Just Transition to Net Zero across the UK

3.1 The nature of the issue

3.1.1 The UK has an overall target to reach net zero by 2050. The Welsh Government is working to develop an overall strategy for decarbonising heating. To date, however, there has not been an explicit plan for how a transition to net zero can be just, fair and affordable. This contrasts with Scotland, where a Just Transition Commission has been set up to tackle this significant issue.

3.2 Why it deserves attention

3.2.1 If there is no overall strategy to work towards a just transition to net zero, and there is no scrutiny in this area, it is likely that our path towards net zero will not be a fair one for people across Wales. This would be an opportunity missed. There are significant benefits to getting net zero right, including:

- Reduced energy costs for low-income households
- Increased health of the nation, especially in deprived areas
- Increased air quality across Wales
- Increased wealth in relatively poor parts of Wales.

3.2.2 Scrutiny is much needed to ensure that Wales can unlock these benefits.

3.3 How Government policy in this area could be developed or improved

3.3.1 There are several different policies that could be developed and improved to work towards a just transition, including:

- Learning from efforts in Scotland and their Just Transition Commission
- Ensuring that low-income households are prioritised in the transition to ensure they can see early benefits
- Ensuring that efforts to reach net zero become a truly cross departmental goal.

Suggested Inquiry (c) – A single day inquiry into energy affordability in the coming winter

3.4 The nature of the issue

3.4.1 The energy regulator Ofgem has announced that from October, the typical annual household bill will be £1,923 from 1 October to 31 December. Analysts say that prices will remain at broadly this level, if not rise a little, in 2024. While this is a significant reduction compared to previous price caps, the costs faced by energy users will be very similar to this winter, as support from governments has dropped off. This is extremely worrying – the crisis has seen record numbers of households in Wales fall into fuel poverty, and the hardship of those already suffering deepen significantly. Many have also accrued energy debt that will need to start being cleared in the months to come. For them, total energy costs (including debt) will be higher this winter than last. So far, there has been no commitment from the UK Government to provide any additional energy-based financial support for low-income households.

3.5 Why it deserves attention

3.5.1 Without additional support this winter, if prices stay at the level that analysts predict, it is likely that hundreds of thousands of households in Wales will continue to struggle with their energy bills. At the costs seen over the winter just gone, we saw the highest level of detriment for our clients since we started our operations more than 40 years ago. This has been reflected in the experiences of other organisations like Citizens Advice, who have also reported massive spikes in the use of their services.

3.5.2 While some income support has been given through the UK Government's cost-of-living payments, these are not sufficient. They are administered through the social security system; many fuel-poor households do not receive any benefits, and they are defrayed across many essentials. They will not touch the edges of winter energy bills, especially for those who cannot spread their costs across the year through direct debits.

3.6 How Welsh Government policy in this area could be developed or improved

3.6.1 The Welsh Government must consider to what extent it will provide support to help low-income households with their energy bills this winter. This could include providing targeted financial support to supplement that from the UK Government, or non-financial support, such as ensuring sufficient planning ahead of winter and working with other actors to ensure that their support is sufficient. Although the Welsh Government is facing

significant financial pressures, it must decide on how to prioritise the spending of this budget, and whether it is necessary to use it to support Welsh households stay warm at home this winter.

¹ For more information visit: www.nea.org.uk.

² NEA also work alongside our sister charity Energy Action Scotland (EAS) to ensure we collectively have a UK wider reach.

³ A major recent focus for the charity has been NEA's Health and Innovation Programme (HiP) which was a £26.2 million programme to improve energy efficiency within fuel poor and vulnerable households in England, Scotland and Wales. Launched in April 2015 by NEA as part of an agreement with Ofgem and energy companies to make redress for non-compliance of licence conditions, it remains the biggest GB-wide energy efficiency programme implemented by a charity which puts fuel poverty alleviation at its heart. For more information on HiP visit: <https://www.nea.org.uk/hip/>

⁴ <https://www.gov.wales/fuel-poverty-modelled-estimates-wales-headline-results-october-2021>

⁵ <https://www.gov.wales/tackling-fuel-poverty-2021-2035.html>