

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

Monday 8 November 2021, 11.00am-12.00noon

*Sponsored by Mark Isherwood MS*

## **In Attendance**

**Chair:** Mark Isherwood MS

Adam Scorer, NEA	Joanna Seymour, Warm Wales
Andrew Bettridge (for John Griffiths MS), Senedd	Jonathan Cosson, Warm Wales
Ben Saltmarsh, NEA Cymru	Kirsty Rees (for Mike Hedges MS), Senedd
Bethan Edwards, Maria Curie	Lee Phillips, Money and Pensions Service
Brian Hart, NEA	Mark Alexander, Welsh Government
Ceri Cryer, Age Cymru	Mark Isherwood MS, Senedd
Claire Durkin, NEA Trustee	Matt Copeland, NEA
Claire Pearce-Crawford, Melin Homes	Michael Anderson, Ofgem
Crispin Jones, Arbed Am Byth	Mike Potter, NEA
Dale Thomas (for Lee Waters MS), Senedd	Neville Rookes, Welsh Local Government Association
David Wallace, Melin Homes	Nigel Winnan, Wales and West Utilities
Elaine Robinson, Cardiff University	Richard Hauxwell-Baldwin, MSC Charitable Foundation
Eleri Williams, Future Generations	Sam Worrall, Gypsies and Travellers Wales
Faye Patton, Care and Repair	Simon Lannon, Cardiff University
George Jones, Older People Wales	Simone Lowthe-Thomas, Severn Wye Energy Agency
Haf Elgar, Friends of the Earth Cymru	Sioned Williams MS, Senedd
Hugh Kocan, Bevan Foundation	Vikki Howells MS, Senedd
Jack Wilkinson-Dix, Energy Saving Trust	William Jones, Citizens Advice Ceredigion
Jane Hutt MS, Welsh Government	

## **Apologies for Absence**

- Rhys ab Owen MS
- Peredur Owen Griffiths MS
- Jane Dodds MS
- Delyth Jewell MS
- Sam Hughes, Citizens Advice
- Steffan Evans, Bevan Foundation

## **1. Welcome and Introduction**

Mark Isherwood MS welcomed members of the Group to the inaugural meeting, along with Jane Hutt MS, the Minister for Social Justice. Minutes of the last meeting and legacy report, covering meetings in the last Senedd term, had been previously circulated. There were no matters arising.

## **2. Election of Chair and Secretariat**

Mark Isherwood MS was nominated by Sioned Williams MS and seconded by Simone Lowthe-Thomas from Severn Wye Energy Agency to be Chair. There were no other nominations. Mark Isherwood MS was duly elected to continue as Chair of the Group.

Ben Saltmarsh, Head of NEA Cymru was nominated by William Jones from Citizens Advice Ceredigion and seconded by Claire Pearce-Crawford from Melin Homes to be Secretary. There were no other nominations. Ben Saltmarsh was elected as Secretary to the Group.

### **3. Update from the Secretary**

Ben Saltmarsh gave a brief contextual update on fuel poverty on behalf of NEA Cymru.

Prior to the pandemic, in 2018, it was estimated that 12% of households in Wales were in fuel poverty, that equates to 155,000 households. Fuel poverty also varies by region. The highest estimated percentages of fuel poverty back in central and western areas of Wales, especially Gwynedd at 23% and Ceredigion at 21%, starkly higher than that national average of 12%. It also varied by tenure: 9% in social housing, rising to 11% in owner-occupied homes and 20% in the private-rented sector. It was also noted that 18% of all households in Wales use prepayment metres, disproportionately more than in England, and prior to COVID, Wales saw a 45% increase in 2019-20 excess winter deaths - 2000 up from 1380 the year before - 30% of which were attributable to cold homes. Wales has some of the oldest and least thermally efficient housing stock compared to other UK nations and European countries.

The pandemic has hit poorest the hardest and deepened existing inequalities. Utility bills have already become a key concern, especially as people have been at home, using more and owing more; all the while are earning less. We have also seen the withdrawal of the £20 Universal Credit uplift and the ending of furlough.

Since then, the energy price crisis has seen wholesale gas prices soar and around 17 suppliers fail since September, as over 2 million households across Great Britain have gone through the 'Supplier of Last Resort' process. On 1 October the price cap on default tariffs rose by £139 a year on average for those who pay by Direct Debit and £153 per year on average for those on prepayment meters. NEA has crudely estimated that about 22,500 households in Wales are likely to have fallen into fuel poverty as a result of that price cap rise alone, but that may well be an underestimate, not least because it doesn't take into account reduced household incomes. The key thing to note here is that the recent surge in wholesale energy prices is not covered in that 1 October price cap rise - that is still to come. So too the cost that suppliers are bearing from seeing so many other suppliers fail, and the price cap is very likely to rise significantly again come April. Analysts have predicted that the price cap could rise by a further £400-£600 and NEA has estimated that we could see the numbers in fuel poverty rise by 50% or more compared to 2018 estimates.

NEA has been working hard in the background to call for deeper protection and more direct financial support for low-income households this winter, working with Ofgem to ensure vulnerable customers aren't put at risk when their supplier fails and to provide deeper protection to them, strengthening the 'Supplier of Last Resort' process, ensuring traditional prepayment meter customers can continue to top-up, as well as ensuring indebted

customers are protected from potentially aggressive debt recovery tactics if they see their supplier go under. Also working with the UK Government to provide more direct financial support beyond the Household Support Fund by looking to increase the Warm Home Discount or extending the Winter Fuel Payment to reach many low-income, working-age households in need, as well as helping to clear energy debts. Unfortunately, none of those were seen in the Chancellor's budget announcement the other week, but there may be opportunities to revisit this down the line.

NEA has also been working closely with Welsh Government to expand the financial support available to assist those struggling to meet their growing energy bills, beyond those who might be on pre-payment meters, oil or LPG, where we've seen some significant improvements recently in the help that's available, as well as continuing to invest in home energy efficiency. This is not just about exposure to wholesale gas prices; it is also about our exposure to cold, leaky, inefficient homes that we still can't afford to keep warm at any reasonable cost.

Ben concluded by highlighting a few key things coming up:

- **Tuesday 30 November 2021 – Publication of the UK Fuel Poverty Monitor**

NEA's annual investigative report into fuel poverty across the UK. This year the Monitor will focus on the opportunities, challenges and actions that are needed to decarbonising heat for fuel poor households. It builds on interviews with some key stakeholders and government officials, as well as 122 respondents across the UK.

- **Friday 3 December – Fuel Poverty Awareness Day**

More information will be circulated by colleagues in due course.

- **Thursday 9 December – Wales-Wide Fuel Poverty Forum**

As well as highlighting support that's available, this event will update delegates on recent policy developments and host an open discussion with Ofgem looking at some of the key issues fuel poor households in Wales face this winter and beyond. Invitations will be emailed shortly.

#### **4. Jane Hutt MS, Minister for Social Justice**

The Minister began by updating members on the Welsh Government's current priorities in this area, before taking questions.

Jane Hutt MS started by congratulating Mark Isherwood MS and Ben Saltmarsh for being re-elected to their respective positions, noting she hopes to be able to participate regularly.

The 'Tackling Fuel Poverty Plan 2021 to 2035, published in March, is taking stock of where Welsh Government is in terms of delivery and good progress has been made. This includes action for the preparation of the Cold Weather Resilience Plan and setting up of the Fuel Poverty Advisory Panel.

The perfect storm of reducing incomes, rising inflation, benefit cuts and increases in energy prices will have a considerable impact on many low-income and vulnerable households. The Minister is engaging very closely with the Minister for Climate Change on many of these issues, particularly relating to housing and tackling climate change. The Net Zero Wales plan was published on 28 October and outlines the ambition to achieve a just transition to net zero in Wales. Policies have got to be aligned to recognise the challenges of ensuring affordability of heating, tackling fuel poverty and decarbonisation.

Revised fuel poverty estimates for Wales will be published, but not until next spring. The challenges previously outlined - the pattern of domestic energy use, rising costs, effects of COVID, have significant impacts on levels of fuel poverty and the deepening of inequalities and Welsh Government recognises that in discussions and interventions. The revised estimates of fuel poverty will need to be used to set the interim targets needed to benchmark progress against delivery of the 'Tackling Fuel Poverty' plan. The Minister will continue to make representations about views on relevant policies and where there's an interaction between Welsh Government and UK Government in terms of domestic energy price increases and the impact of cuts to the £20 Universal Credit uplift, particularly to those who aren't working and who are recognised as not being able to work such as the 74,000 disabled people or carers, and those who are not yet in work who might benefit from the newly announced tapering.

The Minister reassured the Group that an announcement regarding the Household Support Fund will be made as quickly as possible. In terms of the Comprehensive Spending Review, it provided Wales with only a modest uplift in revenue funding and a reduction in capital funding in real terms over the spending review period, so there are significant gaps in funding and a lack of an injection estimated to be needed to deliver net zero. The outcome of the spending review doesn't meet the scale of the challenge we're facing to tackle a looming cost of living crisis and the investment for a greener, fairer recovery needed for public services, communities and families.

The Welsh Government budget will be published on 20 December and will seek to deliver the fairest possible settlement to secure a more prosperous, greener and just Wales. Welsh Government will continue to work with UK Government wherever it can to manage the implications of the commitments outlined in the Heat and Building Strategy on households in Wales.

Welsh Government is launching a consultation on the next iteration of the Warm Homes Programme, no later than December, and the Minister hoped that she could join the Group in the new year to engage on the same.

## **5. Questions and Answers**

**Claire Pearce-Crawford, Melin Homes:** We have many off-gas houses in Wales that still run on coal or oil heating, which at the moment is extortionate. Would it not be a better idea to target funds towards these properties; the ones that are affecting the environment dramatically and are living in fuel poverty in huge numbers despite being in work, rather than pushing funds into properties that are on the gas grid and not causing so much environmental damage and where those in fuel poverty are not so high?

**Jane Hutt MS:** It's a really important point and I will also feed it back to the Minister for Climate Change who is responsible for issues around housing and planning and energy. Others in this meeting may be much more able to answer the question for now.

**Ben Saltmarsh, NEA Cymru:** The latest estimates from BEIS from 2019 show that 19% of households in Wales were not connected to the gas grid, that's roughly just under 275,000 households, which will vary by local authority area and region. In the Net Zero Wales Plan there's a commitment to a fabric first and worst first approach. It mentions that low carbon heat will be a feature of the scope of the future iteration of the Warm Homes programme as well, which is going to be the litmus test for assistance available for the majority of fuel-poor households in Wales going forward.

**Mark Isherwood MS:** Calor are proposing a hybrid technology and have presented to the Group previously on this and the Group may want to invite them back to share their ideas, and others from the sector, regarding this. There's also the broader issue that Wales has the oldest proportion of housing stock in the UK, and many of those are non-traditional build, so we must look at interventions to make them more fuel-efficient, which don't always tick the box for more modern properties.

**William Jones, Citizens Advice Ceredigion:** The area where I work is a predominantly off-gas grid area which has got the second highest levels of fuel poverty in Wales. It's welcome that the pilot scheme under the Discretionary Assistance Fund, for people with oil and LPG, has been reintroduced from this October to March, but it's only for six months of the year. Other schemes to assist people and ameliorate fuel poverty are consistently for 12 months of the year and I would really like you to consider making that a permanent 12 month of the year thing, rather than six months. The second point is one of the very interesting ideas that you've announced in your post is the potential pilot scheme for Universal Basic Income, which clearly if it comes in will assist people who benefit from it in relation to their own fuel poverty, I wonder if you could give any update on that.

**Jane Hutt MS:** The Energy Advice Services pilot is a pilot and we have extended it so that means we will have a full year of delivery to allow a thorough and robust evaluation of the impact of the service. It is already making an impact and if it can prove what it is designed to do we've got every opportunity to make the case for it to go from pilot to something more sustainable. On the Universal Basic Income pilot, it will be focused on care-leavers and I will be issuing a written statement very shortly. There are issues around the interface with benefits and we are addressing that with UK Government.

**Jack Wilkinson-Dix, Energy Saving Trust:** Regarding the Boiler Upgrade Scheme for heat pumps, which will operate in England and Wales, have you had discussions with other ministers across departments on how this would be administered in Wales? We have some concerns that we're signalling to households that they should install heat pumps when there isn't equal funding for energy efficiency measures, and this goes against the plan the Welsh Government has had in trialling these approaches in a fabric-first way in social housing and deploying them to other tenure types. What discussions have been had and how you see the administration the scheme in Wales.

**Jane Hutt MS:** This is something where I've said we must and will work with UK Government wherever we can to share our evidence, our policy directions, but also to manage the implications of such announcements that the UK Government has made in their Heat and Building Strategy. What we're doing at this stage is looking at what it means in terms of financial economic opportunities offered by the strategy, seeing how it complements our

ambition of just transition to net zero, and make sure that we can work together on getting a stronger, fairer and cleaner Wales. If we just reflect on the fact that to meet net zero, virtually all heated buildings will need to be decarbonised and this is a huge challenge, so we've got to see what this means and how it aligns with the £450 million Boiler Upgrade Scheme.

**Haf Elgar, Friends of the Earth Cymru:** The Minister mentioned the introduction of interim targets on fuel poverty, which weren't in the original Tackling Fuel Poverty plan, and we do understand that it wasn't in the plan because of a lack of revised estimates. I had thought that the estimate would be ready by the end of the year, but I believe you said that won't be until next spring now. Could the Minister update the group on the new timescales in terms of introducing those interim targets, and does the delay to estimates have any knock-on impact on any other programmes or intentions, such as the Warm Homes Programme consultation, and are there any other implications that we should be aware of?

**Jane Hutt MS:** I can't give any more information on why it's into March in terms of the estimates because we don't have any influence on that. I hope this won't delay the work of the Panel, which I'm sure is already starting to think about interim targets to benchmark progress. An assessment of the current level of fuel poverty will enable Welsh Government to set those interim targets at 2025 and 2030 for the Tackling Fuel Poverty Plan. We've procured the Building Research Establishment to undertake the work to produce revised estimates and I'm hoping we'll get them as soon as possible, but they are due by March of next year.

**Faye Patton, Care and Repair:** During the course of this meeting the Minister has mentioned the Cold Weather Resilience Plan and I was wondering if you can offer an update as to when this might be published and what the contents are looking like at the moment.

**Jane Hutt MS:** It is due within the next few weeks, certainly before Christmas. If I can give you anything more definite I will share with the group, but it's on its way and it will be very much based on the latest demands and needs.

**Crispin Jones, Arbed Am Byth:** The Arbed scheme has now ended and that's another 4,000 properties treated which have had some great benefits. Would you consider how you can maintain the supply chain, who have got the skills for renewable energy, rather let them slip away.

**Jane Hutt MS:** Since 2010 to the end of March this year, more than £394 million pounds has been invested in the Warm Homes Programme and that has benefited more than 67,100 low-income households. We're now looking at the way forward and by December we'll have the next update on the Warm Homes Programme, so we'll be consulting on that and I think those supply chain issues are at the forefront.

**Mark Isherwood MS:** This group has always championed the person-centred, social justice approach, where interventions may vary according to not only the property the person lives in, with the adaptations that the property needs, but also supporting the individual to use the adaptive technologies most efficiently in their home. Also supporting people to access advice services and benefit from advice services and looking at the interconnectivity between health services, or even schools, where primary care GPs or others are picking up on conditions related to cold homes and are able to feed that into local fuel poverty networks to provide that person-centred support. To what extent is your thinking and your proposed plans, going to focus on using the person as the locus and then bringing around the support they need on an individual basis?

**Jane Hutt MS:** That's a really important point from the social justice perspective; it's cross-government with links to education, mental health and wellbeing and public health. So very much a public health, person-centred approach. Single advice services come under me and we want to bring all of this together and we'll continue to work together in partnership. It's also worth noting too that the Discretionary Assistance Fund is very important in terms of the flexibilities that we've allowed to be maintained. It's important to remind everyone that the winter fuel assistance for off grid homes and boiler repair grants are made available from the Discretionary Assistance Fund which runs from 1 October until 31 March 2022.

Mark Isherwood MS thanked the Minister for answering questions and asked the group to submit any follow up questions to Ben Saltmarsh to follow up at a future meeting or in writing.

## **6. Any other business**

No other business was put forward. The Chair noted that in accordance with procedures, forms to firmly establish the Cross Party Group will now be submitted to the Senedd and a proper record will be published on the website in accordance with the rules.

## **7. Date and time of next meeting**

Members will be informed of the next meeting in due course. If members have any suggestions for topics or speakers for future meetings, these should be forwarded to Ben Saltmarsh.