

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

Sponsored by Mark Isherwood MS

Date: 11 July 2022, 9.30am – 11am

Location: Zoom

## Attendance

### CPG Office Holders

Mark Isherwood MS (Chair)

Sioned Williams MS

### Stakeholders

Ben Saltmarsh (NEA), Hayden Banks (NEA), Mike Potter (NEA), Jane Hutt MS (Minister for Social Justice), Ben Gascoyne (NHS Wales), Claire Durkin (NEA Trustee), Crispin Jones (Gwerin Management), David Cowdrey (MCS Charitable Foundation), Deian Timms (Office of Future Generations Commissioner for Wales), Faye Patton (Care & Repair Cymru), Ffion Haf (Plaid Cymru), Francesca Kirtley-Paine (Liquid Gas UK), Gavin Dick (NRLA), George Jones (Office of Older People's Commissioner for Wales), Ioan Bellin (on behalf of Rhys ab Owen MS), Jack Wilkinson-Dix (EST), Jo Harry (Care & Repair Cymru), Jo Seymour (Warm Wales), Jonathan Cosson (Warm Wales), Jocelle Lovell (Cwmpas), Josh Lovell (NRLA), Kate Calladene (E.ON Energy), Ken Cronin (Senedd), Lee Phillips (MaPS), Liz Lambert (Cardiff Council), Matthew Cole (Fuel Bank Foundation), Meilyr Tomos (Gwynedd Council), Neville Rookes (WLGGA), Richard Hauxwell-Baldwin (MCS Charitable Foundation), Simon Lannon (Cardiff University), Steffan Evans (Bevan Foundation), Stephen Chamberlain (Welsh Government), Tash Wynne (Marie Curie), William Jones (Citizens Advice Ceredigion)

### Apologies

Julie James MS (Minister for Climate Change)

## Summary of discussion

### 1. Welcome and Introduction

- **Mark Isherwood MS (CPG Chair):** Welcomed attendees, providing overview of agenda for meeting. Noted the energy and cost of living crisis continues to see people taking desperate measures to limit their usage, go without heat and power, and fall into debt. New modelled estimates from the Welsh Government highlight that up to 45% of households in Wales may now be in fuel poverty – including 98% of all lower income households – following the increase in the energy price cap from 1 April. Many households in rural communities also seen prices of oil and LPG more than double, if not triple, in recent months. The minutes from the previous meeting were confirmed as a true and accurate record by Jonathan Cosson (Warm Wales) and Lee Phillips (MaPS).
- **Ben Saltmarsh (Head of Wales, NEA and CPG Secretary):** Provided an update on developments since the last CPG meeting in March. This included warning that energy prices are set to rise significantly again in October, and potentially January, with latest estimates forecasting more than £3,200/year on average. Ben also provided a summary on recent announcements from UK

Government and Ofgem, reflecting on NEA's continued calls for UK Government to provide support that is commensurate with the crisis, and need for Ofgem to protect vulnerable and low-income consumers this winter and beyond (including by taking steps to reduce prepay standing charges, not introduce quarterly price cap adjustments this winter, and the need for deeper price protection via a social tariff).

## **2. Remarks from Jane Hutt MS, Minister for Social Justice**

- The Minister joined the CPG to update on the Welsh Government's current priorities in this area and take questions.
- The Minister welcomed the UK Government's recent support package, which includes decision to revise the Energy Bill Rebate, doubling the payment to £400 and making it non-repayable, alongside providing targeted support for low-income households. She stressed that the Welsh Government continues to call for a lower social tariff for low-income households and the removal of social and environmental policy costs from domestic energy bills, which the UK Government is yet to respond to.
- The Minister also stressed that while the Welsh Government agrees in principle with Ofgem's rationale to adjust the price cap on a quarterly basis, proposals to introduce them this year is a real cause for concern. She confirmed that she and the Minister for Climate Change will be writing to Ofgem.
- The Minister reiterated that Welsh Government must, will and do listen to stakeholders about what more the Welsh Government can also do to support households in need within the resources it has available. She confirmed she will be announcing shortly how Welsh Government will improve on its Fuel Support Scheme to widen eligibility and see it paid before winter, welcoming the debate that recently took place in the Senedd.
- The Minister also noted the new national £4m Fuel Voucher Scheme to assist households who must pay for their energy in advance, which will include support for prepayment vouchers alongside a Heat Fund for off-grid fuels, including a 500l delivery of oil.
- The Minister also noted the best way the Welsh Government can help households save money and reduce their carbon footprint is to improve domestic energy efficiency, confirming it is continuing to develop its plans for the next iteration of the Warm Homes Programme and expects to make an announcement on in September.
- The Welsh Government will also be reviewing its Fuel Poverty Plan and has asked for this to be a priority of the Fuel Poverty Advisory Panel in coming months.

### **Q&A with the Minister**

- **William Jones, Citizens Advice Ceredigion:** Asked whether park home residents will be included within the next Welsh Fuel Support Scheme payment. The Minister confirmed the Welsh Government is in the process of finalising the details and will make its announcement next week.
- **David Cowdrey, MCS:** Asked whether Welsh Government would be prepared to write to Treasury to move environmental levies (i.e. specifically the Feed-in Tariff and Contracts for Difference) into general taxation to help reduce bills and benefit those on the lowest incomes the most. The Minister reiterated the Welsh Government has done so and continues to call on UK Government for further support (including, for example, by increasing support via the Warm Home Discount, for energy debt write off, and increasing LHA rates).
- **Meilyr Tomos, Gwynedd Council:** Asked how Welsh Government was using different sources of data to target support. Stephen Chamberlain noted progress in this space, including work on the delayed Fuel Poverty Dashboard, which is set to be published soon.

- **Claire Durkin, NEA Trustee:** Welcomed the support that has been made available and stressed the importance of communication – both to raise awareness amongst households of what’s available and share what Wales is doing with other nations. The Minister welcomed this and confirmed she will talk to officials about how Welsh Government can maximise its communication, including via its Claim What’s Yours campaign, partners, and other channels.
- **Jo Harry, Care & Repair Cymru:** Expressed concern about the different, necessary works required to insulate and treat older and traditional buildings and what Welsh Government can do to help. The Minister shared these concerns, noting that it is a cross-department and cross-sector issue.
- **Sioned Williams MS:** Reflected on the Equality and Social Justice Committee’s recent inquiry into the Warm Homes Programme, asking when proposals for the next iteration are likely to be published. Stephen Chamberlain confirmed that Welsh Government is working on the 67 individual responses it received to its consultation, alongside feedback from the workshops ran with NEA, with a view to making an announcement alongside the debate on the Committee’s inquiry in the Senedd on 14 September. The Welsh Government hopes to start procurement for the next Programme shortly after that, noting slippage but that it is still confident it can mobilise the next Programme in 2023.
- **Crispin Jones, Gwerin Management:** Asked whether Welsh Government could better utilise the Shared Prosperity Fund to develop skills and supply chains in Wales. The Minister noted she will take this back to the Minister for Economy and Minister for Climate Change.
- **Steffan Evans, Bevan Foundation:** Noted that awareness is not the only barrier to access the various support packages currently available, asking about what work is ongoing to improve the administration of the Fuel Support Scheme and what, if any, up-to-date data is available on the last payment. The Minister confirmed in last week’s Senedd debate she will obtain the latest figures and explore any barriers to take-up.

### 3. Matthew Cole, Head of Fuel Bank Foundation (FBF)

- Matthew Cole presented on the Welsh Government’s new £4m national Fuel Voucher Scheme to help households in fuel crisis across Wales who need to pay for their energy in advance.
- Matthew reflected on the devastating impacts of fuel crisis and outlined how the Scheme is intended to operate. The model is based on trust, with some very clear controls, and will be supported by partners across Wales, with view to getting people support the same day.
- FBF currently have 7 national partners and 8 local partners in Wales. The funding will give surety to them and enable FBF to expand its network to ensure there is emergency provision in every local authority area by October.
- **William Jones, Citizens Advice Ceredigion:** Asked how organisations like Citizens Advice should sign up as a partner. Matthew explained organisations should contact FBF directly. William also asked for further information about what crisis help is available for those dependent on oil and LPG via the Heat Fund. Matthew explained FBF will purchase the fuel directly for households once they’ve passed the validation/verification process, arranging delivery (like how the Scheme works in Scotland).
- **Ben Saltmarsh, NEA:** Asked whether Heat Fund awards will aim to cover the full cost of 500l of oil, which is often the minimum delivery required. Matthew confirmed that’s certainly the aim.

### 4. Ken Cronin, CEO of UKIFDA

- Ken presented on the rising costs of oil, some of the current challenges facing distributors and households, and what support is available for low-income, vulnerable customers.

- Ken provided a summary of industry structure and pricing, noting that c. 9% of Welsh homes are oil heated, compared to 5% of all homes across the UK.
- UKIFDA has c. 100 distributor members in the UK; 14 of whom operate in Wales; 8 based in Wales. The majority are family-run businesses, with 3-5 delivery trucks.
- Ken explained how the heating oil market is structured very differently from mains gas, where customers do not have long-term contracts but can shop around as/when require delivery. The market is highly competitive, and distributors have limited visibility of orders because of this.
- Ken outlined how the price of oil has ranged from 40p-60p/litre over the past 10 years. The price dipped in the pandemic to c. 30p/litre in May 2020, but rose again to c. 60p in late 2021. However, the Ukraine crisis has seen prices explode, reaching more than £1.30/litre in recent months. Prices have now declined, but are still volatile and substantially higher than industry norm at c.£1/litre.
- Ken briefly outlined UKIFDA's Customer Charter and Code of Practice, noting that many distributors offer the ability to spread payments and run a cold weather priority scheme for the most vulnerable during winter. UKIFDA also encourage the use of buying clubs, where possible. However, delivering smaller quantities of oil is often not viable during the winter, because of increased costs and pressure for more deliveries at busiest period. The average consumer uses 2000l/year; 70% of which within October-March.
- Ken noted he is in conversation with the Fuel Bank Foundation to work with them on the forthcoming national Fuel Voucher Scheme.
- **Mark Isherwood MS, CPG Chair:** Raised related questions received from constituents regarding higher costs and fixed delivery charges which they're finding impossible to afford, asking what measures industry is taking to protect vulnerable consumers in rural areas who have limited alternatives. Ken reiterated challenges in reducing delivery volumes in winter, which both increases costs and exceeds delivery capacity of industry. Households should talk with distributors about how to spread costs of payments across year.
- **William Jones, Citizens Advice:** Reflected on client experiences of extreme price volatility in February/March 2022 and Ken explained why industry had to suspend giving prices until closer to delivery.

## 5. Next meeting

The CPG will look to meet again in late 2022. Members will be informed of the date and time of the next meeting in due course.