

# WLGA CONSULTATION RESPONSE:

## Senedd inquiry: Fuel Poverty in Wales

25<sup>th</sup> November 2024

### INTRODUCTION

1. The Welsh Local Government Association (WLGA) is a politically-led cross party organisation that seeks to give local government a strong voice at a national level. The Association represent the interests of local government and promotes local democracy in Wales. The 22 councils in Wales are all members of the WLGA and the 3 fire and rescue authorities and 3 national park authorities are associate members.
2. WLGA believes that the ideas that change people's lives, happen locally. Communities are at their best when they feel connected to their council through local democracy. By championing, facilitating, and achieving these connections, we can build a vibrant local democracy that allows communities to thrive.
3. The main aim of the Association is to promote, protect, support and develop democratic local government and the interests of councils in Wales. This means:
  - Promoting the role and prominence of councillors and council leaders
  - Ensuring maximum local discretion in legislation or statutory guidance
  - Championing and securing long-term and sustainable funding for councils
  - Promoting sector-led improvement
  - Encouraging a vibrant local democracy, promoting greater diversity
  - Supporting councils to effectively manage their workforce.

### General Points and comments

4. WLGA welcomes the opportunity to respond to this inquiry into fuel poverty in Wales.
5. Each of the issues listed in the terms of reference is considered below.

### **Issue 1: Whether there is an accurate picture of fuel poverty in Wales today, given that data is based on the 2008 Living in Wales Survey and 2017-18 Wales Housing Conditions Survey?**

6. Given the significant events that have impacted on energy prices over recent years, the fact latest modelled estimates for fuel poverty in Wales are for 2021<sup>1</sup> means it is most unlikely that they reflect current circumstances.

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<sup>1</sup> [Fuel poverty modelled estimates for Wales: as at October 2021](#)

7. In 2021, the estimate was that 14% of Welsh households (nearly 200,000) were in fuel poverty (spending more than 10% of their income on a satisfactory heating regime). Some 3% were thought to be in severe fuel poverty (spending over 20%).
8. Without taking into consideration the financial assistance provided by UK Government and assuming all households were on the price cap, Welsh Government estimated that 'up to 45%' of households (614,000) would potentially have been in fuel poverty following the price cap increase of April 2022. Due to the fact there was financial assistance and not all households would have been on the price cap, Welsh Government noted that this figure was an over-estimation of the scale of the problem. However, the fact there is no certainty over where the true figure sits, somewhere between 14 and 45%, clearly demonstrates the lack of an accurate picture. That makes policy interventions difficult to gauge and then monitor.

### **Issue 2: The potential impact of changes to the eligibility criteria for the Winter Fuel Payment on fuel poverty in Wales.**

9. In 2023/24, 605,172 Welsh households received a winter fuel payment according to DWP official statistics. Pension Credit (PC) data show just under 81,000 households in receipt of PC and therefore eligible for this year's payment. It is known that the number of claims to Pension Credit has risen by 150% as a result of the eligibility link introduced between PC and winter fuel payments and due to publicity to encourage take-up of the credit. However, due to delays in processing claims, no new data on recipients is yet available.
10. This month (November) it has been reported by the UK Government (UKG) that an estimated 50,000 pensioners in the UK could be living in relative poverty after housing costs next year as a result of cuts to the winter fuel payment (dependent on the level of take-up of PC). Letters have been sent by UKG to 120,000 pensioners in the UK to encourage take-up. An increase in the state pension will also offer some support.
11. Around 21.5% of the population in Wales is over 65, which is above the UK average of 18.9%<sup>2</sup>. Wales has approximately 5.3% of all the over-65s in the UK. Therefore, 2,650 of the 50,000 estimate for the UK could be in Wales (accepting that the 50,000 is a rounded estimate and therefore this is only a very rough guide).

### **Issue 3: The detail of the new Warm Homes Programme, including the energy efficiency measures offered, changes to eligibility criteria, the approach to delivering advice services, and the development of an area-based approach**

12. The Energy Savings Trust Wales Wide Energy Advice service is being proactive in understanding local energy efficiency schemes (including ECO Flex) and signposting households accordingly.
13. Low carbon measures such as heat pumps or solar panels with battery storage are within the scope of the programme and should help households become more resilient to rising energy prices in the future. Improving energy efficiency and moving to cleaner forms of residential heating will also reduce greenhouse gas emissions.

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<sup>2</sup> [Population estimates by local authority and age](#)

14. An area-based approach offers opportunities for economies by undertaking multiple installations in the same area at the same time.
15. Whilst councils are supportive of the shift in emphasis towards decarbonisation in the programme, including the change from gas boiler replacement to installation of Air Source Heat Pumps (ASHPs), there are a number of issues to note, as follows:
- The long lead-in time for a ‘whole house’ PAS2035 scheme<sup>3</sup>, means there is a risk of households being left without heating and hot water;
  - WG has introduced a gas boiler repair service (and replacement in exceptional cases) for the most vulnerable ‘crisis’ households
  - Many ASHP schemes cannot progress because of a Welsh Government planning rule which requires there to be 3m distance from the property boundary).

**Issue 4: How changes from the previous programme will impact delivery, particularly in terms of the numbers of households that will be supported**

16. PAS2035 is a longer and more expensive process, and ASHPs are approximately three to four times more expensive than gas boilers, so there will be fewer households supported.
17. The shortage of trained engineers able not only to install but then to calibrate the ASHPs to ensure they operate at maximum efficiency has been identified more generally as an issue more broadly in terms of encouraging the roll out of ASHPs<sup>4</sup>.
18. By working in accordance with PAS 2035, however, *“every retrofit project is subject to monitoring and evaluation to determine whether the intended outcomes of the retrofit project have been realized, and to identify and learn from any project-specific or systematic problems with the retrofit risk assessment, the dwelling assessment, the retrofit design, the installation of EEMs (Energy Efficiency Measures) or the testing, commissioning or handover of EEMs.”*

**Issue 5: The extent to which the Warm Homes Programme is helping to address persistent fuel poverty in Wales, and if not, what further action is needed**

19. The new Nest contract, as part of the Warm Homes programme<sup>5</sup>, is demonstrating flexibility and applying lessons learned as it leads the way in moving away from fossil fuel-based heating systems. It needs to continue to do this, getting the balance between urgent support for households in crisis and developing systems and supply chains, to enable quicker and cheaper delivery of ‘whole house’ net zero retrofit in the future.

**20. Issue 6: The effectiveness of support available to households in or at risk of fuel poverty, in addition to the Warm Homes Programme**

21. The ECO4 energy company obligation scheme appears to be having a very patchy effect in Wales. The 35% rural ‘off -gas’ uplift has had a disproportionate impact in Wales,

<sup>3</sup> [PAS 2035:2023 Retrofitting Dwellings | BSI](#)

<sup>4</sup> [Shortage of trained heat pump installers could set back net zero | Nesta](#)

<sup>5</sup> [Understanding Nest scheme Wales - British Gas](#)

encouraging energy efficiency installers to focus on rural areas, and making it far more difficult to get measures installed in urban 'on gas' areas. Some areas have also reported that ECO funds are no longer available as national targets have been hit.

**Issue 7: How effective local authorities have been at accessing and utilising ECO Flex funding**

22. See point above. Although it is a step forward from previous ECO programmes that all councils in Wales have an active ECO4 Flex scheme (with welcome Welsh Government support provided to all LAs) it appears that those in rural areas, have been more successful in attracting ECO investment, due to the rural uplift. This has enabled them to charge higher 'referral fees' from installers, providing an income stream to allow more hands-on local management or marketing.

**Issue 8: How the Welsh Government is working with the UK Government to address fuel poverty**

23. WG have worked closely with WLGA in providing financial support to councils to develop and grow ECO4 Flex schemes, and in providing good communication via quarterly ECO4/ Fuel poverty meetings with councils (which WLGA facilitate). Support and advice from Local Partnerships (funded by WG) has also been very valuable in this respect.

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