

13 December 2024

Angharad Roche
Clerk, Equality & Social Justice Committee
Senedd Cymru
Pierhead Street
Cardiff
Wales CF99 1SN

By email: SeneddEquality@Senedd.Wales

Dear Angharad,

Thank you for your email of 6 December, sharing a transcript from the Committee's session on 2 December at which my colleague, Fiona Cameron, and I were pleased to provide evidence.

Firstly, having reviewed the transcript, we are not aware of any required edits or corrections to the evidence that we provided. There are however, as you note, a number of follow up points of information that we undertook to provide the Committee in support of its ongoing inquiry. We are grateful for the opportunity to address these, in turn, below. We would also be pleased to provide any additional information that may support the work of the Committee as its evidence gathering continues – indeed, we would be delighted to host a visit by members of the Committee to meet our delivery team and see at first hand how we are mobilising the ambitious new Warm Homes Programme.

Referrals - the proportion of referrals who were customers that had no form of heating or water.

- As mentioned during the Committee session (paragraph 227), in October we saw that 16% of the referrals we received were for customers with no heating or hot water. This figure increased significantly in November, with 30% of the referrals falling into this category. The nature of these referrals can in part be attributed to the colder weather, which leads to more households switching on their boilers and discovering issues. Importantly of course, the criteria for referrals itself had been expanded in this period to include all customers with no form of heating or hot water, contributing to the rise in numbers. To address these urgent needs, we implemented a rapid response system. Referrals received from the Energy Saving Trust before eleven o'clock in the morning are attended to on the same day, on the majority of occasions, or next day if not possible. Our team attempts to repair the boiler immediately, and if successful, we continue to work with the customer to ensure a long-term solution. This includes conducting a retrofit assessment and technical survey to determine additional measures such as insulation, solar photovoltaic, or battery installation to support the customer fully. We are committed to not only providing immediate relief by repairing boilers but also to supporting our customers' long-term needs and contributing to net-zero ambitions by implementing energy-saving measures.
- The figures provided relate to referrals over the period since the criteria was expanded. Should the Committee wish any additional information, in respect of the period prior to this, I believe Energy Savings Trust will have captured the data for all referrals submitted since the beginning of April.

Contract management - follow-up on the issue of contract management arrangements for the scheme and providing a view on the effectiveness (when compared with the previous Warm Homes Programme).

- The contract management arrangements for the Nest scheme represent a significant evolution compared to the previous Warm Homes Programme, incorporating several innovative elements aimed at addressing fuel poverty and decarbonisation more effectively.
- Nest's demand-led approach prioritises those worst affected by fuel poverty, focusing on low-income households and individuals whose health is impacted by cold living conditions. The scheme also introduces expanded eligibility criteria, which now include households with the lowest incomes residing in the least energy-efficient homes. This enhancement addresses a broader segment of vulnerable populations than the previous Warm Homes Programme.
- Key improvements include allowing multiple and repeat applications, a crucial flexibility for ongoing assistance in addressing persistent energy inefficiencies or deteriorating conditions. This is a marked improvement from the prior scheme, which had stricter limitations on such support.
- Additionally, the Nest scheme implements a streamlined contractor mobilisation process. While previous iterations allowed six months for this phase, the new scheme reduced the timeframe to three months. Despite this expedited timeline, the early rollout encountered challenges due to the poor condition of housing stock, necessitating significant remedial work before efficiency measures could be installed. To address these challenges, the Welsh Government approved a policy enabling contractors to allocate up to 10% of measure costs to such remedial work.
- Furthermore, the scheme employs robust monitoring and evaluation mechanisms aligned with the Welsh Government's standards, emphasising the importance of flexibility to ensure continuous improvement. Early-stage refinements have already addressed barriers such as rigid fuel cost and carbon saving targets, which initially excluded many eligible properties.
- Compared with the previous Warm Homes Programme, the Nest scheme demonstrates a stronger alignment with Wales' long-term energy and decarbonisation goals while balancing immediate fuel poverty alleviation. For example, the incorporation of PAS2035 measures like solar PV and insulation addresses both short-term cost reductions and long-term carbon savings. The scheme also adapts to emergent data and feedback, as seen in the relaxation of criteria for boiler repair and replacement under the crisis route.
- Overall, these contract management arrangements reflect a more responsive and inclusive approach, offering a promising model for tackling fuel poverty and advancing sustainable energy solutions.
- Lastly, given reference to the previous iteration of the scheme, one point that I wanted to pick up on was in relation to the evidence provided at the earlier session of the Committee on 2 December with representatives from various frontline consumer organisations. In paragraph 44 of the transcript, one witness states "...that, at some point in the previous iteration, it had changed track slightly and largely became a boiler replacement scheme, to the extent that about 94 per cent, 95 per cent of all the measures that were installed were boiler replacements." I don't feel this is a fair interpretation. In fact, within the 2023-24 contract year, Nest installed a total of 6,980 measures in a total of 4,304 properties. Of which, only 45% were gas boilers. Insulation accounted for 8% of measures, and Solar PV & Battery accounted for approx. 39% of measures installed.

Data on programme to date – including the number of people who have received interventions or measures, the category or type of intervention made to each household, and the outcomes for each household in receipt of measures in terms of impact on their level of fuel poverty.

- With the new scheme in the early stages of delivery, as of this month, 59 customers have received measures or have measures planned under the programme. Interventions include Air Source Heat Pumps, ventilation improvements, loft insulation, Solar PV & Battery storage, and gas boilers under crisis repair. Additionally, 34 customers have benefited specifically from boiler repairs.

- These interventions target improving household energy efficiency and mitigating fuel poverty. However, the outcomes in terms of reductions in fuel poverty levels and associated benefits (e.g., energy savings, carbon reduction) are yet to be finalised. The impact analysis is expected to be completed and reported to the Welsh Government by the end of the month.
- I also wanted to pick up here on a point made in the earlier evidence session on 2 December with the frontline consumer organisations – whose views I very much respect and value – but which may have left an impression that we were leaving households without heating or hot water. Since the beginning of October, for every property that we cannot repair a boiler on under the crisis route, we will send a Retrofit Assessor to the customer's property to complete a technical survey. At the point of the survey, the RA will offer the customer temporary electric portable heating until the heating measures have been installed.

Pathways - more information on the average timeline for each referral pathway to the Nest scheme.

- You will understand that the data we capture relates to the period from receipt of the referral to installation. We will be providing this information to the Welsh Government and, with their agreement, would be pleased to share this with the Committee. If the Committee is seeking more information on the referral pathway into the scheme, then Energy Savings Trust would need to provide this.

Supporting households - details of Wales-specific action taken to support vulnerable customers to include the number of customers reached and an outline of the type of support provided.

- This information will need to be provided by Energy Savings Trust, as they complete the marketing activity, and target customers and will have all of the information available in relation to the support provided.

However – in line with the commitment given by Fiona Cameron at the end of the session – we wanted to follow up in writing about the work Centrica does, as an energy supplier through British Gas, to support vulnerable people in Wales, including monitoring their access to warm homes and hot water.

Supporting Vulnerable Customers Policy

Centrica recognises that the energy and cost of living crises over recent years have been very painful for households here in Wales, and across the country and the priority for us through this time has been to step up support for our customers.

We have a Policy in place which sets out the requirement for all areas of British Gas Energy to ensure that our products and services meet the needs of our residential customers in vulnerable situations both at the design stage and throughout the customer's engagement with the product or service; and to ensure that we effectively identify vulnerable customers and provide proactive, tailored customer service.

The policy goes on to explain how this should be achieved – through training, governance and other specific means.

There is a clear explanation within the policy that a customer is deemed vulnerable if 'due to their personal circumstances, they are significantly less able to safeguard their personal welfare or that of other household members or significantly more likely to suffer detriment or that detriment is likely to be more substantial'. This may include physical and/or mental health issues, and/or those experiencing financial hardship. Vulnerability can be permanent or transient in nature.

Priority Services Register (PSR)

The PSR is used by energy suppliers, electricity, gas and water networks and is available for those who might need extra support such as over-65s, families with children under 5, and people with disabilities. Customers on the PSR can get free annual servicing, large-print or braille billing, and advanced service warnings.

We currently have 3,514,064 million people signed up to the PSR UK-wide with approximately 173,399 of these customers in Wales.

Monitoring access to warm homes and hot water – ‘OSCAR’ process

British Gas operates an Off-Supply Customer at Risk (OSCAR) process to detect and prevent pre-payment meter customers going off supply. Essentially, it is a proactive monitoring system to identify customers who are potentially in difficulty and who might be self-disconnecting.

Currently, we monitor customers' vending patterns and when we believe they should have topped up their credit we proactively contact them. We will never leave customers without credit and emergency credit is available 24/7. We also proactively offer PPM customers non-repayable credit.

British Gas Energy Trust

We've committed £140m since the start of the energy crisis to support vulnerable customers in financial difficulty. This is largely through the British Gas Energy Trust which provides financial help, with grants of up to £1,700 to those who are struggling with energy debt, whether they're British Gas customers or not, and it can also help households in other ways—for example, with replacement of white goods, like washing machines.

In Wales, we have provided more than 230 grants of up to £1,700 to customers through the British Gas energy trust.

British Gas also gives support direct to customers. For example, last week we sent credits to 15,000 of our customers on prepayment meters who we've identified as struggling (to the value of £2.3 million). We have also launched our first-of-a-kind 'You Pay, We Pay' scheme which 100% matches payments, helping customers clear debt over a 6-month period.

We're also working hard to identify those in need and have just launched a new round of community Post Office pop-ups that sees British Gas-funded energy advisors in Post Offices throughout the UK. Outreach and partnerships with local organisations like Citizens Advice and Riverside Advice help us reach hard-to-identify vulnerable populations.

In our experience, combining practical support like grants, with holistic advice drives the best results. The British Gas Energy Trust, our independent charity, is now in its 20th year and over the last year the Trust has supported over 64,000 people and their activities have created almost £50m in net benefits to society. This year the British Gas Energy Trust carried out a series of roundtables, including one in Cardiff, with frontline organisations supporting people suffering with fuel poverty to develop actions for Government, energy companies and the third sector to help alleviate fuel poverty.

Finally, we also think that as a company with valuable real world experience of what is driving difficulty for our customers, we have a responsibility to use our voice and push for policy changes that would help people in difficulty. We back a just transition for vulnerable households, advocating a social tariff funded via taxation and stronger partnerships and data-sharing with agencies like DWP and HMRC would enhance targeting and outreach, ensuring help reaches those who need it most.

I hope this information is helpful to the Committee – and please let us know if there is anything else that we can provide that may be helpful at this time.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'R. Kirwan', written in a cursive style.

Ross Kirwan
Head of Nest