



Environment and Sustainability Committee Inquiry into Fuel Poverty and Energy Efficiency in Wales: Written Evidence from Grŵp Cynefin

1. Grŵp Cynefin is a new housing association formed following the merger of Cymdeithas Tai Eryri and Cymdeithas Tai Clwyd earlier this year. Grŵp Cynefin provides more than 3,700 homes for rent to families and people across North Wales, as well as more than 700 affordable properties for individuals and families aspiring to become home-owners
2. Over the last few years Tai Eryri in particular has been developing innovative projects promoting energy efficiency and addressing fuel poverty. These included schemes for new build houses, major programmes of retrofit, installation of renewable technologies and so on e.g.
 - The first Social Housing in Wales built to Level 4 of the Code for Sustainable Homes (Tai Eithinog, Bangor)
 - Major retrofit programmes funded through ARBED 1, the Renewable Heat Premium Payment and capital borrowing
 - Major installations of renewables such as Solar PV Panels and Air Source Heat Pumps
 - A Knowledge Training Partnership with Bangor University providing in depth evaluation of tenant experiences following ARBED 1 installations
 - First social housing in North Wales to be built to *Passivhaus* standard (Dwyran, Anglesey)
3. Following detailed evaluation and tenant feedback, it became evident that one of the biggest needs was to provide fuel poverty advice at the community level and to integrate energy behaviour change into this approach.
4. To this end the Community Energy Wardens project has been running since 2011 and currently operates in Holyhead, Caernarfon and Bangor. The project tackles fuel poverty, economic inactivity, and carbon reduction by providing 6 month paid work placements to people who are outside the labour market, and who then work with residents across all tenures in deprived communities to reduce energy costs and carbon emissions. A package of support and high quality training is provided giving the wardens the opportunity to improve skills and develop careers in the energy assessment field or secure broader employment opportunities. The wardens are hosted by community-based organisations in accessible facilities close to the communities being served.
5. Since its inception the project has provided nineteen individuals with work experience and additional qualifications, the majority moving into further employment or training. Nearly five hundred residents have benefitted from advice on how to improve energy efficiency, save money and reduce energy use.

6. During spring 2014 we undertook a piece of research for Gwynedd Council – the GAE project. This examined the low take up of schemes such as the Green Deal and ECO, identifying barriers which had led to the current situation. Working through the energy wardens in Caernarfon, the Ynni Llŷn group on the Lleyn Peninsula, and the Blaenau Ffestiniog Green Town Initiative we have collated responses from local communities who feel excluded and bypassed by these schemes. The final report is not yet complete but some of the findings are quoted further in this submission.
7. Our response to the Committee's inquiry therefore is based very much on the stories and messages relayed to us via this research and the residents and communities we have been supporting via the Energy Wardens. To complement these views we have also presented a short video featuring the voices of some of the people we work with and their direct experiences of fuel poverty- voices all too often not included in consultations like these and which provide a useful reality check about current circumstances and how difficult they can be.
8. The Committee's Terms of reference suggested the following lines of inquiry
 - To examine progress towards meeting the Welsh Government's statutory targets for eradicating fuel poverty in Wales by 2018.
 - To consider the impact of the Welsh Government's existing energy efficiency programmes (Nest and Arbed) and UK Government initiatives such as the Green Deal.
 - To review the implementation to date by the major energy suppliers of the Energy Company Obligation (ECO) and other measures to alleviate fuel poverty in Wales

Eradicating fuel poverty in Wales by 2018 and delivery of ARBED and NYTH

9. Since 2003 Welsh Government has not been short of ambition in setting targets to eradicate fuel poverty in Wales- the last major statement being the Fuel Poverty Strategy which aimed to eradicate fuel poverty in vulnerable homes by 2010, in social housing by 2012 and throughout Wales by 2018 "as far as was reasonably possible".
10. However the Wales Fuel Poverty Projection Tool released in 2013 underlined that the reality hitherto was not matching the ambition. Figures for 2012 showed that all the categories needing to be helped stubbornly remained in fuel poverty (33% of vulnerable households, 30% households, and 31% of social housing tenants).
11. Clearly the recession, huge increases in energy prices and welfare reforms have accentuated difficulties and made a bad problem even worse. It is therefore to be welcomed that Wales is not "changing the goalposts" on the definition of fuel poverty as has happened in England, the 10% of income definition being an important statistical indicator with baselines going back several years. However the plain fact is that the targets set in 2003 were missed completely, the revised targets in 2010 were also missed and the 2018 target looks unachievable based on current levels of activity.
12. That being said we fully support Welsh Government's current programmes of ARBED and NYTH and would welcome increased funding to extend them further. There is room to improve ARBED delivery in North Wales and experience in Gwynedd has demonstrated that not enough work is being delivered through local supply chains. We are also concerned that rural areas are not being sufficiently targeted by the scheme and perform badly in the scoring system devised for the programme. We would agree with other submissions that a significantly bigger allocation of resources

is required to target rural areas as energy costs are higher and the interventions more expensive.

13. There is much to commend about NYTH and our Energy Wardens have developed good working relationships with the project. The website and materials produced are of high quality but sadly more people seem to be rejected than supported by it, or are put off by the level of means testing which is required. The upshot is that when it works it, works well, but our wardens who work in the poorest communities are not seeing large numbers of successful NYTH applications in their areas. They also report difficulties in referrals from the private rented sector because even though a tenant might be in dire fuel poverty in a cold draughty house, unless the landlord can be persuaded to take up the scheme the situation will not be improved.
14. It would be helpful if annual data for ARBED and NYTH could be reported on an LSOA basis so that comparisons can be made about the level of coverage within local authority areas. Overlaying such data with fuel poverty maps such as those recently developed by Gwynedd Council and Cardiff University would be an useful tool for targeting and strategic delivery at the local level.
15. We also concur with the view of NEA Cymru that much more robust monitoring needs to occur in both schemes to ensure that people in fuel poverty are better off following the interventions undertaken by these programmes. Too much monitoring is desk research based and not based on the before and after bills and experiences of residents
16. The fundamental point about both schemes though is that they are not being sufficiently funded to ensure the fuel poverty targets will be met by 2018.

Green Deal and ECO

17. Not to put too fine a point on it, the delivery and rollout of Green Deal and ECO in our area has been disastrous.
18. During 2013 we spent a long time researching the ECO deals being offered by utilities and other companies. We welcomed the fact that for the first time rural areas were being targeted by such funding (however limited). There was however a clear risk in some ECO contracts that if Co2 savings were not delivered then the projects would not stack up financially . The 2013 Autumn UK Budget Statement made a complicated programme even more difficult. Not only was the funding cut at a critical time but we also saw how ECO providers could withdraw contracts and money allocated to major infrastructure contracts with housing associations – there will certainly be an element of “once bitten twice shy” within our sector as a result. Our interest in the programme has waned since these changes.
19. In January 2014 DECC released figures for the number of Green Deal Assessments undertaken in each MP constituency for the preceding year. Figures in Gwynedd and Anglesey were as follows

Arfon 73 Dwyfor Meirionnydd 24 Anglesey 49

There was no information on how many assessments were then converted into a Green Deal package – it is likely that most of them didn't. Such a poor performance was extremely disappointing given the nature of the large numbers of hard to heat housing stock in our area (pre 1900 solid wall off gas), and also especially for areas

such as the Llyn peninsula which had recently been identified by the ONS as being one of the areas experiencing some of the highest levels of fuel poverty in the UK.

20. As previously mentioned during spring 2014 we ran the GAE project undertaking community research in Blaenau Ffestiniog, the Llyn peninsula and Community First areas in Gwynedd. A total of 295 questionnaires were completed, with roughly an equal amount of returns received from each area, plus 29 online returns via Survey Monkey. A number of focus groups were also run by each group.
21. The research examined resident's awareness and knowledge of energy bills and their thinking around improving the energy efficiency of their homes. Shockingly 47% of those taking part had never heard of the Green Deal and more than three quarters didn't know what the Green Deal was (76%, n=212).¹ The report concludes...

"There is a stark lack of awareness of the UK Government's flagship energy efficiency scheme, the Green Deal, in the four areas assessed. More than three quarters of residents asked did not know what the Green Deal is and only 18% understand it. These results are even starker taking into account earlier results showing this population are very interested in energy efficiency and consider reducing their energy bills very important. Of the 18% who understand the Green Deal most have considered taking up the services offered (15% of total). This could suggest that by increasing awareness and understanding a greater uptake could be achieved. This lack of awareness and scarcity of information is leading to assumptions that exclude some residents from attempting to access the Green Deal. Bad experiences by some of the few who have accessed the services available are leading residents to say they do not trust the scheme or that it is not designed to help them. Residents have repeatedly claimed the system is not clear and is too complicated; further evidencing a need for more assistance and local, trusted information to aid uptake."

22. The feedback from our wardens and community research also states that "ECO" is causing confusion as people think it is describing environmentally friendly actions which they or organisations can undertake; as opposed to a specific funding programme which they might be able to access.
23. The announcements of additional ARBED funding in 2013 to add value to ECO projects was welcome but rather late in the day and characterised by what seemed to be chaotic administration – December deadlines for a programme which needs to complete spending the following March does not inspire confidence in the administrator and makes projects harder to deliver on the ground.

Voices from the frontline – perspectives from the Grŵp Cynefin Community Energy Wardens

24. As previously described the Community Energy Wardens have been working in some of the most disadvantaged communities in Gwynedd and Anglesey. The services provided by the wardens include
 - Home visits to private and social housing to advise residents 1-1 on how to save energy
 - Providing information on the different tariffs available

¹ The market penetration and awareness of Welsh Government schemes was no better – only 19% of respondents had heard of NYTH and 6% of ARBED

- Referrals to Warm Homes Discount, NEST, ECO and Green Deal where appropriate.
- Advice on simple measures to reduce costs and how to make houses more cosy
- Methods to identify vulnerable people who are in fuel poverty and signposting them to relevant agencies.
- Advice on the correct use and settings of heating systems.
- Installation of draught proofing, radiator reflectors and low energy light-bulbs
- Providing feedback on energy installations and energy costs.
- Collaborative working on community events to raise awareness on how to use less energy.

25. The following points have been identified by them as some of the most important issues which arise when working with residents in these areas ²

Pre-payment meters

26. Many (if not most) of the fuel poor clients we see use pre-payment meters. During the GAE consultation the wardens collected 120 questionnaires in Caernarfon and Bangor- of those 90 were from respondents on pre-payment meters.

27. Many of the clients are fully aware they are being charged more but prefer to remain on the higher tariffs. Others may not be fully aware of the higher tariffs but choose not to change even when the situation is explained to them. For many on a low income and dealing with poverty' the survival mode is to budget on a weekly basis and they need to see exactly how much money is left in the meter. The market is adding to fuel poverty as utilities are still overcharging the poorest consumers for this service which they most require.

28. We also see a "poverty trap" for people who want to move from pre-payment meters. There are several barriers to changing tariff not least a commonly held belief that there is a minimum cost of £60 to change to another tariff from meter payment. We have also heard testimony (on the video evidence) that utilities will prevent people who are out of work from migrating to cheaper direct debits or dual fuel packages. The video testimony also shows an example of a company which requires a minimum £20 payment if the meter runs out.

29. The wardens have also seen a wide variety of "standing charges" on pre-payment meters ranging from 85p-£1.50 weekly for gas, and £1.50-£3.00 for electric. It is not immediately obvious why different companies have such different charging approaches and why there is not one consistent standing charge in operation

Digital inclusion

30. The wardens have also reported a significant problem relating to digital exclusion and the resulting lack of access to internet deals and supplier switching. In many of the areas we work there are still many people who do not access the internet and this is a particular problem for the Over 60s where IT use is described as "extremely rare". Use of smartphones and apps are limited because the 3G service is patchy or non-existent. The most commonly used form of communication that we come across is Pay as you go phones.

² Many of these points were also corroborated by Tai Eryri's Community Initiatives who have found exactly the same issues when undertaking energy monitoring visits to ARBED projects and gas switching installations

Warm Home Discount

- 31.** The Warm Home Discount is a vital safety net and it cannot be underestimated how valuable it is for many people living in fuel poverty. Between October 2013 – March 2014 the Community Energy Wardens assisted 61 applications with a value of £8,175.
- 32.** However our wardens report that many people do not know that the discount is available to them, and confusingly all the different utilities seem to have different timetables and application procedures. Usually the information required is only available on websites, There are many administrative hurdles which can also derail an application e.g. if the client hasn't the full information of dates from an energy switch. The Wardens have also experienced inconsistent approaches across the utilities especially for "non-core group" customers such as parents, Communication from the companies is poor and it is sometimes unclear why some clients are supported while others are not.
- 33.** We fully support collective energy buying campaigns such as Cyd Cymru, but timing is everything, and some clients might be persuaded to change supplier just at the moment in the year when Warm Home Discounts become available- most utilities require a minimum length of time before customers can apply for Warm Home Discount so it is vital that residents are fully informed about what is available to them and the implication of their choices.

Suitability of installations

- 34.** Our video evidence shows situations where the tenant or house owner remains in fuel poverty even after retrofit works have been carried out as the running costs remain high. Given that gas prices have risen over 120% since 2005 and are tied to many external geopolitical and economic factors it is arguable how future proof a solution it is to install thousands of gas central heating systems within fuel poor communities. Welsh Government urgently needs to consider alternatives to this situation which is likely to become a ticking fuel poverty time bomb in the future.
- 35.** Evidence from the Energy Wardens and also Tai Eryri's Community Initiatives Team have demonstrated that heating system controls are not well understood, and that many people under heat their homes because they are scared of technology and resulting costs if used incorrectly. The value of decent energy advice from trusted sources cannot be underestimated in making sure systems are used correctly and in the challenging of the most excessive energy behaviours.
- 36.** The situation in rural areas is also acute not only because of the lack of resources from central and Welsh government but also because the range of solutions on offer is limited. External Wall insulation is not a panacea and according to work undertaken by Professor Colin King and others (see the SUSREF project) may not be the best way to deal with solid walls in wet windy climates such as West Wales. Even after a relatively large programme of retrofit experience it is still unclear to us as a landlord what the best "fix" should be for a solid wall house heated by storage heaters and off gas- we suspect that we are not alone in this and would welcome further guidance and discussion on how this can be addressed.

Conclusion

- 37.** The target to eradicate fuel poverty in Wales is important and needs to be upheld. Much good work has been undertaken but current programmes are not being resourced enough and the scale of ambition is insufficient to achieve the objectives.
- 38.** For example under the 2007-2013 European programming period each French region allocated up to 4% of their ERDF Operational Programmes into energy efficiency investments and greater use of renewable energy in existing housing. Are our new European programmes in Wales being this ambitious? What will the Rural Development Plan be doing to address rural fuel poverty? What percentages of our operational programmes are being allocated to this agenda?
- 39.** We feel that there is still merit in looking at schemes similar to Green Deal which could be delivered in Wales but at low or zero interest rates and which can develop via revolving loan guarantee mechanisms. There is interesting work about this going on in Flintshire with potential to be replicated regionally and/or nationally.