

Cross Party Group on Fuel Poverty
Wednesday 4 June 2014
Ty Hywel (Conference Room C), National Assembly for Wales, Cardiff Bay
Minutes

In attendance:

Assembly Members:

Mark Isherwood AM
Alexander Phillips, Researcher, representing William Powell AM
Researcher representing Jenny Rathbone AM

Stakeholders:

Vera Brinkworth, Care & Repair Cymru
Duncan McCombie, Energy Saving Trust
James Cardy, Energy Saving Trust
Nick Speed, British Gas
Tim Wynn-Jones, npower
Helen Roach, NEA Cymru
Carole Morgan-Jones, NEA Cymru
Douglas Haig, National Landlords Association
Haf Elgar, Friends of the Earth
Matt Aplin, Ofgem
Graeme Francis, Age Cymru
Aileen Pritchard, Citizens Advice Cymru
Elle McNeil, Citizens Advice Cymru
Ceri Dunstan, Shelter Cymru
Nigel Winnan, Wales & West Utilities
Lia Murphy, Ofgem
Dorine Pannarale, National Landlords Association

Apologies

Andy Regan, Citizens Advice Cymru
David Fitzpatrick, Cynnal Cymru
Michael Anderson, SSE
Iwan Williams, Older People's Commissioner for Wales
Tomos Davies, Community Housing Cymru
Rachel Gingell, Care & Repair Cymru
Danielle Royce, Wales & West Utilities
Crispin Jones, E.On
Euan Phillips, West Coast Energy
Steve Salt, West Coast Energy
Angela Burns AM
Antoinette Sandbach AM

Minutes of the last meeting

1. The minutes of the previous meeting were approved. There were no matters arising.
2. Mark Isherwood welcomed guests to the Cross Party Group. Mark introduced Douglas Haig from the Residential Landlords Association to give an overview of fuel poverty in the private rented sector.
3. Douglas outlined the background to the demographic of tenants and landlords, and described the type of housing stock in the Private Rented Sector, which generally tends to be older stock generally pre 1918. 80% of landlords own one property rather than having big portfolios of properties on their books, and they make an important contribution in buying older stock to renovate to bring it up to a rentable condition. The average length of tenancies has now increased from 3 months to 3 years. Landlords could play a role in supporting tenants through education in energy efficiency, and implementing energy efficiency measures. However, energy efficiency schemes tend to omit the Private Rented Sector in their marketing campaigns. Douglas mentioned that, unlike the boiler scrappage scheme, the Green Deal and ECO schemes are not advertised to tenants and landlords well enough.
4. Tenant education is important but currently tenants are not asking for Energy Performance Certificates (EPCs), or for energy efficient measures to be installed in the accommodation they are looking to rent. Therefore, landlords are not making large changes to the energy efficiency of their properties. In order to see changes in housing stock, tenants must be engaged to ask about these measures which will in turn pressure landlords to implement such changes. Students vote with their feet and this has driven up the standards of student rental properties.
5. The majority of landlords have already implemented simple energy efficiency measures such as loft insulation. External wall insulation is the most important long-term measure that can be done to improve properties' energy efficiency, but it is difficult and expensive to implement. The expense of most energy improvements means that landlords are unlikely to implement them without financial support as they are unlikely to get the money back. The Welsh Government has announced a £70m fund to support the new ECO re-launch, but there seems to be a lot of hesitation to use this fund to support measures in the Private Rented Sector.
6. Douglas argued that the Private Rented Sector needs to have priority of this funding due to:
 - The older age of the housing stock in the Private Rented Sector
 - Under the Housing Bill, the discharge of the homelessness duty in to the Private Rented Sector will increase demand, which will lead to less choice for tenants and therefore will not drive up standards.
 - Under the Energy Act it will no longer be legal to rent out properties that are either F or G rated by 2018.
7. It is likely that people on Local Housing Allowance are in lower quality properties as they have less choice. Some of the schemes seem to rule out tenants that are typically in and out of work at different times and are on LHA. The Green Deal and ECO are based on a tenant model, and therefore would only apply to a property so long as the current tenants were living there. If this changed, as it often does in the PRS, the model would no longer be applicable to the property. There are also rules in the schemes which mean that you cannot improve your property in void periods (where there are no tenants present), although this is the best time to improve properties. The Empty Homes Loan is a positive step, but more can be done.

8. Douglas mentioned that tenants' main concern was in keeping the property clean rather than improving it for what they see as the landlords benefit. Tenant vouchers could be used to encourage and incentivise tenants.
9. In the new round of ECO, soft measures have been downgraded. The CERT and CESP experience has shown that suppliers prefer owner-occupiers and social landlords rather than the private rented sector. However, money should be targeted towards more long-term and harder treatments. Douglas called for the Welsh Government to show a sustained and consistent programme of support for improving properties' energy efficiency as the constant change in schemes and targets prevents long-term investment into properties.

Addressing fuel poverty through the Housing (Wales) Bill

10. Haf Elgar, Campaign and Policy lead, Friends of the Earth Cymru, but speaking on behalf of the Fuel Poverty Coalition Cymru then outlined the background to the Fuel Poverty Coalition Cymru. Established in 2009, it includes more than 50 organisations led by a steering group, who want to see an end to fuel poverty. The group uses the combined expertise of all members to highlight actions that need to be taken to reduce Fuel Poverty.
11. The Fuel Poverty Coalition Cymru has five key calls. These are:
 - Delivering Energy Efficient homes
 - Improving Health through warm homes
 - Crisis Support
 - Empower Consumers
 - Strategic approach
12. The Coalition believes that a focus on raising standards in the Private Rented Sector is important as here is a large gap. The latest data in 2012 shows that 30% of households in Wales are in Fuel Poverty. Consumers who are struggling to pay bills often cut back on other essential items. Data from the Private Rented Sector in 2008 indicated that 36% of households in the Private Rented Sector are fuel poor, and that those properties have the worst average energy efficiency.
13. The Warm Homes Act 2000 sets a legal duty for the Welsh Government to eradicate fuel poverty by 2018. Whilst it is generally acknowledged that this target will not be met, the WG still has a duty to do all that is reasonably practical. The Housing (Wales) Bill provides a legislative opportunity to drive up energy efficiency standards. The Coalition approves the licensing of landlords in order to target two specific groups; unintentional landlords who are unaware of their duties and a minority of rogue landlords who take advantage of vulnerable tenants and give landlords a bad name.
14. The Fuel Poverty Coalition Cymru has been recommending five key areas of amendments to the bill. These are:
 - That compliance with existing regulations is a condition of being a licenced landlord
 - That existing law relating to houses and tenancy is included in the fit and proper persons test
 - Ensuring that PRS tenants have access to the energy efficiency rating of the properties on the landlords register
 - To introduce the responsibility of landlords to assist tenants with accessing funds for energy efficiency
 - To include standards relating to energy efficiency in the code of practice

The Bill is in committee at stage two at the moment, and many amendments fell at a tied vote. Haf thanked Mark Isherwood for tabling many of these amendments. The Coalition hopes to progress these amendments in some format. It is clear from the committee discussions that the standard of housing is an issue for the assembly.

Questions

1. Nick Speed asked if there were issues specific to Wales in relation to housing properties and energy efficiency, and mentioned a Smart Meter Roll-out event happening at the Senedd on 1st July.
 - a. The housing stock in Wales is old and it is often not economic to bring them back into use. Currently, solid external wall insulation is not feasible.
 - b. Off grid properties is an issue which is more acute within Wales than England.
 - c. The repairing standard in Wales relies on tenants to check properties and report issues, rather than having them checked by an external agent.
2. Carole Morgan-Jones mentioned that copies of the 2014 UK Fuel Poverty monitor were available online and hard copies were also distributed to stakeholders at the CPG. Shelter has recently released a report, funded by British Gas, called 'Fit to Rent' which shows that two-thirds of tenants experience problems with their property.
 - a. Carole asked Douglas to explain in more detail about the differences between the UK and European models of tenancy. Douglas mentioned that repairing obligations in Germany are on the tenant, not the landlord. You also have to obtain an insurance policy where day to day use would cover you. It is more like a commercial lease in the UK. The landlord is far more responsible in the UK and the cost to tenants is much less. Landlords want longer term models, but there is not a demand from tenants.
3. Duncan McCombie asked whether the Coalition and the Residential Landlords Association are lobbying for advice about energy saving options to be supplied to tenants. The Energy Saving Trust used to be funded to provide advice to tenants but this has now been stopped and brought in house by the Welsh Government.
 - a. Haf highlighted that advice is important and should be available through many channels, not just online. Marketing campaigns haven't targeted the Private Rented Sector in the past.
 - b. Douglas mentioned that tenant education is very important, and should be there throughout a tenancy, and not just when tenants move into a property.
4. Tim Wyn Jones asked about the progress of lobbying for the PRS in the ECO maximisation fund.
 - a. Douglas has not heard any more since the first two meetings.
 - b. The Environment and Sustainability Committee are currently holding an inquiry into fuel poverty and energy efficiency. The closing date for the consultation is 13 June and many of the Coalition partners are submitting their own responses. The Coalition will also be submitting its key calls. Carole stressed the importance of re-establishing the Ministerial Advisory Group.
 - c. There is a Ministerial Statement on Fuel Poverty next Tuesday. If stakeholders wanted to raise any questions, please send these to Carole to pass on to Mark.
5. Lia Murphy mentioned that Ofgem has produced a tenants' rights factsheet as part of their 'Be an energy shopper' campaign.

6. Duncan McCombie stated that there are not just the big energy companies, but many medium sized energy suppliers, that could help to keep energy local.
 - a. Douglas mentioned that there are not that many large landlords in Wales.
 - b. Friends of the Earth will soon be starting a new campaign on community energy.

7. James Cardy asked whether there are any ways in which the cost of External Wall Insulation could be reduced in order to make it a more feasible option for landlords.
 - a. There would need to be leadership from government to invest in that to reduce costs.
 - b. It depends on the designs of the schemes.
 - c. There are currently two accreditation schemes in Wales, but they are about accreditation, not about economies of scale.