

## Cross-Party Group Annual Report: Cross Party Group on Fuel Poverty

Date: 24 November 2014

### Group membership and office holders

#### Chair

Mark Isherwood AM	
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#### Assembly Members

Andrew RT Davies AM Suzy Davies AM Antoinette Sandbach AM	Kirsty Williams AM Simon Thomas AM Mike Hedges AM
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#### Secretariat

Carol Morgan-Jones (NEA Cymru)	Andrew Regan (Citizens Advice Cymru)
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#### External Members

Graeme Francis - Age Cymru Haf Elgar - Friends of the Earth Jennie Bibbings - Shelter Cymru Ed Bridges - WRVS Carole Morgan-Jones - NEA Cymru Rhys Evans - Consumer Futures Vera Brinkworth - Care and Repair Ceri Dunstan - Shelter Cymru David Fitzpatrick - Sustain Wales Rachel Gingell - Care and Repair Mary van den Heuvel - Leonard Cheshire Disability Shea Jones - Community Housing Cymru Sean O'Neill - Children in Wales Rebecca Rennison - Leonard Cheshire Disability Hayley Richards - Oxfam Cymru Rita Singh - Sustain Wales Alun Thomas - Citizens Advice Michael Anderson - SSE Gwion Evans - Children's Commissioner for Wales Cat Griffiths-Williams - Campaign for the Protection of Rural Wales Paul Haines - British Gas	Rhian Hughes - Wales Co-operative Centre Alun James - WWF Chris Jones - Betsi Cadwaladr Community Health Council Crispin Jones - Eon Richard Jones - Older People's Commissioner for Wales Peter Kocen - Energy UK Wendy Marinos - Carillion PLC Duncan McCombie - Energy Saving Trust Ruth Mullineux - Save the Children Lia Murphy - Ofgem Andy Regan - Older People's Commissioner for Wales Huw Roberts - Huw Roberts Associates Jackie Roe - Wales and West Utilities Nick Speed - British Gas Nigel Winnan - Wales and West Utilities Craig Anderson, Warm Wales Tony Graham, Trussell Trust Carol Davies, British Association of Social Workers (BASW) Steve Salt, West Coast Energy
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#### Previous Group meetings since the last AGM

##### Meeting 1

Date: Meeting and AGM held on 11<sup>th</sup> December 2013 in the Media Briefing Room, National Assembly for Wales, Cardiff Bay

## Attendees

### Assembly Members

Mark Isherwood AM, Welsh Conservatives (Chair)	Antoinette Sandbach AM, Welsh Conservatives
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### Stakeholders

Carole Morgan-Jones Andrew Regan Huw Roberts Ian Thomas Nick Speed Shea Jones Douglas Haig Michael Anderson Steve Woosey Sue Purnell Fern Leathers Sean O'Neill Craig Anderson	<b>Apologies:</b> Graeme Francis Simon Thomas AM Meleri Wyn Davies Mary van den Heuvel Lia Murphy Crispin Jones
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### Summary of issues discussed

- The minutes of the previous meeting were approved. There were no matters arising.
- Mark Isherwood welcomed guests to the Cross Party Group. Mark thanked Fern Leathers from the Department of Energy and Climate Change (DECC) for attending the Cross Party Group to give an overview of the Hills Review and the new definition of fuel poverty being adopted in England. In Wales, the 10% definition is still being used, and the Welsh Government has no plans for a revised definition.
- In April 2013 the Welsh Government released figures on the extent of fuel poverty in Wales using the 10% definition. This showed that 30% of households (or 386,000 homes) in Wales were living in fuel poverty in 2012, compared to 26% in 2008. The report also emphasised that investment in energy efficiency measures has helped to keep 3% of Welsh homes out of fuel poverty. They also mapped fuel poverty figures for Wales under the final Hills Review definition which showed that 144,000 households (11%) were in fuel poverty across Wales under this definition in 2012.
- **Annual General Meeting** - Mark outlined the new rules which have been introduced for the operation of Cross Party Groups (CPGs which) are now required to have an Annual General Meeting, annual report and financial statement. Copies of the annual report were provided to guests along with a financial statement for 2012-13. During the last year the CPG has heard from a range of speakers about Nest, the Green Deal and the Energy Company Obligation, collective switching, and the UK Fuel Poverty Monitor.
- **Election of Chair and Secretariat** - Mark stated that he would be pleased to continue to chair the CPG, which he has chaired since the Group was established in 2009. Similarly, NEA Cymru and

Consumer Futures (previously Consumer Focus Wales), provide secretariat support for the CPG and would be happy to continue in this role. Mark asked members if they supported his election as Chair of the CPG and NEA Cymru and Consumer Futures as joint secretary for the CPG. This was approved by members.

- **Fuel poverty; a new framework - presentation by Fern Leathers, Fuel Poverty Strategy, Consumers and Households, Department of Energy & Climate Change (DECC)** - Fern gave a presentation on the new definition of fuel poverty being adopted in England. She outlined the background to the new definition and the independent review commissioned in March 2011 from Professor John Hills of the London School of Economics. The key questions considered during the review included whether fuel poverty was a distinct issue; whether the current definition was correct; and how fuel poverty should be measured. The Hills Review did conclude that fuel poverty is distinct from poverty more generally.
- Criticism of the 10% definition was that fuel poverty figures were low when energy prices were low, but high when energy prices rise. It also suggested that nearly half of the population were in fuel poverty and the review looked at whether it gave an accurate picture of who is fuel poor.
- The outcome of the review was that Professor Hills recommended adopting the Low Income High Costs approach, where a household is considered fuel poor if; it has an after housing costs income below the poverty line after adjusting for energy costs, and it faces above average energy costs. The LIHC approach provides indicators which show the extent and depth of fuel poverty, measured by the fuel poverty gap. DECC consulted on the preferred approach in September 2012. It has received some criticism that it is a complex definition to understand but generally there was broad support for changing the current definition.
- In July 2013 the Government confirmed that they will adopt the new approach, and amendments were made to the Energy Bill to update the Warm Homes and Energy Conservation Act 2000 so that a new fuel poverty target can be established through secondary legislation. The new target will be supported by a new fuel poverty strategy and DECC will be consulting on the form, date and level of the new target after Royal Assent of the Energy Bill. DECC's strategic framework document sets out how the Government will use the new LIHC indicator to help to shape future policy decisions.

## Meeting 2

Date: Wednesday 4 June 2014 - Ty Hywel (Conference Room C), National Assembly for Wales, Cardiff Bay

## Attendees

### Assembly Members

Mark Isherwood AM (Chair) Alexander Phillips, Researcher, representing William Powell AM	Researcher representing Jenny Rathbone AM
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### Stakeholders

Vera Brinkworth, Care & Repair Cymru Duncan McCombie, Energy Saving Trust James Cardy, Energy Saving Trust Nick Speed, British Gas Tim Wynn-Jones, npower	<b>Apologies</b> Andy Regan, Citizens Advice Cymru David Fitzpatrick, Cynnal Cymru Michael Anderson, SSE Iwan Williams, Older People's Commissioner for
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<p>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 &amp; West Utilities  Lia Murphy, Ofgem  Dorine Pannarale, National Landlords Association</p>	<p>Wales  Tomos Davies, Community Housing Cymru  Rachel Gingell, Care &amp; Repair Cymru  Danielle Royce, Wales &amp; West Utilities  Crispin Jones, E.On  Euan Phillips, West Coast Energy  Steve Salt, West Coast Energy  Angela Burns AM  Antoinette Sandbach AM</p>
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### Summary of issues discussed

- **Minutes of the last meeting** - The minutes of the previous meeting were approved. There were no matters arising.
- 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.
- 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.
- 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.
- 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.
- 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.
- 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.
- 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.
- 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** - 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.
- 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
- 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.
- 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.

- 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.

**Professional lobbyists, voluntary organisations and charities with whom the Group has met during the preceding year**

<p>Fern Leathers          Fuel Poverty Strategy          Consumers and Households          Department of Energy and Climate          Change</p> <p>Haf Elgar          Campaign and Policy lead,          Friends of the Earth Cymru          33 Castle Arcade Balcony          Cardiff          CF10 1BY</p>	<p>Douglas Haig          Director for Wales          Residential Landlords Association          c/o James Douglas Sales and Lettings          1, St. Martin's Row          Albany Road          Cardiff          CF24 3RP</p>
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## Annual Financial Statement: Cross Party Group on Fuel Poverty

24 November 2014

Chair: Mark Isherwood AM

### Secretariat

Carol Morgan-Jones (NEA Cymru), Director, National Energy Action Cymru, Room 30, Temple of Peace, Cathays Park, Cardiff CF10 3AP. Email: carole.morgan-jones@nea.org.uk. Tel 02920 229322

Andrew Regan, Energy Policy Manager, Citizens Advice Cymru, 4<sup>th</sup> Floor, Trafalgar House, 5 Fitzalan Place, Cardiff CF24 OED. Email: Andrew.Regan@citizensadvice.org.uk. Tel 03000 231439

<b>Group's Expenses.</b>	None.	£0.00
<b>Costs of all goods.</b>	No goods purchased.	£0.00
<b>Benefits received by the group or individual Members from outside bodies.</b>	No benefits received.	£0.00
<b>Any secretariat or other support.</b>	No financial support received.	£0.00
<b>Services provided to the Group such as hospitality.</b>		
All refreshments paid for by Citizens Advice Cymru.		
<b>Date</b>	<b>Description and name of provider</b>	<b>Cost</b>
11 December 2013	Refreshments (tea/coffee/water) provided by CH&Co Catering Ltd, National Assembly for Wales, Cardiff Bay, Cardiff CF99 1NA.	£28.44
4 June 2014	Refreshments (tea/coffee/fruit juice/water) provided by CH&Co Catering Ltd, National Assembly for Wales, Cardiff Bay, Cardiff CF99 1NA.	£30.96
<b>Total cost</b>		<b>£59.40</b>