

Cynulliad Cenedlaethol Cymru | National Assembly for Wales  
Y Pwyllgor Newid Hinsawdd, Amgylchedd a Materion Gwledig  
Climate Change, Environment and Rural Affairs Committee  
Ymchwiliad i Dlodi Tanwydd | Inquiry into Fuel Poverty  
FP 03

Ymateb gan : Cymdeithas Landlordiaid Preswyl  
Evidence from : Residential Landlords Association

## **About the RLA**

The Residential Landlords Association (RLA) represents the interests of landlords in the private rented sector (PRS) across England and Wales. With over 30,000 subscribing members and an additional 20,000 registered guests who engage regularly with the Association, the RLA is the leading voice of private landlords. Combined, the RLA members manage over a quarter of a million properties.

The RLA provides support and advice to members and seeks to raise standards in the PRS through its code of conduct, training and accreditation. Many of the RLA's resources are available free to non-member landlords and tenants.

The Association campaigns to improve the PRS for both landlords and tenants, engaging with policymakers at all levels of Government to support its mission of making renting better.

### **1. The scale and impacts of fuel poverty in Wales.**

#### **The scale**

Fuel poverty is a major public health issue, responsible for an excess death rate of almost 2000 people in the winter of 2010/11. This number has declined since then due to milder winters, but older housing stock and high energy prices mean the population remains vulnerable to a harsh winter especially elderly, disabled or groups of people particularly susceptible to the cold. It has a major contribution towards creating health issues such as respiratory conditions, cancer and circulation problems as well as mental health disorders and for people to not meet their full potential.

In Wales, a person defined as living in fuel poverty is someone who in order to heat their home to a satisfactory standard, will need to spend more than 10 per cent of their household income on fuel. With over 300,000 Welsh households or 24% of total households living in fuel poverty, fuel poverty is a major concern and Wales has some of the highest levels of fuel poverty in the UK.

Of course, fuel poverty is prevalent in all housing tenures. However, it is most prominent in the Private Rented Sector. This is due to several factors including the PRS containing some of the oldest proportion of old stock including a large proportion of pre-1919 stock in comparison to the social sector and owner-occupied sector and the PRS being used to house increasingly high numbers of vulnerable tenants.

According to the Welsh Housing Conditions Survey 2017/18, housing conditions have improved across all tenures. Although the data also indicated that the PRS had the highest proportion of poor-quality housing, the conditions had improved considerably since 1981. The data revealed that around 4 per cent of social housing stock was built pre 1919 compared to 43 per cent in the PRS. This is understandably why the social sector has the highest SAP rating at 68 and an average EPC rating at D compared to the PRS SAP rating of 60. Over a ten-year period, the SAP rating in the PRS had increased by 13 points and was deemed to have made the most improvements out of all tenures.

### **The impact**

One of the grim impacts of fuel poverty, is that it forces the most vulnerable in society to make the choice between heating and eating. As a direct consequence, those impacted can have poor diet, find themselves in debt and have difficulty paying utility bills. Over 50,000 households find themselves in debt to electricity suppliers while data for gas suppliers indicates a similar picture.

The latest data from the Housing Conditions Survey indicates that the PRS is increasingly housing the most vulnerable including more families and elderly people. Evidently more support is needed to target fuel poverty within the

PRS rather than going to the relatively easy to engage households in the owner occupied and social housing sector.

As more family's access the PRS, the impact on children and young people is a concern. According to a survey from Save the Children, 45 per cent of parents said they were considering cutting back on food in order to pay energy bills while over half of respondents believe their children's health will be impacted by fuel poverty. Fuel poverty has a direct impact on respiratory illness such as asthma, bronchitis and wheezy chests.

Elderly people are significantly more likely to suffer or die from Excess Winter Deaths especially during winter months and evidence suggests that cold conditions can further trigger dementia and mental health conditions.

## **2. Why the Welsh Government failed to meet its statutory target of eradicating fuel poverty in Wales by 2018.**

Some progress has been made in tackling fuel poverty. However, eradicating fuel poverty will not be achieved by targeting schemes in the most deprived LSOAs (through the Index of Multiple Deprivation) and in targeting households on means tested benefits and low incomes alone. A more holistic approach is required that not only targets all geographies across Wales including rural communities, but also ensures that all housing tenures have access to support. Some programmes have made significant inroads in tackling fuel poverty in the social and owner-occupied housing sectors but has done little to reduce fuel poverty in the PRS with little access to funding and support to landlords in this sector compared to the social sector.

Where funding is open to the PRS, we are concerned that programmes have inadequate support and communication with landlords to ensure properties in the PRS get access to funding. The RLA is concerned that many funding streams to tackle fuel poverty are not eligible to the PRS and even when access is open to the sector, the coordination and communication can often be weak and lack a coherent strategy for implementation.

One opportunity open to the PRS is ECO funding, which has been allocated from the UK Government and is open to the PRS and owner-occupied sector.

The RLA is concerned that as of late a new funding scheme, known as Eco Flex, is not being sufficiently taken up by Welsh local authorities and distributed to the PRS where the money is urgently needed. From our research and in communicating with Welsh local authorities, we are concerned that a significant number of local authorities are unable to make the most of Eco Flex due to limitations on resources and an inability to allocate the necessary officers to administer and monitor the scheme. On face value, there appears little support for local authorities in terms of monitoring and administering the scheme while English local authorities such as North Somerset are working effectively with local private landlords to ensure the money is used effectively.

We understand that other local authorities or indeed other organisations can administer and monitor Eco Flex applications on behalf of local authorities, and we are in talks with several local authorities in how we as an organisation could support the administration to the funding. We urgently call for greater partnership working between local authorities to ensure the PRS and those most at need get access to Eco Flex and call for the Welsh Government to use its influence in delivering a strategic approach to accessing funds in the most efficient way.

Additional factors other than access to funding include the growing price of energy, which has constitutently risen over the years. However, we accept that the Welsh Government have limited powers to mitigate these factors and we call for the National Assembly for Wales to consider additional powers and solutions to the problems of rising energy costs.

**3. How Welsh Government action to date has helped to combat fuel poverty, in particular, the impact of the Warm Homes Programme (including Nest and Arbed) and the Welsh Housing Quality Standard;**

The Welsh Housing Quality Standard, may have made progress in several factors on housing conditions, including ensuring housing is safe, well managed, adequately heated and meets the needs of tenants. However, this standard only relates to the social housing sector and would have no impact of other tenures where the priority should be met.

Much of the policy around improving energy efficiency within the PRS is being delivered by the UK Government through the Minimum Energy Efficiency Standards (MEES.) Since April, all new or renewed private sector tenancies require properties to have at least an 'E' rating on their Energy Performance Certificate. From 2020 that will apply to all private rented homes with the possibility that standards will be raised to a 'C' by 2030.

The UK Government initially implied that there would be a no cost to landlord's policy, but now costs are capped at £3,500. Our research laboratory, PEARL found 37 per cent of landlords with properties rated F or G are unable to afford to bring their property up to at least an E rating. On average, such landlords reported that it would cost them almost £5,800 to bring their properties up to the required standard. Furthermore, the House of Common's Business, Energy and Industry Strategy Committee have recommended that the cost cap to landlords be increased to £5,000, which we are concerned will further limit the ability of many landlords to make the improvements.

Previous research by RLA PEARL has found that 61 per cent of landlords reported that tax relief for energy efficiency works would encourage them to improve the energy efficiency of their properties. The rapidly changing sector, economic uncertainty, and increasing regulation is taking its toll. The proportion of landlords that are planning to sell properties in the next 12 months has increased by four percentage points since Q3 2016 and now stands at 23%. We estimate that this could be 133,000 net loss of properties to rent over the next 12 months.

While many of these proposals are not in the gift of the Welsh Government, we are calling for greater funding to be open to the PRS to mitigate against these challenges in order to support landlords improve the quality of their homes.

In terms of general action taken to tackle the problem of fuel poverty in Wales, it is a concern that general targets for eliminating fuel poverty were not met and energy prices have consistently risen over the past few years. Indeed, Welsh Government data taken from the fuel poverty projection tool

highlighted that over the period 1999 to 2012, action taken had only reduced fuel poverty by 3% across Welsh homes.

Given the many reasons for fuel poverty including poverty in general, energy costs and societal reasons, the ability of the Welsh Government might be curtailed by the lack of powers to tackle the fuel poverty holistically including tackling the issue of high energy costs.

Since 2012, the Welsh Government have invested over £150 million and improved over 27,000 homes, reducing energy bills and helping households to heat their homes at a more affordable cost. In 2015 – 16 the Nest scheme received £25.5 million and improved 6162 homes. Arbed received £19 million and improved 1971 properties. Schemes are geography based and centre on communities that are in the most deprived areas of Wales according to the Welsh Index of Multiple Deprivation. Nest eligibility is on means tested benefits and for homes that are E, F or G.

Despite the targeted nature of programmes such as NEST and Arbed, many of those homes in most need of support was not getting funding and support that they require including in the PRS. In terms of the NEST programme, the original target was to support 15,000 homes under the HEES. It was disappointing to learn that targets had been reduced to 5,000 during the second year of NEST. To put this in to context, just under 400,000 homes were believed to be in fuel poverty over 2012 around the same time of the second year of NEST.

Support on offer from the NEST programme including providing advice and education was also delivered by the Energy Saving Trust creating duplication in effort. Further to our concerns over the lack of support specifically to the PRS, with little monitoring and evaluation evidence, we have seen no evidence to support the impact support has had on the small cohort of households supported. We have concerns over whether many of these households were fuel poor in the first place and to what extent the issue of fuel poverty was eradicated as a result of the funding.

**4. How the Welsh Government's successor to the fuel poverty strategy (due for consultation in Autumn 2019) should differ from its 2010 strategy;**

Most importantly, we believe that there must be greater dialog and support between local authorities and landlords within the PRS. Local authorities can support landlords through their existing schemes such as empty homes strategies and regeneration schemes. Those landlords who contribute towards these local priorities and schemes should have greater support and be incentivised in making empty or dilapidated accommodation into a home fit for human habitation. We believe that the fuel poverty strategy should place a great emphasis on the issue of empty properties to ensure that funding is in place to support landlords in getting the property up to a sufficient standard, in order to prevent people living in hard to heat homes in the first instance. For the strategy to have long-term success, any objectives should focus on targeting hard to heat homes within the PRS rather than focusing on individual groups. This would ensure that the benefit of improvements to properties could reach more people as they transition into different homes during the lifespan of the property.

We believe that there are several potentially effective schemes on offer to tackle the issue of fuel poverty. However, they must be more effectively coordinated which will require leadership from the Welsh Government. With regards to the UK Government's Flexible Eligibility scheme, local authorities should liaise more closely with energy providers to maximise and target the use of Eco Flex money to target those that need support the most including within the PRS. In this context, we believe that it is essential for local authorities to work together or to work with external organisations to maximise an efficient and well-coordinated delivery of funding to ensure those most at need receive the money.

The Welsh Government should consider tax incentives within its competence including Land Transaction Tax to improve environmental efficiency of homes within the PRS. In addition, the Welsh Government should change current taxation policy on relief for improvements. Current policy sees relief generally provided at the sale of the property for individual private landlords; this should be switched to relief against rental income to encourage and support more landlords to make improvements to their properties. On the subject of energy suppliers and the cost of energy, we would like to see the

Welsh Government reduce any barriers to entry for small energy producing companies and co-operatives, which will also enhance the green energy sector, simplify tariffs to end complexity in the market and enable people to have confidence that switching suppliers will result in the expected savings and to legislate to put an end to companies' powers to disconnect any home from gas or electricity as is the case with water supply.

**5. What steps the Welsh Government should take to ensure that new-build homes, as well as existing homes, are highly energy efficient to prevent them causing fuel poverty in the future.**

The Welsh Government should review the current stock of homes and plans to increase housing across the country, in order to develop a new tenure neutral house building strategy that ensures we have enough homes to meet the challenges of the future.

The RLA calls for a holistic approach which does not just consider the refitting of homes but takes into consideration the people living within homes. In order to tackle fuel poverty, the problem should be part of the Welsh Government's wider anti-poverty programme and should be open to all housing tenures. This holistic approach would consider the impacts of worklessness and welfare and benefits have on fuel poverty.

We would also be supportive of changes in the planning process to ensure a significant number of new builds were zero carbon by 2020 providing there was specific technical advice notices to support local authorities in the production of their development plans.

With any future policy implemented to ensure that new builds are highly energy efficient, we hope that central to any developments will be an improved emphasis on providing local jobs, training and support for local supply chains to ensure sustainability. The installation of low carbon heating and energy efficiency measures often uses local labour and the investment has the potential to boost employment and economic growth. There is also potential for longer-term benefits resulting from the lowering of energy bills which enable higher disposable income for domestic consumers and a reduction in running costs for business, the benefits of which can be spent elsewhere in the economy. The geographic spread of demand means that the



supply chains and manufacturers that support the energy efficiency industry are likely to be located in deprived communities and can provide sustainable jobs across Wales.

Thank you for taking our views into consideration. We look forward to reading your final recommendations.