



Llywodraeth Cymru
Welsh Government

Tackling Fuel Poverty

2021-2035

**A plan to support people struggling to meet
the cost of their domestic energy needs**

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Ministerial Foreword



Lesley Griffiths MS
Minister for Environment,
Energy and Rural Affairs

A handwritten signature in black ink that reads "Lesley Griffiths".

In October, I published proposals in a draft plan to tackle fuel poverty in Wales. The consultation ended on 31 December, by which time 57 individual responses were received. Additionally, more than 75 stakeholders from across Wales attended virtual workshops, hosted by National Energy Action Wales, to discuss our proposals.

Taken together with the Landscape Report on Fuel Poverty in Wales published in October 2019 by Audit Wales and the Senedd's Committee on Climate Change, Environment and Rural Affairs (CEERA) inquiry into fuel poverty report tabled in April 2020, the plan has been informed by a wealth of knowledge and experience from stakeholders working to tackle poverty on a daily basis. The plan I am presenting is designed to build on the excellent progress made over the past ten years and to provide even better support to our partners across the third, public and private sectors in Wales.

The immediate path ahead is shrouded with uncertainty but the Welsh Government is committed to its course. The swift rollout of the coronavirus vaccine is being delivered as part of the world-leading fight back against this terrible pandemic, which has blighted too many families over the past twelve months. As we emerge from the pandemic, our efforts to tackle fuel poverty must be firmly rooted in supporting a clean, green and sustainable economic recovery, fulfilling our obligations to decarbonise housing in Wales as we work towards achieving net zero by 2050. This Plan has a part to play in delivering this Government's priorities on the foundational economy, protection of our natural environment and social partnership but at its heart it will ensure Welsh households can afford to maintain a sustainable, safe and comfortable home environment.

Introduction

This plan should be read in conjunction with the consultation outcome report and integrated impact assessment published in support of this plan.

This plan sets targets for tackling fuel poverty, together with ten short term actions, to be delivered by the Welsh Government in partnership with key stakeholders over the next two years.

A review of the actions will be undertaken as part of the Welsh Government's biennial review and report on fuel poverty. The first review will be undertaken in 2023. The action plan will be amended as appropriate and in consultation with stakeholders.

Definition of Fuel Poverty

For the purpose of this plan and as defined in the Warm Homes and Energy Conservation Act 2000, a household is to be regarded as living “in fuel poverty” if a member of a household is living on a “lower income” in a home which cannot be kept “warm” at “reasonable cost”.



Targets

Our fuel poverty plan has clear targets, which meet our obligations under the Warm Homes and Energy Conservation Act 2000. While noting the Welsh Government cannot influence all of the wider determinants of fuel poverty, our plan includes meaningful but still stretching targets, taking account of the lessons learned over the past ten years and the representations submitted to us during the public engagement exercise, which ended on 31 December 2020.

By 2035:

- No households are estimated to be living in severe or persistent¹ fuel poverty as far as reasonable practicable
- Not more than 5% of households are estimated to be living in fuel poverty at any one time as far as reasonably practicable
- The number of all households “at risk” of falling into fuel poverty will be more than halved based on the 2018 estimate².

These three targets will be used to determine how successful the Welsh Government has been at achieving the statutory objective. The Welsh Government is undertaking further research into potential interim targets to be introduced as part of the first periodic review to be undertaken in 2023.

Delivering the Plan – How we are going to meet our objective

To achieve our objective to further reduce fuel poverty, across 2021-2035 we will take action across four policy goals within the control of the Welsh Government:

Goal 1: Identify	Proactively identify people who are in, or at risk of being in, fuel poverty to ensure our support will benefit people living on lower incomes.
Goal 2: Prioritise and protect	Worst First – Ensure people in most need receive the most appropriate package of support so they can always continue to heat their homes.
Goal 3: Decarbonise	Fabric First – Improve the thermal and energy efficiency of lower income homes in the owner occupier and private rented sector, reducing energy bills and harmful carbon emissions.
Goal 4: Influence	Use our influence to ensure that the UK Government, Energy Regulator and energy companies consider and meet the needs of people living in Wales.

¹ Persistent Fuel poverty: being in Fuel poverty in two of the preceding three years.

² An estimated 144,504 households at risk of being in Fuel poverty in Wales, spending between 8% and 10% of their household income on fuel costs. This is equivalent to 11% of households in Wales.

Definitions

Lower income: The Households Below Average Income³ (HBAI) report presents information on living standards in the UK based on household income measures. Estimates are provided for average incomes, income inequality, and for the number and percentage of people living in low income households. For the purpose of this plan, lower income is defined as being less than 60% of the average relative median household income before housing costs as published annually in the HBAI report.

Satisfactory heating regime: a “satisfactory heating regime” is 23°C in the living room and 18°C in other rooms achieved for 16 hours in a 24 hour period in households with older or disabled people. For other households, a temperature of 21°C in the living room and 18°C in other rooms for nine hours in every 24 hour period on weekdays, and 16 hours in a 24 hours period on weekends is considered satisfactory⁴. The **Welsh Government will, however, commission advice** to determine whether the current definition is appropriate to ensure people can be kept comfortable and safe, especially in light of some changed working patterns as a result of the pandemic.

Vulnerable households are households where the occupants include one or more of the following:

- a person aged 60⁵ and over
- a dependent child or children under the age of 16
- a single person aged under 25
- a person living with a long term illness or who is disabled.

Severe fuel poverty: Households needing to pay more than 20% of their **full household income** to maintain a satisfactory heating regime.

Fuel poverty: Households needing to pay more than 10% of their **full household income** to maintain a satisfactory heating regime.

At risk of fuel poverty: Households needing to pay more than 8%, but less than 10% of their **full household income** to maintain a satisfactory heating regime.

Persistent fuel poverty: Households needing to pay more than 10% of their full household income to maintain a satisfactory heating regime in two out of the three preceding years⁶.

In Wales, estimated levels of fuel poverty will continue to be reported based on the definitions above using the full income methodology. Full Income comprises:

- The Primary Benefit Unit (PBU) income, which is calculated by totalling the personal incomes of everyone in the household (aged 16 and over), plus any benefit or other income source payments that the household receives (from earned income, state benefits and savings etc.).
- Income from other benefits
- the Winter Fuel Payment (WFP), if applicable
- Housing related income, including: housing related benefits (HB), Council Tax Benefit (CTB), and the deduction of Council Tax payable.

3 <https://www.gov.uk/government/statistics/households-below-average-income-199495-to-201819>

4 As recommended in “Understanding the characteristics of low income households most at risk from living in a cold home” published 11 July 2016 SRN/41/2016.

5 A person aged 60 years and older is defined as an older person for the purpose of this plan.

6 Persistent poverty is defined by the Social Metrics Commission as being in poverty two out of the past three years.

The Welsh Government will also report fuel poverty estimates based on the Low Income High Cost (LIHC) or Low Income Low Energy Efficiency (LILEE) Measures, the methodology used by the UK Government. Welsh Government reporting of fuel poverty estimates will also include analysis on the fuel poverty gap, or depth of fuel poverty, which is the average cost difference for people to pay less than 10% of their income for their home energy costs.

Fuel Poverty estimates will be prepared and published for all households, disaggregated in line with the definitions above and below the low income threshold.

Energy Efficiency Energy Performance Certificates (EPC): The Standard Assessment Procedure (SAP) is the methodology used by the UK Government to assess and compare the energy and environmental performance of homes. Its purpose is to provide an accurate and reliable assessment of home energy performance. This assessment process underpins energy and environmental policy initiatives. Using the SAP methodology, homes are given an energy performance certificate (EPC). The SAP methodology will continue to provide the basis of the Welsh Housing Conditions Survey (WHCS) and for the setting of domestic energy efficiency targets within the Warm Homes Programme.

Kilowatt Hours (kWh): A kilowatt hour (kWh) is a measure of how much energy is used. It is simply a unit of measurement that equals the amount of energy used if a 1,000 watt appliance is kept running for an hour. Welsh Government investment in the next iteration of the Warm Homes Programme, designed to tackle fuel poverty by improving home energy efficiency, will aim to achieve a 21%⁷, and not less than a 15%⁸ reduction in household energy needed to maintain a satisfactory heating regime in the target population. In cases where there is evidence of energy self-disconnection or self-rationing, improvements will be measured against modelled typical consumption levels for the beneficiary household.



⁷ <https://www.thecccc.org.uk/wp-content/uploads/2019/05/Net-Zero-Technical-report-CCC.pdf> - page 79

⁸ Based on UKCCC report recommendation *Homes Fit for the Future?* Published February 2019.

Action	Description	When	Policy Goals
Warm Homes Programme			
1	Continue to invest and deliver home energy efficiency improvements to support households in fuel poverty or at risk of living in fuel poverty, including through the Warm Homes programme.	Ongoing April 2021 to March 2023	Identify, prioritise and protect, decarbonise
2	<p>Consult on revised arrangements for delivering measures for tackling fuel poverty beyond March 2023. The consultation will explore options for delivery such as:</p> <ul style="list-style-type: none"> The policy objectives to be achieved through continued investment in home energy efficiency improvements, such as contribution to climate change, housing decarbonisation, clean growth, wellbeing and fuel poverty Proposed amendments to the Home Energy Efficiency Scheme (Wales) Regulations The critical success factors against which key performance indicators will be developed (CCERA⁹ Recommendation 7) Proposals for revisions to the criteria used to determine eligibility for support, including health conditions and lower incomes (CCERA Recommendation 10) Home energy efficiency measures and enabling works to be included within the scope of schemes designed to improve home energy efficiency, including a principled approach to innovation The level of financial support offered to beneficiaries of the programme, especially for householders living in rural areas of Wales (CCERA Recommendation 18) Continuing improvement of quality assurance techniques in relation to housing retrofit to provide reassurance to householders that workmanship is to the highest standards (PAS2035/2030) 	Plan Year 1 June 2021 to December 2021	Prioritise and protect, decarbonise
	Based on the outcome of the Home Energy Efficiency consultation, publish the Welsh Government's response to the consultation and implement our findings to start in April 2023.	Plan year 2 March 2022 to March 2023	Identify, prioritise and protect, decarbonise

⁹ Committee for Climate Change, Environment and Rural Affairs Inquiry into Fuel Poverty published 24 April 2020.

Action	Description	When	Policy Goals
Domestic Energy Efficiency Advice and Support Services			
3	<p>Based on the outcome of our advice and support pilot project (CCERA Recommendation 13) announced in September 2020, we will consult on Domestic Energy Advice and Support Services. These arrangements will help people save money and reduce energy use by:</p> <ul style="list-style-type: none"> • Getting a better energy deal • Ensuring they receive all of the entitlements they are owed by UK Government or energy companies • Adopting new technologies such as smart meters • Moving away from pre-payment meters • Applying for home energy efficiency measures. 	Plan year 1 June 2021 to December 2021	Identify, prioritise and protect, decarbonise
	<p>Based on the outcome of the Domestic Energy Advice and Support Services consultation, we will publish the Welsh Government's response to the consultation and implement our findings to start in April 2023.</p>	Plan year 2 March 2022 to March 2023	Identify, prioritise and protect, decarbonise
4	<p>Prepare, publish and keep under review a plan to improve winter resilience for people struggling to meet the cost of their domestic fuel needs and at risk of avoidable ill health or premature death from living in a cold home. The plan will describe arrangements the Welsh Government has put in place to:</p> <ul style="list-style-type: none"> • Support lower income households to meet the cost of minor repairs to central heating boilers during autumn and winter • Make emergency payments to enable lower income households to top up pre-payment meters, avoiding the negative impacts of energy self-rationing and self-disconnection • Support people who are owner occupiers living in fuel poverty with support to make minor repairs or enabling works to their home to maintain or improve energy efficiency (CCERA Recommendation 11). 	Plan year 1 September 2021	Identify, prioritise and protect, decarbonise

Action	Description	When	Policy Goals
Monitoring, evaluation and reporting			
5	In response to recommendations made by the Senedd Committee for Climate Change, Environment and Rural Affairs, we will set up an administrative advisory board on fuel poverty to monitor and review progress on action to tackle fuel poverty in Wales (CCERA Recommendation 4).	Plan year 1 June 2021	Identify, prioritise and protect, influence
6	Prepare and publish Welsh domestic energy data annually to help us and partners focus on communities at greatest risk of living in fuel poverty (CCERA Recommendation 8).	Plan year 2 July 2022	Identify, prioritise and protect, influence
7	Publish a biennial review of performance towards our 2035 objectives, which shall include the publication of fuel poverty estimates for Wales (CCERA Recommendation 4).	Plan year 2 July 2022	Identify, prioritise and protect, influence
Working with our partners			
8	Encourage the UK Government, Regulator and Energy suppliers to reduce the overreliance on the installation of prepayment meters as a method of recovering arrears, which results in self-rationing and self-disconnection.	Ongoing	Identify, prioritise and protect, influence
9	Support the implementation of the smart metering framework by 2024 (CCERA Recommendation 15).	Ongoing	Identify, prioritise and protect, influence
10	Support the development and implementation of the Energy Company Obligation scheme and other UK Government initiatives in relation to Wales (CCERA Recommendation 14).	Ongoing	Influence, decarbonise

Glossary of Abbreviations

BRE	Building Research Establishment
DAF	Discretionary Assistance Fund
ECO	Energy Company Obligation
EPC	Energy Performance Certificate
EUP	Energy Using Products
EWI	External Wall Insulation
HBAI	Households Below Average Income
KWh	Kilowatt Hours
LHA	Local Housing Authority
LIHC	Low Income High Cost
LILEE	Low Income Low Energy Efficiency
LSVT	Large Scale Voluntary Transfer
MRA	Major Repairs Allowance
PAS	Publicly Available Specification (PAS2035/2030)
PRS	Private Rented Sector
RdSAP	Reduced Standard Assessment Procedure
RSL	Registered Social Landlord
SAP	Standard Assessment Procedure
SBRI	Small Business Research Initiative
SMC	Social Metrics Commission
UKCCC	United Kingdom Committee on Climate Change
WAO	Wales Audit Office
WHCS	Welsh Housing Conditions Survey
WHD	Warm Homes Discount
WHP	Warm Homes Programme
WHQS	Welsh Housing Quality Standards

