

Agenda – Climate Change, Environment and Rural Affairs Committee

Meeting Venue:

Committee Room 3 – Senedd

Meeting date: 8 January 2020

Meeting time: 09.00

For further information contact:

Marc Wyn Jones

Committee Clerk

0300 200 6363

SeneddCCERA@assembly.wales

PRE-MEETING (09.00 – 09.15) PRIVATE

1 Introductions, apologies, substitutions and declarations of interest

2 Fuel Poverty – evidence session 1

(09.15–10.30)

(Pages 1 – 48)

Heléna Herklots CBE – Older People's Commissioner for Wales

Prof Sally Holland – Children's Commissioner for Wales

Adam Smiley, Political Strategy Manager – Scope

Attached Documents:

Research brief

Paper – Older People's Commissioner for Wales

Paper – Children's Commissioner for Wales

Paper – Scope

Break 10.30–10.45



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3 Fuel Poverty – evidence session 2

(10.45–12.00)

(Pages 49 – 71)

Dr Steffan Evans, Policy and Research Officer – Bevan Foundation

Lindsay Murray, Project Manager – Warm Wales

Adam Scorer, Chief Executive – National Energy Action

Attached Documents:

Paper – Bevan Foundation

Paper – Warm Wales

Paper – National Energy Action

4 Paper(s) to note

4.1 Welsh Government response to the Committee's report on The Welsh Government's proposed Sustainable Farming Scheme: restoring biodiversity

(Pages 72 – 79)

Attached Documents:

Welsh Government response

4.2 Letter to the Minister for Environment, Energy and Rural Affairs – follow up from scrutiny session on 20 November 2019

(Pages 80 – 85)

Attached Documents:

Letter

4.3 Letter to the Minister for Environment, Energy and Rural Affairs – follow up to the Welsh Government's response to the Committee's report on Environmental Principles and Governance post-Brexit

(Pages 86 – 88)

Attached Documents:

Letter

4.4 Letter to the Chair of Natural Resources Wales – invitation to attend an annual scrutiny session

(Pages 89 – 91)

Attached Documents:

Letter

4.5 Correspondence from the Chair of the External Affairs and Additional Legislation Committee to Jeremy Miles AM, Counsel General and Brexit Minister – follow-up work on Brexit preparedness

(Pages 92 – 97)

Attached Documents:

Letter

5 Motion under Standing Order 17.42 (vi) to resolve to exclude the public for the remainder of the meeting

PRIVATE MEETING: 12.00 – 12.20

6 Consideration of evidence received under items 2 and 3

Document is Restricted

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Y Pwyllgor Newid Hinsawdd, Amgylchedd a Materion Gwledig
Climate Change, Environment and Rural Affairs Committee
Ymchwiliad i Dlodi Tanwydd | Inquiry into Fuel Poverty
FP 07
Ymateb gan : Comisiynydd Pobl Hŷn Cymru
Evidence from : Older People's Commissioner for Wales

Fuel poverty remains a significant issue for older people with the latest figures showing that there are around 88,000 older households living in fuel poverty.¹ This is despite a statutory duty to eradicate fuel poverty in the Warm Homes and Energy Conservation Act 2000, and a Welsh Government commitment that, as far as reasonably practicable, no-one in Wales will be living fuel poverty by 2018.²

Whilst the number of households in Wales living in fuel poverty has halved over the last ten years,³ as a result of the Warm Homes Programme and the introduction of the Welsh Housing Quality Standard, it is concerning that so many older people continue to live in fuel poverty, potentially choosing between heating their homes and eating properly.

The Welsh Government's new strategy to tackle fuel poverty should continue to build upon the successes of the 'person-centred' tailored advice and referral/signposting service that the Nest programme has been developing alongside its voluntary sector partners over recent years and must include benefit entitlement checks.

It is important not to 'decouple' fuel poverty from the wider issue of poverty amongst older people. In excess of 20% of older people are living in relative income poverty in Wales and for many older people, the long winter months provide unavoidable dilemmas about whether to heat or eat,⁴ with 25% of older people buying cheaper food or less of it.

Increasing household income is a major factor in preventing fuel poverty and it is essential that older people are fully aware of all financial entitlements that they qualify for and are encouraged to take-up these entitlements. It is estimated that up to £214m of Pension Credit goes unclaimed every year in Wales.⁵

Older people with a pension income of less than £167.25 (£255.25 for
Pack Page 29

couples) may be eligible to a Pension Credit payment which would top up their income. The average amount received by those claiming is £58 per week which can make a difference to their income of around £3,000 a year. Claiming Pension Credit can also unlock a range of other entitlements such as council tax discounts, free dental treatment and help with housing costs.

Increasing benefit take-up would be a significant way of tackling fuel poverty among some of the poorest older people and the new strategy must further build upon the success of the benefit entitlement checks and support measures achieved to date.

The new strategy must further enhance diverse referral routes and partnership involvement through local authorities, primary and secondary health services, third sector organisations and charities in order to identify and reach out to those vulnerable households still living in fuel poverty.

In order to ensure that new-build homes are highly energy efficient Welsh Government should maintain an overview so that all housing developments comply with Planning Policy Wales, which states that ‘the planning system must enable provision of a range of well-designed, energy efficient, good quality market and affordable housing that will contribute to the creation of sustainable places’.⁶

Finally, given the numbers of vulnerable households still living in fuel poverty, the strategy must contain a clearly defined work programme for both its schemes. The work programmes should have meaningful milestones, describing by how much and by when it intends to reduce levels of fuel poverty on an annual basis.

Progress/contribution against the milestones should be reflected in each scheme’s annual report.

I hope that these comments are helpful.

¹ Welsh Government. (2019). *Fuel poverty estimates for Wales: 2018*; <http://bit.ly/2myTQvS>

² Welsh Government. (2010). *Fuel Poverty Strategy 2010*; p.7; Available at: <http://bit.ly/2lCm5cQ>

³ Welsh Government. (2019). *Fuel poverty estimates for Wales: 2018*; <http://bit.ly/2myTQvS>

⁴ Age Cymru. (2014). *AMs discuss fuel poverty among older people in Wales*; <http://bit.ly/2mEto3l>

⁵ Independent Age. (2019). *Pension Credit: A closer look*. <http://bit.ly/2mFWIXz>

⁶ Welsh Government. (2018). *Planning Policy Wales: Edition 10*; <https://bit.ly/2kGcxNn>

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FP 26

Ymateb gan : Comisiynydd Plant Cymru
Evidence from : Children's Commissioner for Wales

Since my time as Commissioner I have consistently highlighted that child poverty is one of the biggest challenges facing children in Wales.

In April 2019 I published my new three year plan for the final three years of my term as Commissioner. Within this one of my ambitions is to see Wales by 2022 as “a country whose government has taken new steps to reduce child poverty and its impact”.¹

Over the last two years I have also called for concrete steps from Welsh Government to make a positive difference to children living in poverty here in Wales including using levers and taking actions that are available to them as a devolved Government.

I am writing to the committee to; draw their attention that such opportunities exist within this agenda; emphasise that decision going forward will have an impact on children's rights and share relevant information from my report published earlier this year A Charter for Change: Protecting Welsh Children from the impact of poverty

Living in fuel poverty is likely to compromise a number of children's rights including; the right to an adequate standard of living (Article 27), the Right to life, survival and development (Article 6) and the Right to Health and health services (Article 24) and even the right to an education (Article 28). The full text of these and all articles contained in the United Nations Convention on the Rights of the Child can be found [here](#).

Between 2018 and 2019 I undertook a significant piece of work around child poverty in Wales. This involved over 550 children and young people age 5 – 21, over 300, as well as over 40 professionals working with children and young

people in poverty, including teachers, play workers and representatives of third sector organisations.

The report I published as a result of this work, [A Charter for Change: Protecting Welsh Children from the impact of poverty](#), urged Welsh Government to produce a Child Poverty Delivery Plan focusing on concrete and measurable steps to address child poverty in the short and medium term, particularly in respect of the associated costs of school.

However, I'm sure it will not come as a surprise to the committee that a host of other issues were raised during discussions, many of which are interlinked.

The cost of energy bills was raised by children, parents/carers and professionals. Children and young people are very much aware of the high costs associated with fuel and energy bills. A large majority of the children who were spoken to in year 6 at a school in South Wales, for example, identified fuel and energy bills as 'very expensive' when asked what Ceri's family (fictional child/young person whose family lives in poverty), would have to pay for.

Parents raised the cost of gas and electricity along with rent and debt, one parent described this as "a never ending cycle of getting by."² A school parents club in South Wales also spoke about these costs having an impact on their ability to improve their children's quality of life, their own feelings of guilt about not being able to take their children on trips out where cost is involved, and the impact of this upon their own mental health, well-being and self-esteem.

Professionals raised how food banks offered fuel and energy vouchers or credit alongside their food provision service, for those families in need of it. "Most of the poverty we see is in working families...families have s**t jobs with s**t pay and get up at 5am for that – it means that parents are absent and knackered and barely making ends meet. Its soul destroying." (Youth Worker, North Wales).

¹ Children's Commissioner for Wales, [Annual Report and Accounts 2018–19](#), 2019.

² Children's Commissioner for Wales, [A Charter for Change: Protecting Welsh Children from the impact of poverty](#), 2019.

Parents raised the cost of gas and electricity along with rent and debt, one parent described this as “a never ending cycle of getting by.”² A school parents club in South Wales also spoke about these costs having an impact on their ability to improve their children’s quality of life, their own feelings of guilt about not being able to take their children on trips out where cost is involved, and the impact of this upon their own mental health, well-being and self-esteem.

Professionals raised how food banks offered fuel and energy vouchers or credit alongside their food provision service, for those families in need of it. “Most of the poverty we see is in working families...families have s**t jobs with s**t pay and get up at 5am for that – it means that parents are absent and knackered and barely making ends meet. Its soul destroying.” (Youth Worker, North Wales).

I am aware that Welsh Government is currently considering future plans in respect of fuel poverty and have shared some initial views at the Minister for Environment, Energy and Rural Affairs round table event including; ensuring that any household with children (up to 18), including households that consist of an older child (young person) living independently, have the opportunity to access targeted scheme/s or programmes which can help lift them out of fuel poverty. This relates not only to the rights listed above but also Article 1 which provides that all the rights included in the United Nations Convention on the Rights of the Child apply to anyone under the age of 18. I would however expect a fuel poverty strategy for Wales to address the needs of other vulnerable groups for whom fuel poverty also has a number of significant impacts including in extreme cases loss of life.

Secondly, Children and young people are provided with adequate opportunities to sensitively share their experiences of housing conditions and fuel poverty, and contribute to developing policy and practice in this area. This should be part of a robust monitoring and evaluation framework for the action plan. This would afford children their right under Article 12; to express their views, feelings and wishes in all matters affecting them, and to have their views considered and taken seriously

I am also conscious that work is being taken forward in respect of the First Minister’s commitment to re-engineer existing funding programmes to ensure

that they have the maximum impact on the lives of children living in poverty. I will continue to engage with Ministers and officials and emphasise the value and indeed in certain cases duty to consider the impact of children's rights when making decisions in these areas. Doing this effectively involves an awareness not only of what is being delivered but ensuring there is clear understanding of the outcomes to be achieved, current and future reach in terms of working towards equality for all children and young people. Like last year I am continuing to call upon Government to analyse the budget in the context of its impact on children and young people.

Lastly, children and young people in Wales and across the world are speaking out about climate change. Indeed earlier this year I facilitated a discussion between the Minister for Environment, Energy and Rural Affairs and pupils from Atlantic College and Radnor Primary school about this issue. How fuel poverty is addressed going forward sits within this wider context, which children and young people feel so passionately about. Two young people eloquently raised with the Minister that new plans should ensure a balance between climate change and social justice is achieved. I hope that Welsh Government will work with such insight and also afford children and young people their right to exercise their voice and consider their views about issues that affect them in the here and now but also their future.

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Y Pwyllgor Newid Hinsawdd, Amgylchedd a Materion Gwledig

Climate Change, Environment and Rural Affairs Committee

Ymchwiliad i Dlodi Tanwydd | Inquiry into Fuel Poverty

FP 26

Ymateb gan : Scope

Evidence from : Scope

Summary

Scope welcomes the opportunity to respond to the Climate Change Environment and Rural Affairs Committee's inquiry into Fuel Poverty.

Life costs more for disabled people. Our research shows that disabled people face average extra costs of £583 a month. For one in five disabled people, these costs add up to over £1,000 each month.

As energy is one of these of these extra costs, disabled people are more likely to be affected by fuel poverty. While the Welsh Government does not publish specific statistics on the impact of fuel poverty on disabled people, almost two-fifths (38.6 per cent) of households in England living in fuel poverty include a disabled person.

Scope therefore believes that an effective fuel poverty strategy would need to address the particular challenges facing disabled people. While fuel poverty amongst vulnerable households in Wales has dropped significantly since the introduction of the 2010 Fuel Poverty Strategy, it is not clear whether the Welsh Government's fuel poverty measures are dealing with the specific issues that make disabled people more susceptible to the effects of fuel poverty. The revised strategy should place a greater emphasis on proactively identifying disabled people at risk of fuel poverty and addressing the specific challenges facing them.

Recommendations

While updating the Fuel Poverty Strategy for Wales, the Welsh Government should:

1. Commit to reporting the prevalence of fuel poverty amongst disabled people.
2. Introduce a specific target around the reduction of fuel poverty amongst disabled people.
3. Adapt its measure of fuel poverty so that it takes into account the impact of extra costs on disabled people's living standards.
4. Commit to ensuring that all schemes and programmes designed to alleviate fuel poverty are targeted at disabled people.
5. Commit to exploring the possibility of introducing an in-home advice service designed to help disabled people access the support they need to lift themselves out of fuel poverty.
6. Commit to working with NHS Wales to improve the identification of disabled people who are either in fuel poverty or are at risk of detriment due to poorly heated homes.
7. Introduce a 'disability principle'. This disability principle would recognise that disabled people tend to have higher energy requirements, meaning they are more likely to face unaffordable energy bills and to suffer detriment while living in poorly heated homes.

Background into disabled people's financial resilience

1. Many disabled people face additional costs related to their impairment or condition. For disabled people in the UK, these costs amount to an average of £583 a month.¹ This is on top of welfare payments designed to help meet these costs. One in five disabled people face extra costs of over £1,000 each month.²

¹ Scope (2019), The Disability Price Tag 2019, <https://www.scope.org.uk/campaigns/extra-costs>

² Scope (2019), The Disability Price Tag 2019, <https://www.scope.org.uk/campaigns/extra-costs>

2. Unsurprisingly, disabled people are disproportionately affected by poverty. In Wales, 39 per cent of disabled people are in poverty, compared to 22 per cent of non-disabled people. This poverty rate for disabled people is the highest in the UK.³
3. The National Survey for Wales has similarly found that 22 per cent of people with ‘a limiting long-standing illness, disability or infirmity’ in Wales were in material deprivation, compared to just 12 per cent of non-disabled people.⁴
4. Disabled people also tend to be less financially resilient. Research commissioned by Scope has found that disabled people in the UK have on average of £108,000 less in savings and assets than non-disabled people.⁵
5. In 2016–17, a third of people in Wales with ‘a limiting long-standing illness, disability or infirmity’ could not afford to save £10 a month for retirement or a rainy day, compared to just under a sixth of those without.⁶
6. Disabled people are also more likely to be trapped in debt. Sixteen per cent of households with a disabled person in the UK have unsecured debt totalling more than half their household income, compared to 8 per cent of households overall.⁷
7. The extra costs disabled people face fall broadly into three main categories:

³ Joseph Rowntree Foundation (2018), Poverty in Wales 2018,, <https://www.jrf.org.uk/report/poverty-wales-2018>

⁴ Welsh Assembly (2018), National Survey for Wales, <https://gov.wales/national-survey-wales-results-viewer>

⁵ McKnight, A. (2014). Disabled people’s financial histories: uncovering the disability wealth penalty, CASE paper 181 <https://core.ac.uk/download/pdf/20543895.pdf>

⁶ Welsh Assembly (2018), National Survey for Wales, <https://gov.wales/national-survey-wales-results-viewer>

⁷ Scope (2013), Disabled people and financial well-being: Credit and debt, <http://www.scope.org.uk/Scope/media/Documents/Publication%20Directory/Credit-and-Debt.pdf?ext=.pdf>

- **Paying for specialised goods and services**, such as assistive technology, wheelchairs or adapted items of clothing.
- **Greater use of non–specialised goods and services**, such as energy and taxis or private hire vehicles.
- **Spending more on non–specialised goods and services**, including some financial products such as insurance.

Disabled people and fuel poverty

8. Disabled people face specific challenges in the energy industry. A third of disabled adults say their impairment or condition has a significant impact on their energy costs.⁸ Disabled people with limited mobility, for example, might have to use more heating to keep warm, whilst people using assistive technology or electrical equipment such as powered wheelchairs will need to use additional electricity to charge these items.

“Our house is a 24-hour running house, as Curtis has overnight care. Our washing machine seems to be constantly on. We have three sets of bedding per day to wash and dry. Including our own bedding, that’s 23 sets of bedding per week.”
Garry, Scope Storyteller

9. Given these higher energy costs, it is possible that disabled people in Wales are disproportionately affected by fuel poverty. This is certainly the case in England, where, under a different measure of fuel poverty, almost two–fifths (38.6 per cent) of households in England living in fuel poverty include a disabled person.⁹ These disabled people would need an average of £308 extra a year to lift them out of fuel poverty.¹⁰

10. The current availability of statistics around disabled people in Wales living in fuel poverty makes it difficult to establish whether disabled

⁸ Scope (2018), Out in the cold, <https://www.scope.org.uk/campaigns/extra-costs/out-in-the-cold/>

⁹ Department for Business Energy and Industrial Strategy (2019). Annual fuel poverty statistics report 2019 (2017 data) England.

¹⁰ Ibid.

people in Wales are also disproportionately affected by fuel poverty, as is the case in England.

11. Rather than publishing statistics on fuel rates among disabled people, the Welsh Government uses the category of 'vulnerable households'. This broad category includes any household containing disabled people, elderly people or those under the age of 16.
12. In 2018, 11 per cent of 'vulnerable' households in Wales were in fuel poverty, compared to 12 per cent of all households. ¹¹
13. This represents a significant reduction in fuel poverty since 2008, when 29 per cent of 'vulnerable' households in Wales were in fuel poverty, compared to 26 per cent of all households in Wales.
14. While this reduction in fuel poverty is positive, the way the statistics are currently presented mean it is difficult to know whether disabled people have benefited equally from the Welsh Government's efforts to eradicate fuel poverty.

Digital exclusion and online inaccessibility

15. Disabled people are more likely to be digitally excluded. Twenty per cent of disabled people have never accessed the internet, compared to just five per cent of all adults in the UK.
16. Disabled people who do have access to the internet may still find that they are not able to access certain online products and services. In one survey conducted on behalf of Scope, 55 per cent of disabled people in

¹¹ Welsh Government (2019), Fuel poverty estimates for Wales: 2018, <https://gov.wales/sites/default/files/statistics-and-research/2019-09/fuel-poverty-estimates-wales-2018-020.pdf>

England and Wales had experienced issues with inaccessible websites within the previous 12 months.¹²

17. This may explain why only 36 per cent of disabled people in Great Britain use price comparison sites to compare energy deals, compared to 57 per cent of non-disabled people.¹³
18. This may be because some price comparison websites are inaccessible. Using the Wave web accessibility tool, Scope found 39 errors on a single page of one well-known price comparison website.
19. Digital exclusion and online inaccessibility may also explain why only 37 per cent of disabled people manage their electricity or gas accounts online, compared to 55 per cent of non-disabled people.¹⁴
20. The barriers disabled people face while using the internet may therefore be limiting disabled people's ability to find the best deals, particularly when it comes to firms with a predominantly online presence.
21. This may be a contributing factor to the higher energy costs faced by disabled people.

How the Welsh Government's successor to the fuel poverty strategy should differ from its 2010 strategy

Measuring the prevalence of fuel poverty amongst disabled people

22. Scope welcomes the significant reduction in fuel poverty amongst households classed as vulnerable since 2008.

¹² Scope (2018), Out in the cold, <https://www.scope.org.uk/campaigns/extra-costs/out-in-the-cold/>

¹³ Ofgem (2018) Consumer Engagement Survey 2018: Data Tables, Q165, <https://www.ofgem.gov.uk/publications-and-updates/consumer-engagement-survey-2018>

¹⁴ Ofgem (2018) Consumer Engagement Survey 2018: Data Tables, Q10, <https://www.ofgem.gov.uk/publications-and-updates/consumer-engagement-survey-2018>

23. Some evidence suggests that disabled people have benefited from some of the Welsh Government's fuel poverty measures. Research carried out jointly by the UK Energy Research Centre, the University of York and the Association for Decentralised Energy has, for example, found that Wales has made progress in targeting support at disabled people at risk of fuel poverty.¹⁵
24. However, as previously noted, the Welsh Government's use of the broad category of 'vulnerable household' means that there is no publicly available estimate of the prevalence of fuel poverty amongst disabled people in Wales.
25. As each of the groups within this category face different challenges, not every group will necessarily have benefitted equally from this reduction in fuel poverty.
26. As a result, it is difficult to evaluate the Welsh Government's progress at eradicating fuel poverty amongst disabled people in Wales.
27. To ensure that its fuel poverty measures are tackling the specific challenges faced by disabled people, it will be necessary for the Welsh Government to publish statistics on the prevalence of fuel poverty amongst disabled people in Wales

Recommendation: While updating the fuel poverty strategy for Wales, the Welsh Government should commit to reporting the prevalence of fuel poverty amongst disabled people.

Recommendation: While updating the fuel poverty strategy for Wales, the Welsh Government should introduce a specific target around the reduction of fuel poverty amongst disabled people.

¹⁵ UK Energy Research Centre (108), Justice in Energy Efficiency: a focus on fuel poor disabled people and families, <https://www.disabilityrightsuk.org/sites/default/files/pdf/UKERCACEpolicyguide.pdf>

28. Scope believes that the methodology for the current measure of fuel poverty should recognise the impact of extra costs on the financial resilience of disabled people.
29. As previously mentioned, Scope's research shows that disabled people an average of £583 a month in extra costs. This is the additional amount of money a disabled person would need to earn to be able to afford an equivalent standard of living to a non-disabled person.¹⁶
30. Once extra costs are factored in, a disabled person with an income above the poverty threshold may in fact have the same standard of living as a non-disabled person in poverty.
31. Scope therefore believes that a higher poverty threshold should be used when the metric is used to assess whether disabled people are in fuel poverty.
32. A similar approach was recently adopted by the Social Metric Commission. Their measure of poverty deducts inescapable costs from a family's income. These inescapable costs include childcare, housing and extra costs.¹⁷
33. While the Social Metric Commission uses the monthly value of PIP as a proxy for extra costs, Scope believes that the true figure is much higher, as our extra costs figure of £583 per month is calculated after income including welfare payments like PIP.¹⁸

¹⁶ Scope (2019), The Disability Price Tag 2019, <https://www.scope.org.uk/campaigns/extra-costs>

¹⁷ Measuring Poverty 2019 (2019), Social Metrics Commission, https://socialmetricscommission.org.uk/wp-content/uploads/2019/07/SMC_measuring-poverty-201908_full-report.pdf

¹⁸ Ibid.

34. Scope would be happy to work with the Welsh Government to develop a methodology that takes into account the impact of extra costs on disabled people.

Recommendation: While updating the fuel poverty strategy for Wales, the Welsh Government should adapt its measure of fuel poverty so that it recognises the impact of extra costs on disabled people's living standards.

Identifying and addressing the needs of disabled consumers

a) Identifying disabled people in need of additional support

35. As was recognised in the 2010 Fuel Poverty Strategy, many disabled people may be missing out on the benefits and grants to which they are entitled.
36. In 2015, research carried out by the Extra Costs Commission, a year-long inquiry at Scope into the extra costs faced by disabled people, found that familiarity amongst disabled people with grants to support people with their energy bills was low. Forty per cent were unfamiliar with the Warm Home Discount, 85 per cent were unfamiliar with the Energy Companies Obligation, and more than 80 per cent of disabled people had not heard of the Priority Services Register.
37. Although it is possible that awareness has increased since 2015, these figures suggest that more could be done to ensure that every disabled person who is eligible for support receives it.
38. While the Nest helpline and website may be a helpful source of information for some disabled people, uptake of the available support could be improved through the adoption of a more proactive approach to identifying disabled people at risk of fuel poverty.

39. The Scottish Government funds Energycarers, an in-house advice service delivered by the Energy Saving Trust. Energycarers are specialist energy advisors who can provide intensive support to households with issues that make them more susceptible to fuel poverty, including people who are disabled.
40. During home visits, Energycarers support consumers in a range of ways, such as:
- Helping them to find the best energy tariff,
 - Helping them to find funding for energy efficiency improvements or home repairs,
 - Approaching their private landlord about energy issues.
41. As the scheme was only introduced in 2019, it is too early to say whether it has led to an impact on fuel poverty in Scotland. However, an evaluation of an earlier pilot of the scheme reported that ‘the pilot demonstrated that a higher level of support is valuable in encouraging reluctant groups to take up energy efficiency measures in the home’.
42. The evaluation also found that ‘one wider benefit of the HES Homecare scheme was its ability to identify people who are not supported through other means’.¹⁹
43. It is therefore possible that introducing a similar scheme in Wales could help ensure that disabled people can access the support for which they are eligible.²⁰

¹⁹ Housing and Social Justice Directorate (2019), <https://www.gov.scot/publications/evaluation-hes-homecare-pilot/pages/10/>

²⁰ <https://www.energysavingtrust.org.uk/blog/energy-carer-support-scotland>

44. While this service would be based on Energycarers, the Welsh Government should ensure that they build and develop on this by addressing any issues identified during the pilot in Scotland.

Recommendation: While updating the fuel poverty strategy for Wales, the Welsh Government should commit to ensuring that all schemes and programmes designed to alleviate fuel poverty are targeted at disabled people.

Recommendation: While updating the fuel poverty strategy for Wales, the Welsh Government should commit to exploring the possibility of introducing an in-home advice service designed to help disabled people access the support they need to lift themselves out of fuel poverty.

Home visits from primary care practitioners

45. The National Institute for Health and Clinical Excellence's guidelines on 'excess winter deaths and illness and the health risks associated with cold homes' recommend that primary care, social care and non-health practitioners carry out annual assessments of the heating needs of those who use their services.²¹

46. Scope believes that this approach could complement the introduction of an in-house advice service for disabled people in fuel poverty. If an assessment finds that a disabled person has high energy needs, they would be referred to the new in-house advice service.

Recommendation: While updating the fuel poverty strategy for Wales, the Welsh Government should commit to working with NHS Wales to improve the identification of disabled people who are either in fuel poverty or are at risk of detriment due to poorly heated homes.

²¹ NICE (2015), Excess winter deaths and illness and the health risks associated with cold homes, <https://www.nice.org.uk/guidance/ng6>

b) Addressing the individual needs of disabled people

47. In recognising the negative health effects of living in a cold home, the 2010 Fuel Poverty highlights an issue that is disproportionately likely to affect disabled people.
48. Energy efficiency programmes, however, tend to focus on technical solutions to fuel poverty. The new strategy should instead place more of an emphasis on measures that meet the individual needs of disabled people in fuel poverty.
49. The new fuel poverty strategy for Wales could do this through the inclusion of a specific ‘disability principle’.
50. This would be based on the ‘vulnerability principle’ in the Fuel Poverty Strategy for England. The UK Government is currently considering amending this principle so that it is clear that the Government will consider ‘the impact of our policies on the health and wellbeing of people on very low incomes, even when they live in a reasonably energy efficient home’. This would mean that they would consider the needs of low-income vulnerable households that are living in A–C rated homes ‘where they may be at risk of serious health impacts, such as if their boiler breaks and they are unable to repair it.’²²
51. The Welsh Government could use this as a basis for a ‘disability principle’. This disability principle would acknowledge the fact that disabled people tend to have higher energy requirements than non-disabled people, making them more likely to fall into fuel poverty.

²² Department of Business, Energy and Industrial Strategy (2019), Consultation on the fuel poverty for England, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/819606/fuel-poverty-strategy-england-consultation.pdf

52. In practice, this disability principle could mean disabled people at risk of fuel poverty would still benefit from energy efficiency measures even if they live in B or C rated homes. This would, of course, depend on an assessment of a disabled person's individual circumstances, including the impact of a person's condition or impairment on their heating needs.

Recommendation: While updating the fuel poverty strategy for Wales, the Welsh Government should introduce a 'disability principle'. This disability principle would recognise that disabled people tend to have higher energy requirements, meaning they are more likely to face unaffordable energy bills and to suffer detriment while living in poorly heated homes.

We're Scope

We're Scope, the disability equality charity. We won't stop until we achieve a society where all disabled people enjoy equality and fairness.

We provide practical advice and emotional support to disabled people and their families whenever they need it most.

We use our collective power to change attitudes and end injustice. And we campaign relentlessly to create a fairer society.

Agenda Item 3

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 17

Ymateb gan : Sefydliad Bevan

Evidence from : Bevan Foundation

Introduction

The Bevan Foundation is Wales' most influential think-tank. We aim to end poverty and inequality by working with people to find effective solutions and by inspiring governments, organisations and communities to take action. We are grateful for the opportunity to respond to the Climate Change, Environment and Rural Affairs Committee's call for evidence to support its inquiry into fuel poverty. Our extensive work on poverty and inequality provides us with some insights into the difficulties faced by those living in low income households, including fuel poverty. Our response draws on this experience, and is divided into five sections reflective of the committee's main areas of interest:

- the scale and impacts of fuel poverty in Wales;
- why the Welsh Government failed to meet its statutory target of eradicating fuel poverty in Wales by 2018;
- 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
- how the Welsh Government's successor to the fuel poverty strategy (due for consultation in Autumn 2019) should differ from its 2010 strategy;
- 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 scale and impact of fuel poverty in Wales

The Bevan Foundation believes that the Welsh Government's current approach to measuring fuel poverty means that we are unable to accurately examine the scale and impact of the problem. Under the Welsh Government's

Fuel Poverty Strategy 2010 a household is said to be living in fuel poverty if 10 per cent or more of household income is spent on household fuels to maintain a satisfactory heating regime.¹ If 20 per cent or more of household income is spent on household fuels a household is said to live in severe fuel poverty.²

The weaknesses of this approach were set out by John Hills in his review of Fuel Poverty in England in 2012.³ One of the weakness identified by Hills is that measuring fuel poverty purely as a percentage of a household's income could lead to some middle to high income households being classified as living in fuel poverty.⁴ A higher income household which lives in a large dwelling could have significant household fuel bills that amount to over 10 per cent of their income. If these households' incomes were high enough to afford a good standard of living after covering fuel costs, however, it seems inaccurate to describe these households as living in a form of poverty. Of the 155,000 households living in fuel poverty in Wales, 21,000 live in the richest 70 percent of households, over 10 percent of the total number of households said to live in fuel poverty.⁵

In response to this and other weaknesses the UK Government has adopted a different model when measuring fuel poverty in England,⁶ with the Scottish Government also adopting a new measure through the enactment of the Fuel Poverty (Targets, Definition and Strategy) (Scotland) Act 2019.⁷ Whilst both measures are slightly different both are based on the idea of 'residual income'.

¹ Welsh Government, *Fuel Poverty Strategy 2010* (July 2010) – available at - <https://gweddill.gov.wales/docs/desh/publications/100723fuelpovertystrategyen.pdf>

² *ibid*

³ John Hills, *Getting the measure of fuel poverty, Final Report of the Fuel Poverty Review*, (Department of Energy and Climate Change (DECC), CASE report 72, March 2012) available at - https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/48297/4662-getting-measure-fuel-pov-final-hills-rpt.pdf

⁴ *ibid*

⁵ Statistics for Wales, *Fuel Poverty Estimates for Wales: 2018*, (29 August 2019, SB 34/2019) available at - <https://gov.wales/sites/default/files/statistics-and-research/2019-09/fuel-poverty-estimates-wales-2018-020.pdf>

⁶ Department for Business, Energy and Industrial Strategy, *Annual Fuel Poverty Statistics in England, 2019 (2017 data)*, (June 2019) available at https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/829006/Annual_Fuel_Poverty_Statistics_Report_2019_2017_data.pdf

⁷ Fuel Poverty (Targets, Definition and Strategy) (Scotland) Act 2019 s3 and s4

The 'residual income' method of measuring fuel poverty treats fuel costs as an essential outgoing that is deducted from a household's net income, just like housing costs are currently deducted when measuring poverty. The measure then calculates the household's residual income to compare it with the rest of the population. If this income is not sufficient to provide the household with a decent standard of living, they are said to live in fuel poverty. We believe that such a model is superior to the approach currently used in Wales as it focuses with greater clarity on poverty itself rather than on homes that are expensive to heat. This distinction has practical consequences.

The Scottish Government, for example, has found that when measuring fuel poverty using the 'residual income' approach compared to their old approach (the one currently used in Wales), extreme fuel poverty is higher, despite the fact that the overall number of households which are said to live in fuel poverty is not greatly different.⁸ Furthermore it found that the old measure overestimates the prevalence of fuel poverty in rural areas, older households and in both detached and semi-detached dwellings.⁹ On the other hand it found that the old measure underestimates the extent of fuel poverty for those living in 'other households' (households where all adults are under 65 with no children), the social and private rented sector, urban areas and the dwellings with the most efficient EPC bands.¹⁰ Having this information allows the Scottish Government to better target its resources when seeking to solve fuel poverty at those households most in need.

We are therefore concerned that the Welsh Government's current approach to measuring fuel poverty means that it does not have an accurate understanding of its prevalence in Wales and that it may be spending its resources assisting households living in expensive to heat homes as opposed to assisting those in poverty. This concern is further deepened

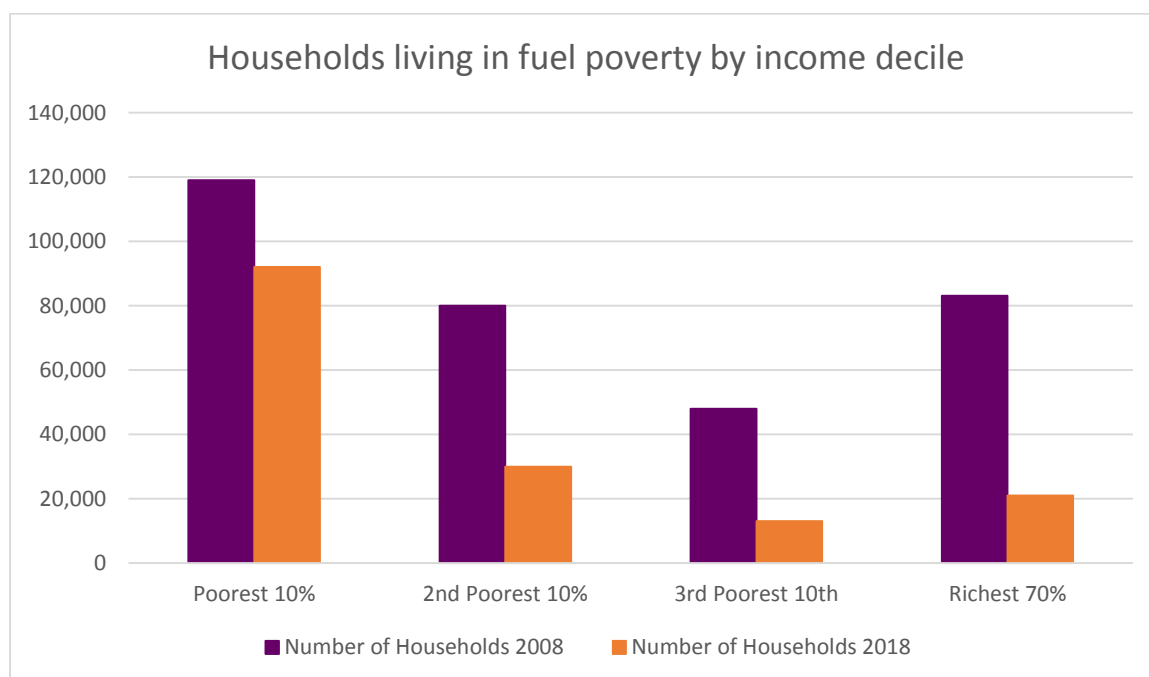
⁸ Scottish Government, *Latest estimates of Fuel Poverty and Extreme Fuel Poverty under the proposed new definition – following Stage 2 of the Fuel Poverty (Targets, Definition and Strategy) (Scotland) Bill* (May 2019) available at - <https://www.gov.scot/publications/latest-estimates-fuel-poverty-extreme-fuel-poverty-under-proposed-new-definition-following-stage-2-fuel-poverty-targets-definition-strategy-scotland-bill/pages/2/>

⁹ *ibid*

¹⁰ *ibid*

when exploring the most recently available data on the progress that the Welsh Government has made in reducing fuel poverty.

The number of households living in fuel poverty has more than halved, since 2008, with 12 percent of households estimated to be living in fuel poverty in 2018.¹¹ This reduction has not affected everyone in Wales uniformly, however. When breaking down the number of people living in fuel poverty by income deciles an interesting picture emerges with regards to where the reduction in fuel poverty has come from. In 2008, of the 70 percent richest households, 83,048 were estimated to live in fuel poverty.¹² By 2018 that number was 75 percent lower, with 21,000 households living in fuel poverty.¹³ For the bottom tenth however, the number of people living in fuel poverty had only dropped by 25%, from 119,000 to 92,000 households.¹⁴



Source: Statistics for Wales, Fuel Poverty Estimates for Wales: 2018, (29 August 2019, SB 34/2019) and Local Government Data Unit Wales, Living in Wales 2008 – Fuel Poverty Statistics, (2008)

¹¹ Auditor General for Wales, *Fuel Poverty*, (Wales Audit Office, October 2019) available at - <https://www.audit.wales/publication/fuel-poverty>

¹² Local Government Data Unit Wales, *Living in Wales 2008 – Fuel Poverty Statistics*, (2008) available at - <https://gov.wales/sites/default/files/statistics-and-research/2019-05/living-in-wales-survey-2008-fuel-poverty-statistics.pdf>

¹³ Statistics for Wales n(5)

¹⁴ *ibid*

In its latest statistical release on fuel poverty the Welsh Government also does look at the number of households that live in fuel poverty using the Low Income High Costs model as is used in England. Using this model, they found that the number of households living in fuel poverty was actually lower at 132,000, equivalent to 10 per cent of all households.¹⁵ No further analysis was undertaken as to which households were living in fuel poverty under this approach.

We believe that the Welsh Government should adopt a ‘residual income’ measure of fuel poverty to ensure that the focus of its new fuel poverty strategy is more clearly on poverty.

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

As noted, the Welsh Government has made some progress in reducing fuel poverty over the past decade. In 2008, 332,000 households in Wales were estimated to be fuel poor equivalent to 26 per cent of all households,¹⁶ compared with 155,000 households in 2018, 12 per cent of all households.¹⁷ Despite this progress the Welsh Government is not close to achieving its objective of eradicating fuel poverty. There are multiple reasons for this.

First, we believe that the Welsh Government’s target to eradicate fuel poverty by 2018 was set without sufficient consideration as to how achievable it was and without clear enough consideration of what would need to happen for this to be achieved. To achieve its target, we believe that the Welsh Government needed to have a clearer focus in its activities, and that it needed to invest in solutions at a greater scale. For example, to eradicate fuel poverty in a decade the Welsh Government needed to assist approximately 33,000 households a year out of fuel poverty. Between 2010 and 2019 a total of 55,056 households – i.e. equivalent to 6,000 households a year – received home energy efficiency improvements through NEST and

¹⁵ *ibid*

¹⁶ Auditor General n(11)

¹⁷ *ibid*

ARBED as part of the Welsh Government's Warm Homes Programme.¹⁸ This was just 20 percent of the number needed.

Second, the Welsh Government's approach did not focus sufficiently on all the drivers of fuel poverty. There are three primary drivers of fuel poverty:

- Low income
- High energy costs
- Energy inefficient homes.

We believe that the Welsh Government's strategy focused too heavily on the third driver. Whilst the Welsh Government's 2010 Fuel Poverty Strategy did include steps such as the promotion of better coordination of advice services to boost household income with 129,506 receiving some form of advice through Nest,¹⁹ much of the Welsh Government's investment has been targeted at boosting energy efficiency,²⁰ through the Warm Homes Programme. Whilst improving energy efficiency can have a positive impact on the costs faced by households and has clear environmental benefits, it does not, as of itself, remove the risk of fuel poverty. In Scotland for example, 13 per cent of household living in the most energy efficient dwellings under the old measure, and 20 per cent under the new measure live in fuel poverty.²¹ The fact that one in five of the most energy efficient households in Scotland live in fuel poverty highlights the crucial roles that low income and high energy cost have in driving fuel poverty.

In most energy efficient dwellings, households are still faced with energy bills. If fuel prices are high, using relatively small amounts of fuel can still push families on very low incomes into fuel poverty. A person aged over 25, for example receives £73.10 a week through JSA. To avoid living in fuel poverty their fuel bills will need to be less than £7.50 a week, a cost offered by only ultra-energy efficient homes. With limited powers to address the two other drivers of fuel poverty the Welsh Government's ambition of ending fuel poverty was therefore always likely to be challenging.

¹⁸ *ibid*

¹⁹ *ibid*

²⁰ Welsh Government n(1)

²¹ Scottish Government n(8)

Thirdly, data was not gathered regularly enough. The most recent publicly available data was published in May 2019 setting out the data for 2018.²² Prior to the publication of that data, no estimates on fuel poverty had been published since 2016, which were the first estimates published since 2012.²³ This meant that the Welsh Government had very limited data on how successful or otherwise its policies were in ending fuel poverty. Furthermore, the Wales Audit Office found that whilst the Welsh Government did gather data on how effective the Warm Homes Programme had been in improving energy efficiency, there were no routine checks on whether people were in fuel poverty before the intervention and how many were in poverty after.²⁴ On top of this, as was outlined in the previous section, we have concerns that the measure of fuel poverty used in Wales means that the data gathered by the Welsh Government does not paint an accurate picture of fuel poverty, limiting the effectiveness of its work.

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

As stated above we believe that the Welsh Government's actions to date have focused too heavily on increasing energy efficiency as the solution to poverty. There is a need for the Welsh Government to consider how it can also boost incomes and reduce fuel costs if it is to eradicate fuel poverty. We acknowledge that the Warm Homes Programme has had a positive impact in boosting energy efficiency in households across Wales, as is clearly demonstrated in the most recent annual data,²⁵ as discussed above however, the Wales Audit Office has highlighted that there is a lack of data to demonstrate what impact this investment has had in reducing poverty. Furthermore, as we demonstrated on page 3 of this response, the Welsh Government seems to have had more success in reducing fuel poverty in

²² Statistics for Wales n(5)

²³ Welsh Government, *The Production of Estimated Levels of Fuel Poverty in Wales: 2012-2016*, (Social Research Number: 40/2016, July 2019) – available at – <https://gov.wales/sites/default/files/statistics-and-research/2018-12/160711-production-estimated-levels-fuel-poverty-wales-2012-2016-en.pdf>

²⁴ Auditor General n(11)

²⁵ Arbed am Byth, *Annual Report 2018/19*, (2019) – available at – http://www.arbedambyth.wales/annual-reports/Arbed_Annual_Report_2018-19.pdf; and Nest, *Nest Annual Report 2018/19*, (2019) – available at – <https://nest.gov.wales/workspace/uploads/files/nest-annual-report-2019-engli-5d3ac3dfd5d07.pdf>

higher income households than in lower income households, there is therefore clear scope for the Welsh Government to improve how the programme assists families trapped in poverty.

Arbed has had success in improving energy efficiency. We believe, however, that there is a need to examine whether the households in greatest need of assistance are receiving support through the programme. Given that Arbed is targeted in geographical areas where there is a high prevalence of fuel poverty it is likely that many households living in fuel poverty have received support, but there is a lack of data to ensure that this is the case.

Furthermore, the Wales Audit Office found that Arbed's budget has been underspent in recent years²⁶ raising further questions about how effective the scheme is in reaching those that would benefit most from support. As stated above, we believe that there is a need for the Welsh Government to amend its measure of fuel poverty to provide greater weight to household income. If the Welsh Government adopted this approach, we believe it should then re-evaluate Arbed to ensure that sufficient support is being provided to those households at greatest risk of fuel poverty, as opposed to simply improving energy efficiency in households in a way that is having a limited impact on fuel poverty.

Nest provides more targeted support to low income households facing fuel poverty. We believe that there is a need to monitor the performance of Nest for two reasons. First, we believe that there is a need to ensure that no family living in poverty is locked out from receiving support under Nest due to failing to meet its eligibility criteria. To receive support through Nest a household must own or privately rent their dwelling and be in receipt of one of a series of means tested benefits, Universal Credit, or be in ill health and on low income. In the case of a private rental sector tenant, a tenant must get the consent of their landlord and their landlord must satisfy further criteria. With over half of families living poverty in Wales living in households where at least one adult is in work,²⁷ there is a risk that there are some low-income families missing out on support as they are arbitrarily excluded.

²⁶ Auditor General n(11)

²⁷ Stats Wales, *Children in relative income poverty by economic status of household*, available at - <https://statswales.gov.wales/Catalogue/Community-Safety-and-Social->

Second, enquiries for support through Nest remains low in many local authorities. Whilst 10 per cent of households in Carmarthenshire and Rhondda Cynon Taf have enquired about their eligibility for support under Nest, only 1 per cent of households in Monmouthshire have made such an enquiry, whilst the percentage increase to 2 per cent in Merthyr Tydfil, Torfaen, Vale of Glamorgan and Wrexham.²⁸ Given the Welsh Government's own data suggests that 12 per cent of households in Wales are in fuel poverty there is a need to substantially increase the percentage of households engaging with the programme if we are to reduce fuel poverty.

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

As we have stated we believe that the Welsh Government's successor to the fuel poverty strategy should have a definition of fuel poverty that has a clearer focus on poverty itself by adopting a 'residual income' measure of fuel poverty.

We also believe that the Welsh Government should examine whether they have all the relevant tools to eradicate fuel poverty. As noted, one of the issues with the Welsh Government's 2010 strategy was that it did not sufficiently seek solutions to all three causes of fuel poverty, focusing primarily on boosting energy efficiency. The focus on energy efficiency in the previous strategy was natural given the very limited powers that the Welsh Government have in relation to boosting low incomes and reducing energy prices. We therefore believe that the Welsh Government should explore whether powers over the Winter Fuel Allowance should be devolved to Wales, to provide it with more levers to solve fuel poverty.

[Inclusion/Poverty/childreninrelativeincomepoverty-by-economicstatusofhousehold](https://statswales.gov.wales/Catalogue/Community-Safety-and-Social-Inclusion/Poverty/childreninrelativeincomepoverty-by-economicstatusofhousehold); and Stats Wales, *Working age adults in relative income poverty by economic status of household*, available at - <https://statswales.gov.wales/Catalogue/Community-Safety-and-Social-Inclusion/Poverty/workingageadultsinrelativeincomepoverty-by-economicstatusofhousehold>; and Stats Wales, *Pensioners in relative income poverty by tenure type*, available at - <https://statswales.gov.wales/Catalogue/Community-Safety-and-Social-Inclusion/Poverty/pensionersinrelativeincomepoverty-by-tenuretype>

²⁸ Nest n(25)

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 Bevan Foundation has limited experience in terms of the technical requirements homes should be built to, to ensure energy efficiency to prevent causing fuel poverty. We believe it is important that in deciding on these steps that the Welsh Government should be aware that ensuring better efficiency is only part of the answer. It therefore needs to ensure that it also takes steps to tackle the other causes of fuel poverty when building new homes.

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 11

Ymateb gan : Cymru Gynnes

Evidence from : Warm Wales

- 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 Nest programme is very beneficial and has had a massive positive impact for many individuals in Wales. As an organisation that assists people to refer themselves into the programme we have the following concerns on process:

Qualifying criteria:

You (OR SOMEONE YOU LIVE WITH) receive a means tested benefit (MTB)

The application is made in the name of the person on the MTB living at the property. It does not consider the household income. A homeowner could have £100k+ in the bank but have their niece living with them who is on a MTB and qualify for full support. This is a waste of resources.

1. Suggested action: The criteria should include a household income cap.

Whilst it is understandable that those qualifying for a MTB are likely more vulnerable and in more need than those that don't; by having MTB as a qualifying criteria an important demographic are being missed. We frequently come across pensioners that don't qualify. They may be a couple earning just over the threshold to qualify for Pension Credit, a joint income of just £14,000. They have worked all their lives and are not claiming any benefits. Their house is in disrepair and their heating system over 20 years old or not working. Under these criteria, unless they meet the new Health criteria they would not qualify for any support. (This is an ongoing issue as this is very much a demographic that is being missed as many funding pots use MTB as qualifying criteria.)

2. Suggested action: There should be an amendment to the criteria – either based on total household income or to provide a separate funding pot which preferred partners can refer individual cases to based on circumstance to be decided by a committee.

The third qualifying criteria: **Your home is energy inefficient and expensive to heat (equivalent to an E, F or G energy efficiency rating)** is currently decided via a list of questions asked over the phone and then a system allocates a SAP score which determines whether the property qualifies. Nest have been asked but have refused to share the weighting of the scoring system for these questions. Even if a property has a current EPC that states it is E, F or G, Nest state this is irrelevant – the criteria is decided by the Nest system and is non-negotiable.

3. Suggested action: Accept a current EPC at E/F/G as sufficient evidence to qualify for support.

4. Suggested action: Share the weighting of the questions with preferred partners to ensure wider understanding of how the decision is made

One question is ‘How much is spent on gas/electric/water?’ Whilst we understand this is to help gauge whether the household is fuel poor, for many of our clients their spend on energy is low – not because their home is heat efficient but because they choose to minimise their fuel use in order to have money to eat. The amount spent on bills is not always a clear indication.

5. Suggested action: Consider each question/weighting and re-word to ensure fair to those that are self-limiting or disconnecting their current supply.

Measures available: Nest state that the funding includes insulation – it states ‘or’ insulation which implies that if that’s the only measure equired then it is available.

We offer a range of free, impartial advice and, if you are eligible, a package of free home energy efficiency improvements such as a new boiler, central heating or insulation.

In our experience, following the energy efficient questions, if a client’s boiler is not broken or over 15 years old they will not qualify as their property will be deemed ‘too energy efficient’.

At Cardiff's Affordable Warmth meeting Peter Hughes confirmed that: *CWI is one of the measures which can be fitted under Nest anywhere in Wales. With insulation, as with other measures it is evaluated on a case by case basis at the survey stage conducted by British Gas and/or subcontractors. So this would depend on the property construction and suitability etc. E.g. If a Mid-terrace home was of a cavity wall construction and the cavity was suitable, CWI may be offered.*

However, as above, in our direct experience if the household had a working boiler then it wouldn't get past the initial phone assessment to get to the survey stage and have a home visit.

6. Suggested action: Either split the questions asked into two- current set for those requesting a new central heating system, a different set for those requesting only insulation. Or amend the marketing materials to be a fair representation of what is available.

Health criteria - only qualify if taking medication for circulatory/respiratory/mental health issues. Someone with terminal bowel cancer, a condition that is exacerbated by the cold does not qualify.

7. Suggested action: Widen the health criteria to include any health condition that is exacerbated by the cold.

- The scale and impacts of fuel poverty in Wales;

Self-limitation/self-disconnection of Energy.

Whilst the figures for enforced disconnection are very low, it is clear to all working in the fuel poverty arena that many households are facing an ongoing 'heat or eat' dilemma and self-disconnecting their fuel in order to be able to buy food.

8. Suggested Action: Enforce all energy suppliers to report on annual figures for self-disconnection to hold them to account. Ensure that there is action included in their vulnerable customer policies for contacting these customers/putting support in place for them.

Pre-Paid payment meters

These are significantly more expensive per unit than standard credit meters. The majority of householders who have these meters are low income, fuel

poor ones. The historic reasoning for this discrepancy is that the pre-payment meters cost more to run. With the introduction of smart meters, some companies are already utilising these to provide smart payment options for consumers.

9. Suggested action: Put a cap on cost per unit allowed for pre-payment meters, also for replacement cards etc.

Switching tariffs

Energy suppliers currently inform customers that they are not on the lowest available tariff with their company by printing the information in extremely small font at the bottom of their bills. Most clients we meet have never noticed this information and are unaware of it.

10. Suggested Action: Suppliers should be forced to put this information at the top of the page in bold at least font 16.

- 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.

Put in place legislation to ensure all new builds:

- **Have smart meters & smart thermostats installed as standard**
- **Use zero carbon heating systems, such as heat pumps and solar thermal systems where appropriate.**
- **Have sufficient insulation as standard**
- **Consider ‘cooling techniques’ alongside heating systems, preventing against extreme weather**
- **Put an onus onto the developer to include training for new householders on the technology – ensuring an understanding of controlling the systems.**
- **Provide funding for organisations to develop energy training packages for schools – to include energy efficiency behaviour alongside understanding new technologies to benefit from them.**
- **Encourage developers to exceed planning standards, not just meet them. Offer tax breaks/low interest loans etc.**
- **Enforce building regulations – hold developers to account.**

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 27

Ymateb gan : Gweithredu Ynni Cenedlaethol (NEA) Cymru
Evidence from : National Energy Action (NEA) Cymru

Introduction

NEA Cymru welcomes the opportunity to respond to the Committee's inquiry into fuel poverty and would like to thank the Committee for focusing on this important issue.

NEA is the dedicated fuel poverty charity championing the cause of the most vulnerable members of society and seeking to end the misery and suffering caused by cold homes. We operate throughout the whole of Wales, England, and Northern Ireland and work closely with Energy Action Scotland (EAS).

Our work focuses on running practical projects which directly benefit those living in fuel poverty. Through our Empowering Communities Cymru project we are improving the resilience of deprived communities in Wales by upskilling over 800 frontline staff and advisors over the past six years who have gone on to assist thousands of vulnerable households with their energy needs and we've directly supported over 500 individuals and families to manage their energy bills. We also provide secretariat to the Fuel Poverty and Energy Efficiency Cross Party Group to campaign for improvements to policies and programmes to help households in Wales struggling to keep warm.

UK Fuel Poverty Monitor 2019

As part of our policy work to improve the lives of the fuel poor NEA and EAS recently published our annual UK Fuel Poverty Monitor¹, which gathered evidence from stakeholders to examine the progress in tackling fuel poverty

¹ UK Fuel Poverty Monitor 2018-19. Available from <https://www.nea.org.uk/wp-content/uploads/2019/09/Fuel-poverty-monitor-high-res.pdf>

under existing fuel poverty strategies across the four UK nations. The Monitor provides recommendations for how the Welsh Government can improve its efforts to address fuel poverty going forward and we are submitting a copy of the report as part of NEA's response to the Committee. These recommendations have informed much of this response.

The scale and impact of fuel poverty in Wales

New figures released by the Welsh Government in the summer of 2019 suggested that in 2018, 155,000 households² (12%) were living in fuel poverty which equates to approximately 350,000 people in Wales. It should be noted that the vast majority of these households (130,000) are extremely vulnerable, either disabled, elderly, or have young children in the household and 19,000 households are still living in extreme fuel poverty.

Whilst the new figures suggested fuel poverty has more than halved since the last household condition survey was undertaken in 2008, the evidence from frontline workers assisting low income and vulnerable households tells a much different story of households experiencing a range of daily struggles to make ends meet. For example, many households experiencing fuel poverty will also be experiencing food poverty and the Trussell Trust reported a 15% increase in foodbank use in Wales in 2018-19.³

Ofgem's recent report on vulnerable energy consumers⁴ highlighted that Wales has the highest proportion of energy consumers on the Priority Services Register compared to England and Scotland (28% for gas and 26% for electricity). Ofgem also reported that there were an increasing number of customers in arrears in 2018 compared to 2018 across Great Britain who do not have a repayment plan set up with their energy supplier.

In addition, the proportion of consumers using prepayment meters in Wales for both gas and electricity is nearly 1 in 5, at 18%. A high proportion of prepayment meters (PPM) have been installed as a result of a customer falling into debt with their fuel bills and there is a risk that customers will self

² Fuel poverty estimates for Wales (Headline results) 2018. Available at: <https://gov.wales/fuel-poverty-estimates-wales-headline-results-2018>

³See <https://www.trusselltrust.org/2019/07/16/welsh-food-banks-fear-busiest-summer-ever-ahead/>

⁴ <https://www.ofgem.gov.uk/publications-and-updates/vulnerable-consumers-energy-market-2019>

disconnect when they are struggling to pay to top up. Ofgem's research shows that PPM customers tend to have high vulnerability representation and face additional challenges in accessing cheaper energy deals.⁵

The impact of fuel poverty on individuals households but also on our communities is truly devastating. At an individual level it can mean people being regularly unable to heat their homes (self disconnecting) during the winter because they can't afford to pay the bills leaving them in the cold and without hot water; making desperate choices between 'eating or heating'; and using dangerous heating appliances because they can't afford to get them serviced regularly. On average over 500 people needlessly die in Wales each year due to living in a cold home and in the winter of 2017-18 this figure rose to over 1,000 deaths. It has also been well documented that a range of health conditions can be exacerbated by inadequate heating, damp and mould growth including increasing the risk of heart attacks, strokes, falls, as well as anxiety and depression caused by the worry of crippling debt.

To society, it has been estimated that the total cost to the NHS in Wales of dealing with category one hazards (damp, mould growth and excessive cold) was around £67 million per year⁶ with the overall cost to society estimated at around £168 million per year.

Fuel poverty is also a significant problem for disabled people. One report by Scope suggests that over £500 a year extra in energy costs are incurred by disabled people as a direct result of their condition, when compared to the average household.⁷

Cold homes can also have particularly harmful effects on the development of babies and young infants which can persist into later life.⁸ Evidence⁹ suggests that infants living in cold conditions have a 30% greater risk of being admitted to hospital or primary care facilities in the first 3 years of life.

⁵ See 4.

⁶ Thomson H et al (2009) The Health Impacts of Housing Improvement: A Systematic Review of Intervention Studies from 1887 to 2007. American Journal of Public Health, 99, 681-691.

⁷ Out in the cold, March 2018, Scope. Available from <https://www.scope.org.uk/Scope/media/Images/Out-in-the-cold.pdf>

⁸ (Marmot Review Team, 2011) (Climate Just, 2014).

⁹ See 8.

Conversely, tackling fuel poverty can result in widespread benefits through positive physical and mental health improvements, less GP visits and demands on the NHS and social care, improved air quality and quality of life; the creation of local jobs, regeneration of local communities and more money in people's pockets to spend in their local communities.

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

As noted in the recent report by the Wales Audit Office into fuel poverty¹⁰, £321.6m has been spent since 2009 on energy efficiency improvements via the Nest and Arbed schemes, resulting in over 54,659 homes in Wales being assisted, roughly a third of current levels of fuel poor households. This is a significant amount of investment, but as the report notes, it is currently unclear what impact these schemes have had in terms of lifting households out of fuel poverty. We simply do not know because no assessment has been done on whether the households are in fuel poverty before receiving the measures and whether they have been lifted out of fuel poverty after receiving the improvements. This also raises concerns about the effective targeting of the schemes.

Indeed, during our call for evidence with our stakeholders they raised concerns around the eligibility of the Nest scheme and that it should be widened so that more households on low incomes who do not receive means-tested benefits could receive energy efficiency improvements. NEA's Fuel Poverty Monitor highlighted two case studies of extremely vulnerable households who were experiencing difficulties with inefficient heating systems, one of which obtained help from the Nest scheme whilst the other household was not eligible for support (see Appendix 1).

The Welsh Government should work collaboratively with stakeholders to help overcome the challenges it faces in targeting and evaluating the impact of its significant investment in its energy efficiency programmes as outlined by the Wales Audit Office's report. Anecdotal evidence from stakeholders in the

¹⁰ <https://www.audit.wales/news/fewer-households-fuel-poverty-welsh-government-misses-targets>

past has raised several issues including the transparency of the schemes, as well as the type of advice and support provided to households.

Health Pilot

A positive example of such collaboration is the improvements made to the Welsh Government health conditions pilot programme¹¹. Introduced in 2017 the pilot was intended to help households who suffer from certain health conditions made worse by the cold to access home improvements available through the Nest scheme such as a free boiler, insulation or central heating.

There was poor uptake initially but with input from NEA as well as other stakeholders changes have been made to improve the pilot including changes to the eligibility criteria, referral routes and incomes thresholds which has significantly increased the referral rate and as a result the scheme will be able to assist more households going forward. The Wales Audit Office has indicated that it intends to investigate these schemes further and NEA welcome this.

Social Housing

As noted in the Welsh Housing Condition Survey¹² homes in Wales have become more energy efficient over the last 10 years, and housing in the social sector have improved the most with the highest percentage of dwellings in EPC bands C or above. The new fuel poverty figures indicate that an estimated 9% of social housing tenants were living in fuel poverty in 2018.

The Welsh Government provides £108m each year to improve over 200,000 social housing homes and as stated in the Welsh Housing Quality Standard (WHQS) latest report¹³, the number of social housing dwellings that are compliant with WHQS (including acceptable fails) has increased to 93% in 2019. Central heating systems showed the highest compliance at 99%.

¹¹ <https://nest.gov.wales/en/eligibility/>

¹² <https://gweddill.gov.wales/statistics-and-research/welsh-housing-conditions-survey/?lang=en>

¹³ <https://gov.wales/sites/default/files/statistics-and-research/2019-10/welsh-housing-quality-standard-31-march-2019-256.pdf>

Despite the improvements in the social housing stock there are still 21,000 households in fuel poverty. This suggests that households would benefit from more holistic advice including income maximisation advice such as benefit entitlement checks and Warm Home Discount Scheme, energy switching, and behaviour change advice.

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

The overwhelming majority (93%) of stakeholders who responded to our call for evidence wanted the Welsh Government to set new fuel poverty targets in a new fuel poverty plan, and more than half (60%) felt that the 10% indicator was generally effective in both identifying households in, or vulnerable to, fuel poverty and enabling them to support clients in applying for fuel poverty schemes.

The Welsh Government has recently accepted in principle the recommendations from the Decarbonisation of Homes Advisory Group to prioritise the homes of the fuel poor over the next 10 years to reach EPC Band A as part of its plans to tackle climate change. We want the Welsh Government to progress this recommendation as soon as possible.

At present rates Wales is spending less than Scotland and Northern Ireland on energy efficiency programmes for fuel poor households. According to E3G, an independent climate change think tank, in 2017 Wales spent £17 on energy efficiency, Scotland £35, Northern Ireland £23, and in England £8 per capita on average via a combination of UK wide government and supplier obligation investment funded regressively through consumers' bills.¹⁴

We are also calling on the Welsh Government to back NEA's call, and those of many other organisations, for energy efficiency to be made a national infrastructure priority. This will help to unlock the necessary UK funding to achieve the EPC Band A target and the Welsh Government's net zero ambitions to ensure that decarbonising domestic homes is done in a fair and equitable way.

¹⁴ <https://www.energysavingtrust.org.uk/blog/fuel-poverty-policy-wales-taking-inspiration-scotland>.

Additionally, the UK Fuel Poverty Monitor highlights a number of recommendations for how the Welsh Government can improve its efforts to address fuel poverty:

Recommendations

- The Welsh Government should accept the recommendations outlined in The Decarbonisation of Homes in Wales Advisory Group to prioritise fuel poor households to an energy performance standard of EPC Band A (SAP 90+) over the next 10 years.
- The Welsh Government should review the eligibility criteria for its Nest scheme to consider how low-income households, not on means-tested benefits, and living in energy-inefficient homes can be assisted.
- The Welsh Government should consider how it can support local authorities to help maximise funding for energy efficiency improvements via the ECO flexible eligibility scheme.
- Funding for more holistic advice should be included within the new fuel poverty plan to include the provision of in-home visits offered to all households who call the Nest advice line for assistance.
- Local authority-led Affordable Warmth Groups should be established to bring together multiagency partnerships to co-ordinate action at a local level and share best practice.
- The Welsh Government should develop a Cold Weather Plan for Wales to address the burden of excess winter deaths and cold-related ill-health in the country.
- A Strategic Monitoring Board should be implemented to monitor and oversee the delivery of the new fuel poverty plan and to bring together multi-sector partnerships to implement an accompanying Action Plan, as well as to review and report on progress.
- The Welsh Government should work collaboratively with stakeholders to help refine its fuel poverty schemes and advice services to ensure they are targeted and evaluated effectively.
- The Welsh Government should continue the health prevention based affordable warmth pilot and it should become an integral part of the Nest scheme to ensure households who have health conditions exacerbated by the cold can receive help.

We are also calling on the Welsh Government to back NEA's call, and those of many other organisations, for energy efficiency to be made a national infrastructure priority. This will help to unlock the necessary UK funding to achieve the EPC Band A target and the Welsh Government's net zero ambitions to ensure that decarbonising domestic homes is done in a fair and equitable way.

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.

As noted in our 2019 UK Fuel Poverty Monitor and in the recommendations for the Welsh Government's new fuel poverty plan we want to see fuel poor households prioritised for assistance under a new retrofitting scheme. Households in fuel poverty are more likely to be living in older properties than in more modern properties, with 70,000 households experiencing fuel poverty in pre 1919 homes.

Additionally, the Welsh Government should ensure there is adequate enforcement of the Minimum Energy Efficiency Standards (MEES) to improve the conditions in the private rented sector and support NEA's calls for the UK Government to increase the current MEES cost cap for landlords to £5k, in line with recommendations made by the Committee on Fuel Poverty.

<p><i>Case Study: Using existing mechanisms to deliver support to households</i></p> <p><i>Mr Peters is in his 70s and lives with his wife in a semi-detached property in Chepstow. His property used to contain an aged heating system which was extremely inefficient, making it unaffordable for Mr Peters and his wife to keep warm.</i></p> <p><i>As Mr and Mrs Peters owned their property and were in receipt of a means tested benefit, they were able to apply to the Nest scheme for energy efficiency improvements. Melin Homes assisted the couple with the application where they were able to receive a new back boiler and full central heating system.</i></p> <p><i>Mr Peters suffers from arthritis which was exacerbated by the cold. Since the home improvements he has noticed an improvement in both his physical health and mental well-being. Mr Peters is now able to afford to keep the heating on when it is needed.</i></p>	<p><i>Case Study: Current barriers to delivering support to vulnerable households</i></p> <p><i>Mr and Mrs Jones, a couple in their 80s, live in a stone wall terraced property in Rhondda Cynon Taff. There is no working boiler in the property and therefore no heating or hot water.</i></p> <p><i>Mr and Mrs Jones live in a single room where they wear coats for most of the day and huddle around a gas fire. This inefficient form of heating has resulted in extremely high and unaffordable energy bills. Mrs Jones has multiple health conditions, including mobility issues and is prone to trips and falls.</i></p> <p><i>Mr and Mrs Jones do not qualify for Nest home improvements because they are not in receipt of a means tested benefit. They have savings, but they have stated that this is to pay for their funerals. Mr and Mrs Jones have very low earnings, with no disposable income, and are unable to afford a new boiler.</i></p>
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Agenda Item 4.1

Gweinidog yr Amgylchedd, Ynni a Materion Gwledig
Minister for Environment, Energy and Rural Affairs



Llywodraeth Cymru
Welsh Government

Mike Hedges AM
Chair of Climate Change, Environment and Rural Affairs Committee
National Assembly for Wales
Cardiff
CF99 1NA

4

December 2019

Dear Mike

Thank you for your letter of 22 October and for the Committee's Report 'The Welsh Government's proposed Sustainable Farming Scheme: restoring biodiversity'.

Reversing the decline of biodiversity is one of our biggest challenges, however, it is a challenge we must rise to for a multitude of reasons. Enhancing biodiversity alongside the ongoing production of high quality food and tackling the climate emergency, are among my main priorities in devising a future land management policy for Wales.

The *Sustainable Farming and our Land* consultation explained the Well-being of Future Generations (Wales) Act 2015 (the "WFG Act") and the Environment (Wales) Act 2016 establish an important legislative and policy framework, focussed on sustainability, from which we are developing our proposals for future land management policy in Wales. In this legislative context, our proposals will contribute to achieving the well-being goals set out in the WFG Act and, in this particular case, will make an important contribution to a "resilient Wales" by supporting outcomes which maintain and enhance a biodiverse natural environment. The proposed policy will also be important to deliver the Welsh Ministers' commitments under the Environment (Wales) Act 2016 to seek to maintain and enhance biodiversity in Wales.

Bae Caerdydd • Cardiff Bay
Caerdydd • Cardiff
CF99 1NA

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:
0300 0604400
Gohebiaeth.Lesley.Griffiths@llyw.cymru
Correspondence.Lesley.Griffiths@gov.wales

Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

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We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

The *Sustainable Farming and our Land* consultation has only recently closed. We are in the process of considering consultation responses, alongside undertaking a co-design programme with farmers and stakeholders to further explore the practical aspects of the proposals. We also have ongoing uncertainty from the UK Government over the level of funding which will be returned to Wales should the UK leave the EU. The design of a future scheme and the associated delivery model is, therefore, still at an early stage of development. Therefore, it is not possible to give a final response to many of your recommendations at this time. For this reason, many of the recommendations are accepted in principle (rather than outright) whilst policy proposals are developed and finalised.

There is one aspect of your report I wish to clarify. I agree our ambitions for a future advisory service are ambitious, however I believe providing the right level of advice and support will be crucial in enabling our farmers to adapt to the changes we propose. You have referred to “the Welsh Government’s commitment that the costs of advisory services will not have to be met from the funds available for farming support” (page 31). As I have previously stated, there is no clarity on future budget allocation from the UK Government and no detailed delivery model has been designed.

I would like to thank the members of the Climate Change, Environment and Rural Affairs Committee for the report. I have set out my response to the individual recommendations below.

A handwritten signature in blue ink that reads "Regards" on the top line and "Lesley" on the bottom line.

Lesley Griffiths AC/AM

Gweinidog yr Amgylchedd, Ynni a Materion Gwledig
Minister for Environment, Energy and Rural Affairs

Recommendation 1

The Committee recommends

The Welsh Government must ensure that the restoration of biodiversity is a key priority of its proposed Sustainable Farming Scheme.

Response: Accept

The maintenance and enhancement of ecosystems by building resilient ecological networks must be central to future land management policy if we are to achieve the level of action needed to maintain and restore nature across Wales. The proposed Sustainable Farming Scheme is being developed based on the concept of Sustainable Land Management and in accordance with the legislative and policy framework established by the WFG Act and the Environment (Wales) Act 2016. Accordingly, it is proposed the scheme will support outcomes to maintain and enhance biodiversity, and develop resilient ecological networks.

The next phase of work must be to focus on the detail of how we are to achieve this, which we intend to do by developing our proposals set out in *Sustainable Farming and our Land*.

Financial Implications – Until the proposed scheme has been designed, an operational model has been devised and a future budget is secured from UK Government I am unable to determine financial implications.

Recommendation 2

The Committee recommends

The Welsh Government's proposed scheme should include outcomes that are informed by the latest data and evidence on biodiversity and should be focused on species, habitat, and landscape.

Response: Accept in principle

As highlighted in the Committee's report, we will need to consider acting at the right scale for delivering the various outcomes we seek to achieve.

We propose utilising evidence including from the Environment and Rural Affairs Monitoring and Modelling Programme (ERAMMP), the State of Natural Resources Report (SoNaRR), the Area Statements being produced by Natural Resources Wales (NRW) and other sources such as the evaluations of previous schemes and other scheme examples from outside of Wales.

Financial Implications – Until the proposed scheme has been designed, an operational model has been devised and a future budget is secured from UK Government I am unable to determine financial implications.

Recommendation 3

The Committee recommends

The Welsh Government should clarify how the Sustainable Farming Scheme will work alongside other policies and initiatives aimed at restoring biodiversity.

Response: Accept in principle

We cannot provide this clarity at the present time as it is too early in the design process. However, we will ensure it is aligned with other policy priorities and proposals such as the new National Forest, and the actions identified in the Nature Recovery Action Plan which is being refreshed at present.

Financial Implications – Until the proposed scheme has been designed, an operational model has been devised and a future budget is secured from UK Government I am unable to determine financial implications.

Recommendation 4

The Committee recommends

The Welsh Government should explain how it intends to monitor and assess the scheme's impact in relation to biodiversity.

Response: Accept in principle

The monitoring and assessment of the proposed Sustainable Farming Scheme's impact in relation to biodiversity will be developed as part of the detailed scheme design process. As this process is still ongoing, I am unable to provide this detailed explanation at present.

Financial Implications – Until the proposed scheme has been designed, an operational model has been devised and a future budget is secured from UK Government I am unable to determine financial implications.

Recommendation 5

The Committee recommends

The Welsh Government should undertake an assessment of the resources, including staffing, that will be required to deliver its proposed approach to advisory services. This assessment should include projections for the first five years of the scheme.

Response: Accept

An assessment of the resources required to deliver the proposed approach to advisory services will form part of the detailed scheme design process. I am interested in exploring communication methods and digital opportunities to provide advice and support in as efficient yet meaningful a manner as possible. However, as the scheme design process is still ongoing, I am unable to provide a more detailed assessment at present.

Financial Implications – Until the proposed scheme has been designed, an operational model has been devised and a future budget is secured from UK Government I am unable to determine financial implications.

Recommendation 6

The Committee recommends

The Welsh Government should clarify how it intends to ensure that sufficient, appropriately trained, advisers are in place by the time of the proposed scheme's launch. The Welsh Government should clarify whether it expects any existing organisation to take on the advisory service.

Response: Accept in principle

The consultation for the scheme has recently closed and it is necessary for us to carefully consider responses as part of the proposed scheme design process before we start proposing delivery models.

Financial Implications – Until the proposed scheme has been designed, an operational model has been devised and a future budget is secured from UK Government I am unable to determine financial implications.

Recommendation 7

The Committee recommends

The Welsh Government should explain how it will ensure that users of its proposed scheme have appropriate access to skills development and training. It should also set out its estimates of the costs arising from such training and clarify how they will be met.

Response: Accept in principle

Key to an outcome focused approach where the farmer is empowered to make more of their own management decisions, are the right skills to understand and deliver the various outcomes we are seeking.

We have proposed access to training and skills will be an important element of support. We will need to explore the best ways of providing this – through demonstration farms, peer to peer knowledge transfer networks, or through more formal processes. However, as the proposed scheme design process is ongoing, I am unable to provide detailed information and cost estimates at present.

Financial Implications – Until the proposed scheme has been designed, an operational model has been devised and a future budget is secured from UK Government I am unable to determine financial implications.

Recommendation 8

The Committee recommends

The Welsh Government should provide details about how it will, in the short term “retain and clarify existing arrangements” in relation to a regulatory framework. This should include an explanation of how its proposed approach will restore biodiversity.

Response: Accept in principle

The Welsh Government intends to maintain current arrangements until a new regulatory framework is implemented via the proposed Agriculture (Wales) Bill. This will ensure there is no weakening of current standards and enforcement during the transition from current to future regulatory frameworks. A large number of existing RDP contracts, designed to address specific biodiversity objectives, will also continue.

While a new regulatory framework is developed, we intend to outline in straightforward terms the current regulatory requirements in a number of areas, including on biodiversity. This means farmers will be clear what action they must take to meet the law in relation to biodiversity.

Any future proposals will be shaped by the duties and principles outlined in the Wellbeing of Future Generations (Wales) Act and the Environment (Wales) Act. We intend to engage with Natural Resources Wales and Stakeholders to ensure measures are included in proposals for a future regulatory baseline which are designed to maintain and enhance biodiversity.

Financial Implications – Until the proposed scheme has been designed, an operational model has been devised and a future budget is secured from UK Government I am unable to determine financial implications.

Recommendation 9

The Committee recommends

The Welsh Government should ensure that the proposed Sustainable Farming Scheme rewards farmers for existing good practice.

Response: Accept

Where existing good practice is delivering the outcomes we seek, it is important we should recognise and reward this.

Beyond this, we propose to continue to look for further opportunities beyond existing land management practices to achieve additional beneficial outcomes where feasible.

However it will be important to ensure standards for ‘existing good practice’ are clearly defined.

Financial Implications – Until the proposed scheme has been designed, an operational model has been devised and a future budget is secured from UK Government I am unable to determine financial implications.

Recommendation 10

The Committee recommends

The Welsh Government must strike a balance between ensuring the Scheme is accessible and also sufficiently ambitious to restore biodiversity. Decisions on where to set the regulatory baseline should be based on evidence.

Response: Accept

Decisions regarding the regulatory baseline for the proposed scheme will be based on thorough evaluation of evidence. We will continue to engage with a wide range of stakeholders in order to inform our decisions including those with expertise on nature conservation and land managers who have experience and knowledge of their land. We propose to only fund activities where there is evidence they contribute to the outcomes we seek as part of the proposed Scheme. We propose these funded activities must deliver over and above the regulatory baseline.

The development of the proposed scheme will aim to balance the interests of farmers and land managers with the wider Welsh public interest in protecting our natural resources. As set out in *Sustainable Farming and our Land*, we will be guided by the principles and obligations in the Environment (Wales) Act and the WFG Act.

Financial Implications –

Until the proposed scheme has been designed, and any changes to regulatory baselines have been confirmed, I am unable to determine financial implications.

Recommendation 11

The Committee recommends

The Welsh Government should publish its response to Lord Bew's review of the allocation of farming support in the UK up to 2020.

Response: Accept

The Bew review of the intra-UK allocation of domestic farm support funding has now concluded and the final report was published on 6 September. This included published contributions from the Welsh Government and other Welsh stakeholders. As this was a report commissioned by and for the UK Government (who have responded), the Welsh Government will not respond formally. However I welcome the recommendations and subsequent commitments to additional funding for Welsh agriculture.

The topic is extremely important for Wales, so it was essential for Lord Bew to consider the Welsh perspective throughout the course of the review. The review panel visited Wales on multiple occasions to meet with Welsh stakeholders.

Financial Implications - Lord Bew's main recommendation was to allocate an additional €6.12m to Wales and €60.42m to Scotland over the 2020-2022 period. The UK Government issued their response to the Bew Report on the same day, agreeing to the recommendations including the additional €6.12m for Welsh agriculture. Officials are currently working with the UK Government to clarify exactly how and when Wales will receive the money.

Recommendation 12

The Committee recommends

The Welsh Government should report back to the Committee on the latest inter-Governmental discussions on a sustainable mechanism to allocate farm support after 2020.

Response: Accept

At this time, there remains a significant concern around the total available budget for future agricultural support in Wales. While the current UK Government has made high-level guarantees to protect farm support funding to 2022, there is no clarity on either the amount of funding thereafter or how it will be allocated between the four administrations of the UK. However, the guarantees received so far may be impacted by the results of the upcoming General Election.

We will report back once clarity has been received from the UK Government.

Financial Implications – Welsh Ministers are clear leaving the EU should not mean any reduction in the funding available to Wales, and the Welsh Government continue to press the UK Government for clarity on funding and funding mechanisms.

Lesley Griffiths AM
Minister for Environment, Energy and Rural Affairs

16 December 2019

Dear Lesley

Thank you for attending our meeting on 20 November to give evidence in connection with the Welsh Government's Bovine TB Eradication Programme and other key policy areas within your portfolio.

Following the meeting, the Committee agreed that I should write to you to request further clarification and/or information on the issues below.

Bovine Tuberculosis

Informed Purchasing

During the evidence session, we raised with you reports that limited TB information is displayed at sales to assist farmers in making Informed Purchasing decisions. This is despite grant funding for livestock markets to improve their equipment and facilities, in order to prominently display TB information. **We would like you to provide details on the criteria attached to this grant funding. We would also like you to provide details of any work undertaken to assess whether this funding has led to improvements in the display of TB information in livestock markets.**

In Plenary in April 2019, you expressed a preference for a voluntary Informed Purchasing system, but explained you were "looking at whether we need to bring forward a mandatory scheme". In giving evidence, you told us that you were "developing proposals for a mandatory system", alongside DEFRA, and that this was "a top priority".



Cynulliad Cenedlaethol Cymru
Bae Caerdydd, Caerdydd, CF99 1NA

✉ SeneddNHAMG@cynulliad.cymru

☎ 0300 200 6565

National Assembly for Wales
Cardiff Bay, Cardiff, CF99 1NA

✉ SeneddCCERA@assembly.wales

☎ 0300 200 6565

We would like you to report back on the findings of any evaluation of the voluntary Informed Purchasing system, and to explain how these have informed your decision to introduce a mandatory system.

We would like you to update us, in six months, on progress in developing proposals for a mandatory scheme, including the timescales you are working towards. In addition, we would like you to clarify whether the legislative changes needed to introduce a mandatory system would require primary legislation.

It is clear that proposals for a mandatory system are in the early stages of development. It is essential that the Welsh Government maintains efforts to encourage Informed Purchasing until such time as a mandatory system is in place. Given this, we welcome your commitment to revisit existing voluntary measures, to identify areas for improvement, and to consider developing a code of practice, in conjunction with the industry. **We would like you to update us, in six months, on progress in taking forward this work.**

Compensating farmers

We note that approximately £14.5 million in compensation was paid to Welsh farmers between 2018-19, which is a significant increase on previous years. You have made clear that spending at this level is “unsustainable”. However, you told us that the current compensation system was “fair”, particularly compared with systems elsewhere.

We note that you have begun work on identifying options for changing the current system. We reiterate the need for any new system, or iteration of the current system, to be fair, and to provide reasonable compensation for cattle slaughtered.

We would like you to provide further details on the purpose and objectives of the review of the current TB compensation system. We would also like you to update us on the timescale for completion of the review when it becomes clearer.

We are disappointed that the UK Government has yet to commit to address any shortfall in funding for Wales’ Bovine TB Eradication Programme arising from the UK’s departure from the European Union. **We expect you to pursue this matter with the incoming UK Government and to report back to us on the outcome of future discussions at the first available opportunity.**



Agriculture

Farm support

In giving evidence, you told us that your priority is to ensure the continuation of farm support in the event that the UK exits the EU. The UK Agriculture Bill included powers for the Welsh Ministers to provide for the continuation of the Basic Payment Scheme beyond 2020. The UK Bill did not complete its passage through Parliament before it was dissolved. Given this, and your decision not to introduce a Welsh Agriculture Bill until the next Assembly, it is unclear which legislative mechanism you intend to use to extend the Basic Payment Scheme to 2021, as announced in the Winter Fair. **We would like you to clarify this as a matter of urgency.**

Use of antibiotics

During the evidence session, we raised with you the potential public health risks associated with the overuse of antibiotics in the agriculture industry. We are encouraged to hear that “the farming industry and the veterinary profession are leading the way in the responsible use of antibiotics”, and that the 2020 targets to reduce the use of antibiotics has already been met. Notwithstanding this, **we would like you to set out the Welsh Government’s policy on the use of antibiotics of the strongest kind, the last resort for human health. This should include the circumstances under which this type of antibiotics are used and data on usage.**

The use of antibiotics in agriculture is governed by EU regulations. We are concerned about a potential reduction in regulatory standards in the event that the UK exits the EU, and the increased risk to human health by encouraging the development of resistant bacteria.

We would like you to report back to us on the outcome of any discussions you have had with your counterparts in the other UK nations on upholding current standards on antibiotic use in farming in the event that the UK exits the EU.

Common Frameworks

In giving evidence, you told us there are 10 non-legislative common frameworks within your portfolio, and that these “would be in place by the end of the transition period in 2020”. **We would like further details of these non-legislative common frameworks, including an update on progress in their development.**



Rural Development Plan

We note that, at the end of August 2019, the Welsh Government had spent 41 percent of its total allocation for delivery of the Rural Development Plan. **We would like you to explain the reason for this, and to set out how you intend to ensure that the total allocation is committed by the end of 2020.**

Fisheries

We would like you to clarify how many stocks in Welsh waters are currently being exploited at levels consistent with achieving Maximum Sustainable Yield.

We would like you to set out the steps you are taking, or intend to take, to address the problem of abandoned, lost or otherwise discarded fishing gear, including options for potting intensity management (e.g. licensing) and ghost fishing prevention (e.g. pot tagging and escape mechanisms).

Biodiversity

In answering a question in relation to statutory targets for biodiversity, which had been included in the UK Environment Bill, you told us you were not in favour of such targets because “they’d undermine the main objective of enhancing biodiversity in the round”.

Given that biodiversity is one of the Welsh Government’s priority areas, and its commitment to the Convention on Biological Diversity Aichi targets, we would like you to clarify your position on biodiversity targets.

Dog Breeding

We welcome your swift response to the recent damning media reports about welfare standards in some dog breeding establishments, which includes an “urgent and immediate” review of the Animal Welfare (Breeding of Dogs) (Wales) Regulations 2014 (‘the 2014 Regulations’). You told us that you are expecting the task and finish group undertaking the review to report back “by the end of this year”.

We would like you to report back on the findings of the review as soon as reasonably practicable. In doing so, we would like you to clarify whether it is your intention to revise the 2014 Regulations following the review, and to provide a timescale for the introduction of revised regulations.



In taking forward this work, we would like you to consider introducing an assurance scheme and/or an inspection rating system for dog breeding establishments akin to those used in the farming and food industry.

We seek a commitment from you to consider increasing the minimum staff requirement in relation to the staff to dog ratio. The revised minimum staff requirement must take account of the number of puppies, as well as adult dogs, kept in dog breeding establishments.

More stringent licensing requirements may go some way in improving animal welfare in dog breeding establishments. But, these must be accompanied by an effective inspection and enforcement regime. We are encouraged to hear that discussions have already taken place with local authority representatives to identify barriers to enforcement. **As part of this work, we would like you to consider introducing a limit on the number of licensed dog breeding establishments relative to the number of inspectors within the local authority area.**

We would like you to report back on progress made in addressing barriers to enforcement. This should include details of any proposals aimed at ensuring that local authorities have effective, and adequately resourced, inspection and enforcement arrangements in place.

We would like you to provide details of any specific measures you are taking, or intend to take, to help tackle unlicensed dog breeders.

Fireworks

We would like you to outline any steps you are taking, or intend to take, to mitigate the risks to animal welfare associated with the use of fireworks.

Fuel poverty

As you know, the Committee is undertaking an inquiry into fuel poverty in Wales. In order to help us plan our work, we would welcome an update on the timing of the publication of the Welsh Government's new fuel poverty plan. The Welsh Government's consultation, *The Clean Air Plan for Wales Healthy Air, Healthy Wales* states that it has already consulted on a new plan to tackle fuel poverty and expects this plan to be published by April 2020. We are not aware that the draft plan has been subject to consultation.



We would like you to clarify when consultation on the Welsh Government's new fuel poverty plan took place and to confirm the timing of the publication of the plan.

I look forward to receiving a response from you.

Yours sincerely,

A handwritten signature in black ink that reads "Mike Hedges". The signature is written in a cursive style and is positioned on a light-colored rectangular background.

Mike Hedges AM
Chair of Climate Change, Environment and Rural Affairs Committee

Croesewir gohebiaeth yn Gymraeg neu Saesneg.

We welcome correspondence in Welsh or English.



Lesley Griffiths AM
Minister for Environment, Energy and Rural Affairs

13 December 2019

Dear Lesley,

Environmental principles and governance post-Brexit

Thank you for your response to our report, *Environmental Principles and Governance post-Brexit*, which we considered at our meeting on 4 December. The Committee agreed it would be helpful to write to you to clarify a number of issues in relation to our recommendations, and to ask you to elaborate on your response to others.

Recommendation 1

You highlight the need to ensure that Wales continues to build upon its environmental standards rather than apply a stand-still approach, "which a non-regression approach implies". The effect of including "non-regression" as an additional core principle would be to set a *minimum standard*. This would not preclude the Welsh Government from going further, as set out in our report

Recommendation 6

In your letter, dated 21 August 2019, you told us that you "have already agreed with the UK Government to have a common set of environmental principles". On this basis, we requested further details from you on the nature of the agreement. While you have accepted our recommendation, you state that you are "considering a cooperative approach to environmental principles which will ensure a coherent set of principles across the UK". It remains unclear what agreement you have reached, whether this extends to a common set of principles, and what those principles will be.



Cynulliad Cenedlaethol Cymru
Bae Caerdydd, Caerdydd, CF99 1NA

✉ SeneddNHAMG@cynulliad.cymru

☎ 0300 200 6565

National Assembly for Wales
Cardiff Bay, Cardiff, CF99 1NA

✉ SeneddCCERA@assembly.wales

☎ 0300 200 6565

1. Can you provide further details on the agreement with the UK Government to have a common set of environmental principles?

Recommendation 7

Despite reports from the UK and Welsh Government of a willingness to work together on potential UK wide approaches to governance, the governance model provided for in the UK Environment Bill, introduced in the previous parliamentary session, was for England only. While we acknowledge there may be opportunities for co-operation between the UK administrations that do not require the establishment of a UK wide body, we would welcome clarification on whether you have ruled this out as an option.

2. Can you clarify whether you have ruled out the establishment of a UK wide environmental governance body?

Recommendations 14 and 15

We note from your response that reporting functions of the EU Commission will be transferred into domestic law in the event that the UK exits the EU. It remains unclear to whom the UK administrations will be required to report on the implementation of EU derived environmental legislation, for example, the Habitats Directive.

3. Can you clarify how EU reporting requirements have been modified, in particular, what changes have been made to ensure appropriate domestic arrangements for reporting on implementation of EU derived environmental legislation?

Recommendations 19 and 20

We believe it is important to make clear that we are not advocating a governance model that relies “solely on punitive measures such as fines”, as you suggest in your response. Indeed, in our report, *“we welcome the Welsh Government’s proposals for the new governance body to be able to seek to resolve issues of non-compliance through informal procedures before pursuing formal enforcement action”*.

Furthermore, we emphasise the importance of *“the new governance body to have a range of credible enforcement tools at its disposal”*. We believe that the Welsh Government should not rule out fines as an enforcement tool at this stage. This is reflected in Recommendations 19 and 20. We have made clear that any proposals for a system of fines should be subject to consultation. Fines should be used as a last resort, as is currently the case under the EU system.



Recommendation 25

We note that you have agreed an approach to complaints management to be adopted in the event that the UK exits the EU without a withdrawal agreement. While we acknowledge that you may not yet be in a position to share with us details of the interim measures you intend to put in place, we would welcome additional information on your agreed approach.

4. Can you provide further details on your agreed approach to complaints management in the event that the UK exits the EU without a withdrawal agreement?

Finally, we would welcome an update on the findings of the Environmental Governance Stakeholder Task Group as soon as reasonably practicable.

I should be grateful if you would provide a response to the above issues by **Friday 24 January 2020**.

Yours sincerely,



Mike Hedges AM
Chair of Climate Change, Environment and Rural Affairs Committee

Croesewir gohebiaeth yn Gymraeg neu Saesneg.

We welcome correspondence in Welsh or English.



Sir David Henshaw

Chair

Natural Resources Wales

17 December 2019

Dear Sir David,

Invitation to attend a meeting of the Climate Change, Environment and Rural Affairs Committee

I would like to invite you to attend our meeting on Wednesday 26 February 2020 for an annual scrutiny session.

The session will cover the delivery by NRW of its remit.

In advance of the session, I would be grateful if you could provide us with a bilingual briefing paper with an update on the key issues and progress since we last undertook scrutiny in February 2019.

We would particularly welcome the following information:

Remit letter

- A summary of the action taken to deliver the priorities set out in NRW's 2018-2019 remit letter.
- A summary of actions you have put in place to deliver the priorities set out in 2019-2020 remit letter.



Commercial activity

- An update of the reorganisation of the commercial services function within NRW and the actions taken following the independent review of the key commercial business areas and associated governance arrangements.

Corporate Plan and Business Plan

- A summary of performance against the current Business Plan and Corporate Plan, including the latest corporate dashboard performance report.

Self-policing

- A summary of any enforcement or self-policing action the body has taken against itself in the last 12 months.

Organisational design programme

- Details of how the new structure is allowing NRW to fulfil its role and any pressures and/or challenges relating to the new design.
- A summary of the findings of the review of Board practices.

Grants and Funding Programmes

- An update on grants and partnership funding programmes.

Financial Position and savings

- The latest financial position of the body.
- Details of any cases made to Welsh Government for additional funding over and above your budgeted financial allocation to address pressures and new responsibilities.
- An explanation of the gap between income and expenditure (as set out in NRW's Annual Report and Accounts 2018-19) and how this will be managed.

Implementation of legislation



- An update on the cost of delivery of NRW's functions under both the *Environment (Wales) Act 2016* and the *Well-being of Future Generations (Wales) Act 2015*, including any financial pressures.
- An update on progress to date in delivering NRW's functions under these Acts, specifically:
 - how NRW is implementing the 5 ways of working,
 - the development of Area Statements, and
 - the development of SoNaRR

Brexit

- An update on the implications of Brexit for NRW, and an overview of work undertaken by the body to prepare for Brexit.

I should be grateful if you would provide the briefing paper no later than Monday 3 February 2020.

Yours sincerely,



Mike Hedges AM

Chair of Climate Change, Rural Affairs and Environment Committee

Croesewir gohebiaeth yn Gymraeg neu Saesneg.

We welcome correspondence in Welsh or English.



Agenda Item 4.5

By virtue of paragraph(s) vi of Standing Order 17.42

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