

# Improving home energy efficiency to support a just transition and greener Wales

Question 1: Do you agree the Welsh Government should balance the need to alleviate fuel poverty and create a socially just nation with the need to tackle the climate emergency, or should one of these objectives take precedence in the new Warm Homes Programme?

The primary lesson we think the Welsh Government must draw from its current Warm Homes Programme is that a single programme cannot have the dual aim of reducing fuel poverty and decarbonising homes. Whilst the two objectives are clearly linked, we believe that the Warm Homes Programme was undermined by not having a clear aim. As a result, the programme did not adequately meet either objective.

The impact of the Warm Homes Programme on decarbonisation has been limited. As highlighted by Audit Wales, Nest has evolved to become a boiler replacement programme, rather than a whole house scheme. This means that the programme has prioritised the installation of a carbon emitting measure rather than decarbonisation measures such as the installation of insulation.

On the other hand, the Warm Homes Programme's decarbonisation objectives curtailed its effectiveness in tackling fuel poverty in two ways.

First, many households that receive support through the Warm Homes Programme don't live in fuel poverty. Nearly half (49.6 per cent) of households that benefited from a Nest Energy Improvement Package in 2020/21 didn't live in fuel poverty. This figure may even be an underestimate based on Audit Wales' findings as to how some Nest officials collect data. This builds on concerns raised by the Bevan Foundation in 2019 that the Nest scheme disproportionately benefits higher income households.

Second the Warm Homes Programme offers very little assistance to households living in fuel poverty beyond improving home energy efficiency. Whilst improving energy efficiency can have a positive impact on the costs faced by households it does not, as of itself, remove the risk of fuel poverty.

We suggest that to successfully address fuel poverty and to decarbonise housing, the Welsh Government should develop two separate streams for the Warm Homes Programme. The first stream should focus specifically on households living in fuel poverty.

If a household that is living in fuel poverty seeks support through the Warm Homes Programme they should be assisted as a priority. Action should be taken to improve the energy efficiency of their whole home. Following the completion of this work a review should be undertaken to assess whether the household is still living in fuel poverty, if so then further support should be available such as cash support to meet the cost of energy.

If a household that approaches the Warm Homes Programme is not in fuel poverty then they should be referred to the second stream. The focus of this stream should be on decarbonisation. If action could be taken to significantly reduce carbon emissions then the Welsh Government should offer grants and loans, to decarbonise the property, dependent on household incomes. Smaller grants and loans should be made available to properties where the emission cuts would be less significant. In the event that resources are limited, resources should be prioritised to the first stream.

**Question 2: What is the gap in provision which you believe the next Warm Homes Programme should fill to achieve a greater benefit for Wales?**

There are two major gaps in provision that we believe that the next Warm Homes Programme should fill.

First, as highlighted by Audit Wales, Nest has evolved to become a boiler replacement programme, rather than a whole house scheme. It is imperative that the next iteration of the Warm Homes Programme returns to taking a whole house view to fuel poverty, ensuring that all relevant adaptations are undertaken.

Second, the Bevan Foundation believes that there is a need to move away from a model where energy efficiency measures are seen as the only solution to fuel poverty. The cost of energy and incomes also matter. The ongoing spike in fuel costs is likely to push many low-income households into fuel poverty even if they live in energy efficient homes.

The Warm Homes Programme should therefore ensure that low-income households that require assistance are also provided with advice, repairs and financial help. The Welsh Government's recent decision to launch a winter fuel support scheme is a step in the right direction in recognising the need to look at the problem more holistically. It is important however that this additional support is viewed as part of a broader programme of activity to reduce fuel poverty, rather than an add on.

**Question 4: Who do you think should be the primary focus of the next Warm Homes Programme?**

The primary focus of the next Warm Homes Programme should be low-income households that are living in fuel poverty. As outlined in our response to question 1, the previous iteration of the higher income households disproportionately benefitted from the Warm Homes Programme. We therefore recommend that the Warm Homes Programme should primarily focus on households eligible for Universal Credit, equivalent legacy benefits and Pension Credit that live in energy inefficient households. Other households should be offered support to decarbonise their homes through the second stream as advocated in our response to question 1.

**Question 5: At what level should the household income and savings threshold(s) be set, above which households would be excluded from home energy efficiency measures supplied at no cost to the householder?**

The level of financial support available to households should be based on a sliding scale, with all households that are eligible for Universal Credit and equivalent legacy benefits entitled to see the cost of decarbonising their home covered in full. Given that the primary purpose of such support would be decarbonisation rather than addressing Fuel Poverty, we believe that such support should be offered through the second stream of the Warm Homes Programme.

**Question 6: Do you think the Welsh Government should extend the Warm Homes Programme to include other households in the owner occupier and private rented sector?**

See our earlier responses for how we envisage any expansion in support should be provided.

**Question 8: If other households are included in the eligibility for support through the Warm Homes Programme, should support be prioritised, for example limited to homes with a lower EPC rating such as EPC rating of D or worse?**

See our response to question 1 as to our views as to how support should be prioritised.

Question 9: What are the ways in which low income households can be helped to offset the cost of higher energy bills in the short term if low carbon heating measures, when installed, increase bills?

One way in which low income households could be helped to offset the cost of higher energy bills in the short term is to put the Winter Fuel Support Scheme on a permanent footing. Doing so would ensure that low-income households that live in energy efficient housing are provided with support from the Welsh Government to reduce their risk of fuel poverty.

Question 11: What is your view on continuing with a financial cap per household, noting that a lower cap will allow more households to gain support but of a lower value?

We believe that the level of support provided to households through the Warm Homes Programme should be sufficient to raise households out of Fuel Poverty. Spreading resources too thinly risks the Welsh Government investing in a range of schemes that make no meaningful difference to the number of people living in fuel poverty.

Question 12: Do you have a view on allowing multiple applications per household over a period of five or ten years?

We believe that the support offered through the Warm Homes Programme should offer a lifetime solution. Spreading investment over time is likely to increase cost and reduce the immediate benefit to the household. The only exception to this should be in cases where new technology has emerged that could offer significant benefits to the household.

## Submit your response

You are about to submit your response. Please ensure you are satisfied with the answers you have provided before sending.

<b>Name</b>	Steffan Evans
<b>Organisation (if applicable)</b>	Bevan Foundation
<b>email / telephone number</b>	steffan.evans@bevanfoundation.org
<b>Your address</b>	Bevan Foundation, 145a High Street, Merthyr Tydfil, CF47 8DP

If you want to receive a receipt of your response, please provide an email address.

Email address

steffan.evans@bevanfoundation.org