



## Briefing ahead of debate on fuel poverty

Ahead of the Plaid Cymru debate on fuel poverty on 6 December 2023 the Bevan Foundation and National Energy Action have published this briefing to members which contains key information that may inform their contributions.

### Key messages

- The implementation of the Welsh Government's new Warm Homes Programme is set to be delayed until April 2024, 12 months later than originally intended.
- The Welsh Government has not published any interim targets as per its statutory obligations.
- The Warm Homes Programme alone will not be sufficient to end fuel poverty. There is a need for the Welsh Government to look at what other actions it can take to increase home energy efficiency and to provide financial support to households living in fuel poverty.

### What is fuel poverty?

A household is regarded as being in fuel poverty if they are unable to keep their home warm at a reasonable cost. This is measured as any household needing to pay more than 10% of their full household income to maintain a satisfactory heating regime. Households needing to pay more than 20% of their full household income to maintain a satisfactory heating regime are defined as being in severe fuel poverty.

### How many people live in fuel poverty?

In October 2021 it was estimated that 196,000 households were living in fuel poverty in Wales, 14% of all households.<sup>1</sup> Of these, 38,000 (3%) were living in severe fuel poverty.

Following the surge in global energy prices the number of households living in fuel poverty in Wales has increased dramatically. As of April 2022 it is estimated that 45% of Welsh households (614,000) lived in fuel poverty.<sup>2</sup> Of these 115,000 (8%) were living in severe fuel poverty. It is estimated that 98% of all lower income households live in fuel poverty; over four in 10 of whom are estimated to be in deep, severe fuel poverty.

These estimates remain worryingly relevant, given that from January, average energy costs will be as high as they were in April 2022.<sup>3</sup>

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<sup>1</sup> Welsh Government, *Fuel poverty in Wales: interactive dashboard* (June 2023) available at - <https://www.gov.wales/fuel-poverty-interactive-wales-dashboard>

<sup>2</sup> *ibid*

<sup>3</sup> See Twitter thread by Ben Saltmarsh, Head of Wales at National Energy Action <https://twitter.com/BenSaltmarsh/status/1727613927108800969>

## What are the Welsh Government doing to address fuel poverty?

In March 2021 the Welsh Government published its new fuel poverty plan, *Tackling Fuel Poverty 2021 to 2035*.<sup>4</sup> The aim of the strategy is to ensure that by 2035:

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

In total 10 short-term priority actions were identified for the first two years of the Plan. Among these actions were the development of new Warm Homes Programme to be in place from March 2023. The Warm Homes Programme is the Welsh Government’s flagship fuel poverty programme and delivers home energy efficiency improvements to support households in fuel poverty or at risk of living in fuel poverty.

### A lack of interim targets

The new targets do not yet meet the Welsh Government’s statutory obligations to “specify interim objectives to be achieved and target dates for achieving them”, which would provide a clearer pathway to 2035. The Fuel Poverty Coalition Cymru has called on the Welsh Government to introduce interim fuel poverty targets based on the energy efficiency of fuel poor homes. Regrettably, no interim targets have been adopted by the Welsh Government to date.

Interim targets would provide vital opportunities to review progress towards the 2035 targets. This would enable the Welsh Government to strategically review the effectiveness of each aspect of its strategy and provide Senedd Members and stakeholders with an opportunity to scrutinise progress more effectively.

Furthermore, given that improving energy efficiency sits most squarely within Welsh Government’s sphere of influence and control, the Welsh Government could introduce at least one interim target based on the energy efficiency of fuel poor home, for example, to match the statutory fuel poverty target for England, for all low-income homes to reach EPC C by 2030.

### What progress is being made in reaching the aims of *Tackling Fuel Poverty 2021 to 2035*?

The work of implementing *Tackling Fuel Poverty 2021 to 2035* is well underway. However, concerns remain about both the pace of this work and its scale.

**Delays to the Warm Homes Programme.** Plans for the new Warm Homes Programme were announced in June 2023.<sup>5</sup> It was revealed in plenary by the First Minister on 28 November 2023, that the new Programme will not be operational until April 2024, a year

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<sup>4</sup> Welsh Government, *Tackling fuel poverty 2021 to 2035* (March 2021) available at - <https://www.gov.wales/tackling-fuel-poverty-2021-2035-html>

<sup>5</sup> Welsh Government, *New Warm Homes Programme: policy statement* (June 2023) available at - <https://www.gov.wales/new-warm-homes-programme-policy-statement-html>

later than initially envisaged (although Welsh households have not been without support for the intervening 12 months, with the old Warm Homes Programme still being in operation.) Given the weaknesses identified with the old Programme by Audit Wales<sup>6</sup> and the Senedd Equality and Social Justice Committee,<sup>7</sup> the delay is likely to have had an impact on the Welsh Government's ability to reach its targets.

**A lack of scale within the new Warm Homes Programme.** The tender document published by the Welsh Government as part of the procurement process for the new Programme outlines that a supplier would be expected to undertake work on 11,500 properties over a 7 year period. This is equivalent to just over 1,600 properties a year. Based on these figures it would take approximately 120 years for the Welsh Government to improve the energy efficiency of all Welsh households living in fuel poverty pre the surge in energy prices in 2022. Based on the most recent fuel poverty estimates it would take the Welsh Government approximately 380 years.

**Welsh Government can do more to provide financial support.** Given concerns about the scalability of the Warm Homes Programme the need to develop other solutions to fuel poverty remain. Introducing a social energy tariff is one way low-income households can be supported with their energy bills. It is the UK Government that has the power to introduce such tariffs. There are actions that the Welsh Government can take, however. The Wales Fuel Support Scheme provided significant assistance to households struggling with energy costs last winter. Running the scheme on a longer-term basis could provide relief to households struggling with fuel poverty as they wait for their home energy efficiency to be improved. The ongoing work to create a Welsh Benefits System will also help put money back into people's pockets. Taking such measures along with developing a more comprehensive programme of home energy efficiency improvements are vital if the Welsh Government is to hit its 2035 targets.

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<sup>6</sup> Welsh Government, *The Welsh Government's Warm Homes Programme* (November 2021) available at - <https://www.audit.wales/publication/welsh-governments-warm-homes-programme>

<sup>7</sup> Senedd Equality and Social Justice Committee, *Fuel poverty and the Warm Homes Programme* (May 2022) available at - <https://business.senedd.wales/documents/s125374/Report.pdf>