

Sustainability Committee SC(3)-22-09 Paper 2

National Assembly for Wales Sustainability Committee – evidence session on fuel poverty

Submission by the Energy Saving Trust – November 2009

This is the submission of the Energy Saving Trust to the National Assembly for Wales Sustainability Committee's evidence session on fuel poverty.

The Energy Saving Trust is the UK's leading organisation working towards reducing personal emissions from households, communities and transport. Established since 1992, we are one of the key delivery agents for the Government's climate change objectives. We have a dedicated office in Wales, and advise more than 80,000 households in Wales each year.

We welcome the opportunity to provide evidence on this subject which is becoming an increasingly important aspect of our work. Our key recommendations for enhancing fuel poverty policy in Wales are as follows:

- We support the Assembly Government's proposal to refocus the Home Energy Efficiency Scheme (HEES) on the least efficient homes and include higher cost measures in the scheme.
- Continued investment in area based schemes is needed to reach some of the most vulnerable households in Wales.
- It will be essential to ensure that the referral network proposed in the National Energy Efficiency and Savings Plan consultation is strong and effective. This needs to include effective referral mechanisms and involve trusted intermediaries.
- One way of going a long way towards this would be to integrate fuel poverty and energy efficiency support, with the Energy Saving Trust advice centre acting as the 'front end' for HEES.
- Better use of data is needed to help improve targeting of support and monitoring and evaluation.
- Private landlords need to be given incentives to undertake energy efficiency improvements.

More detail is provided below.

Please note: this response does not necessarily represent the view of Energy Saving Trust members. Our members include Government and private sector organisations.

Improved targeting of support

Focussing on the least efficient homes

There is a strong relationship between fuel poverty, the severity of fuel poverty, and energy efficiency. In 2004, research based on the Living in Wales survey estimated that 58% of fuel poor households in Wales lived in properties with SAP ratings between 0 and 35¹. However, 32% of recipients of Home Energy Efficiency Scheme (HEES) support already had a SAP rating of 55 or above². Better targeting of support towards the most inefficient properties would improve the impact of the scheme.

There were approximately 176,000 properties (15%) in Wales with a SAP of 35 or less (equivalent to F or G rated) in 2004. Recent Energy Saving Trust analysis on the English housing stock showed that significant improvements could be made to F and G rated properties at relatively low cost. 81% of F and G rated properties in England could be moved to a band E level for a cost of less than £3,000 and 37% at a cost of less than £1,000. We intend to conduct a similar analysis on the Welsh housing stock once up to date data becomes available in April 2010.

Higher cost measures

The current HEES scheme focuses on relatively low cost energy efficiency measures such as cavity wall and loft insulation. However, many of the households who suffer the worst fuel poverty live in 'hard to treat' homes with solid walls and are often off the gas grid. To ensure these households get the support they need, it will be important to roll out a wider set of technologies such as solid wall insulation and heat pumps which have already been shown to be effective at dealing with fuel poverty³.

Current Welsh Assembly Government proposals

The Welsh Assembly Government is currently proposing to adopt an approach to HEES that focuses on homes that are likely to be F or G rated and offers higher cost measures⁴. We support their proposals.

Area-based schemes

Area based initiatives with intensive, well delivered, door to door promotion of services can help ensure that the most vulnerable households within an area receive support. Focussing such activity in areas of deprivation can maximise

¹ Fuel Poverty in Wales 2004 – Fuel Poverty Analysis. Available at: http://new.wales.gov.uk/topics/housingandcommunity/research/housing/fuelpoverty2004/?jsessionid=s1bdKGpSKpQ_MhNDTGJpvPXGQ3zTBvbWVcDhvV0pgfJdrhMqghdLT!2101391267?lang=en&ts=4

² Data from HEES Annual Report 2007-8. Available at: <http://www.heeswales.co.uk/stakeholder-info.htm>

³ For example see the report on the Scottish renewables heating pilot which was managed by the Energy Saving Trust, <http://www.scotland.gov.uk/Publications/2008/11/17115604/0>

⁴ National Energy Efficiency and Savings Plan consultation; Fuel Poverty Strategy consultation

the benefits for vulnerable households. Local authorities must have a clear role in coordination and delivery of such schemes. It is essential that local approaches are consistent in their offers and standards of service delivery. It is also important to note that national provisions are also needed to support households who do not reside within given areas of focus.

Strong and effective referral network

Improved integration of support

There are a large number of different advice services relating to various aspects of fuel poverty covering energy efficiency, energy tariffs and income maximisation. These services are provided by a host of different organisations including local authorities, energy suppliers, local and regional charities and government bodies. This can be confusing, especially for vulnerable consumers who may need greater support and a more tailored, integrated approach.

We are continuing to develop our advice services to support those customers concerned about paying their energy bills and those at risk of fuel poverty. This involves offering basic information on how to save money through changing energy tariffs, altering payment methods or switching suppliers and how to maximise incomes, as well as referring callers onto sources of in-depth specialist support and advice. We also continue to strengthen links and referral routes to the Home Energy Efficiency Scheme and energy supplier offers.

However, we believe more needs to be done to integrate the support available. The Energy Assistance Package in Scotland provides a model of how this could be developed (see Annex 1 for more information on the Energy Assistance Package). The advantage of a more coordinated approach to delivery of energy efficiency and fuel poverty services like this include:

- efficiency savings by reducing duplication of services;
- reducing customer confusion;
- managing the 'journey' on behalf of the customer means the service does not rely on them making multiple follow-up calls which can lead to high drop out levels; and
- integration of services for all households helps avoid services becoming stigmatised and this becoming a barrier to vulnerable households accessing support.

The end of the current Home Energy Efficiency Scheme contract at the end of 2010 offers an opportunity to improve integration of services in this way.

We would be pleased to arrange for a member of the Energy Saving Trust Scotland team to brief the Committee on the Energy Assistance Package in more detail and answer any further questions you may have.

Use of trusted intermediaries

Working closely with trusted community and voluntary sector organisations is essential to reach many vulnerable customers⁵. The Scottish Power Energy People Trust⁶ is often singled out as an example of best practice in supporting local voluntary and community initiatives working with supporting fuel poor households. Similarly, community liaison officers play a key role in working with neighbourhood groups, health centres, carers and others to spread awareness of the Energy Assistance Package in Scotland,.

The private rented sector

Privately rented homes are typically far less efficient than privately owned homes and those in the social rented sector, with an average SAP rating of 45 compared to 55 for social rented homes in 2004⁷. The private rented sector also houses a disproportionate number of the fuel poor⁸.

Private landlords must be given incentives to undertake energy efficiency improvements. To a certain extent, this could be achieved through greater promotion of the Landlords' Energy Saving Allowance (LESA). Ultimately, the level of split incentives is so great that we believe private landlords will need to be compelled to act. Minimum standards should be outlined which give a clear signal to landlords of what standards will be expected along with an adequate lead-in time and sign-posting to sources of support such as CERT and LESA.

More immediately, local authorities could make much greater use of the Housing Health and Safety Rating System (HHSRS) which can be used to require action on very inefficient properties. Targeted support to removed HHSRS 'hazards' should be provided for landlords whose property has a SAP rating of 39 or less (EPC rating F and G). There were around 28,000 F and G rated privately rented properties in Wales in 2004⁹.

Better use of data

Improved data sharing can help to improve targeting of support and the monitoring and evaluation of policy. The Energy Saving Trust's Homes Energy Efficiency Database¹⁰ is the main national resource on the energy efficiency of the housing stock. It brings together information from CERT, fuel poverty schemes and other programmes, and provides information on almost

⁵ For example see: CSE (2006) Integrating Welfare Rights and Fuel Poverty Services, for the Energy Efficiency Partnership for Homes, <http://www.cse.org.uk/pdf/pub1058.pdf>

⁶ <http://www.energypeopletrust.co.uk/>

⁷ Living in Wales 2004 data provided by Welsh Assembly Government National Surveys Branch on 11/11/09

⁸ In 2004, 17% of households in the private rented sector were estimated to be in fuel poverty, compared to 8% in the social housing sector and 11% in the owner occupied sector. Fuel Poverty in Wales, 2004.

⁹ Living in Wales 2004 data provided by Welsh Assembly Government National Surveys Branch on 11/11/09

¹⁰ http://www.energysavingtrust.org.uk/uploads/documents/housingbuildings/heed_bn%20April08.pdf

half of the housing stock. We have developed a means of targeting the CERT priority group by integrating aggregated benefits and age data from the Department for Work and Pensions. Additionally, we are developing a pilot project integrating meter point gas and electricity consumption data. These developments offer powerful tools for improving the targeting of fuel poverty programmes.

Inclusion of EPC data within HEED would help to further strengthen the tool by increasing its coverage and, crucially, providing a more robust sample of properties within a given area. Over time, as EPCs begin to filter across the housing stock, their inclusion in HEED could allow very effective targeting policies and programmes towards areas with the most inefficient housing stock. These areas are also likely to have the highest levels of fuel poverty, particularly where they correspond with areas of low incomes. The Energy Saving Trust does not currently have access to EPC data for England and Wales for HEED. This is in contrast to the situation in Scotland where the Energy Saving Trust administers EPCs on behalf of the Scottish Government and has full access to the data for the purposes of research and home energy efficiency programmes.

Annex 1



EST briefing on the Scottish Energy Assistance Package – June 2009

Overview

The Scottish Energy Assistance Package is a holistic package to help maximise incomes, reduce fuel bills and improve the energy efficiency of homes. It replaced Scotland's Central Heating and Warm Deal programmes from April 2009.

The new package provides a more holistic and integrated approach to tackling fuel poverty by bringing together the hard measures and advice, reaching more people and providing a wider range of support. The package was recommended by the independently chaired Scottish Fuel Poverty Forum.

The package has four stages:

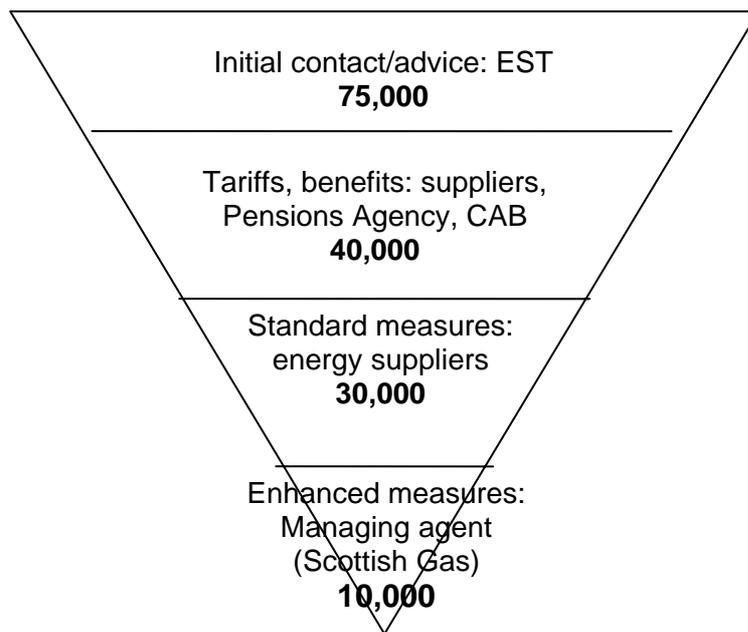
Stage 1: offers free expert energy advice to anyone who phones the Energy Saving Scotland Advice Centre (ESSAC) network on 0800 512 012

Stage 2: benefit / tax credit checks & advice on social tariffs to those at risk of fuel poverty

Stage 3: provides a package of standard insulation measures (cavity wall and loft insulation) to older households and those on one of a range of benefits through the energy companies' CERT schemes.

Stage 4: bespoke energy efficiency measures (including but not limited to central heating systems, new boilers, draught proofing, air source heat pumps and solid wall insulation) for eligible groups who live in homes in the private sector with poor energy efficiency (SAP < 39)

Full eligibility criteria can be found at: <http://www.scotland.gov.uk/Topics/Built-Environment/Housing/access/FP/eap>



Delivery

The Energy Saving Trust is responsible for developing, marketing and administering the scheme. Delivery will be through the existing network of Energy Saving Scotland advice centres (ESSacs) which the Energy Saving Trust manages on behalf of the Scottish Government. Five centres exist across Scotland: Highlands and Islands; South West; South East; North East; and Strathclyde and Central.

The Energy Saving Trust's role is to manage the customer journey; various third parties will deliver some of the different measures following referrals from the Energy Saving Trust. These are as follows:

Stage 1: Energy advice is delivered via the ESSacs

Stage 2: Social tariff advice is delivered via the ESSacs working with the energy companies. Benefit and tax credit checks are delivered by the Pensions Agency (over 60s) and CAB Direct (under 60s)

Stage 3: CERT measures are delivered by suppliers

Stage 4: Installations will be carried out by Scottish Gas as managing agent for 2009/10

Benefits

- **Simplification of fragmented landscape:** a simplified customer journey through 'one stop shop' service, providing a single point of contact from which energy efficiency and fuel poverty advice and support is accessed. The 'journey' is managed on behalf of the customer so accessing the various services does not rely on them making multiple follow on calls
- **Value for money:** use of an existing, well developed channel i.e. ESSacs has meant significant efficiencies and the ability to roll out the service quickly. Promotion of the new service has also been made easier through the use of Energy Saving Scotland's existing channels to market including

outreach activities and local partnerships. This is being complemented with additional awareness-building campaigns

- **Greater impact:** maximised number of fuel poor households receiving assistance
- **Greater co-ordination:** reduced overlap with CERT spend
- **Greater focus:** targeting of the most inefficient homes SAP < 39
- **Greater support:** greater grant levels: £4,500 to £6,500

Role of the Energy Saving Trust

- Marketing and promotion
- Managing the entire customer journey including referrals to 3rd party providers
- Providing energy advice
- Managing the client database
- Reporting on outputs and outcomes to the Scottish Government
- EAP sits alongside the Energy Saving Trust's advice to the Scottish general public on energy efficiency, microgeneration, low carbon transport and water saving, as well as the Trust's advice and support to local authorities, community groups and the supply chain

The future

- Could the Energy Assistance Package be a model for Wales?
- What effect will the bringing together of energy efficiency advice and fuel poverty support have on fuel poverty in Scotland? The Energy Saving Trust will provide further updates as the programme progresses.