

LOCAL GOVERNMENT AND HOUSING COMMITTEE

CONSIDERATION OF THE UK FUEL POVERTY STRATEGY

Purpose

1. To consider the UK Fuel Poverty Strategy (annex 1), which aims to eradicate, as far as practicable, the incidence of fuel poverty in the UK by 2010.

Summary/recommendations

2. Under the terms of Standing Order 9.7, each subject committee has the responsibility to contribute to the development of the Assembly's policies within the fields for which the relevant Assembly Secretary is accountable and to keep under review the expenditure and administration connected with policy implementation.

Background

3. The UK Fuel Poverty Strategy is a product of the Ministerial Group on Fuel Poverty, including Ministers from the DTI; DTLR; Cabinet Office; Department of Health; Department of Social Security; HM Treasury; and the devolved administrations. The Energy Regulator is also a member. The Group aimed to take a strategic overview to ensure policies and new initiatives with a bearing on fuel poverty are co-ordinated across Government and integrated with the activities of relevant external bodies, such as the regulator and the energy industries.

4. The Strategy requires the Government and devolved administrations to develop policies with the overarching target of removing vulnerable households – pensioners, families with children and the chronically sick and disabled – from fuel poverty by 2010. The Strategy sets interim targets, the policies to achieve those targets, and measures for monitoring progress. The Assembly has been heavily involved in the development of the strategy since inception. The Welsh Chapter of the Strategy (Chapter 8) and any UK-wide elements have been developed and considered with the Assembly's priorities and Welsh needs in mind and the Welsh elements represent a coalition of current and proposed policies and programmes aimed at either directly or indirectly tackling fuel poverty.

5. Of particular interest in the Strategy is:

- Chapter 1 - Executive Summary, which sets the interim targets by country. The Welsh target represents our commitment in the 'Plan for Wales 2001' of assisting 38,000 households by March 2004.
- Chapter 8 - Tackling Fuel Poverty in Wales, describes the extent of the problem as currently understood in Wales and details the main policies aimed at tackling fuel poverty within the private and social housing sectors and related health initiatives.

Consideration

6. The UK Fuel Poverty Strategy consultation draft was circulated in Wales in mid-March with 330 copies distributed across local authorities, RSL's, energy suppliers and the voluntary sector. The consultation period closed at the end of July with 14 responses received from Wales based organisations and a further 26 responses copied to the Assembly from Central Government, representing a 12 per cent response rate. In general, the UK Fuel Poverty Strategy was welcomed as a mechanism to eradicate fuel poverty in low income households. A full transcript of responses received will shortly be published on the DTI website.

7. The Strategy will contribute to our commitments under the Warm Homes and Energy Conservation Act 2000, which requires the Government and Assembly to put in place strategies aimed at the elimination of fuel poverty within a 15 year timescale from commencement. The Act received Royal Assent on 23 November 2000. In England the intention is for this Strategy to form their undertaking under the Act, while, following the delegation of functions under the Act to the First Minister recently, it is our intention to commence the Act in Wales early in 2002.

8. For the purposes of the Act, a person is regarded as living in fuel poverty if they are the member of a household living on a lower income in a home which cannot be kept warm at a reasonable cost. Under the Act, the strategy must describe the households to which it applies; specify a comprehensive package of measures for ensuring the efficient use of energy, such as the installation of appropriate equipment or insulation; specify interim objectives to be achieved and target dates for achieving them; and specify a target date for achieving the objective of ensuring that, as far as reasonably practicable persons in Wales do not live in fuel poverty. Under the Act, the target date must not be more than 15 years after the date on which the strategy is published.

9. Fuel Poverty issues already enjoy a high priority within the Assembly. It features as a theme within the National Housing Strategy. In addition, the New Home Energy Efficiency Scheme (HEES) is the Assembly's primary vehicle for the alleviation of fuel poverty, through the provision of a range of domestic heating and insulation measures, up to a grant maximum of £2,700, in the homes of the fuel poor. This year we are making over £9m available to HEES for

this work, while the Assembly future draft budget makes £37.7m available for the scheme between 2002 and 2005. We are also working closely to link HEES with other fuel poverty related initiatives, such as the public utilities Energy Efficiency Commitment, which funds similar measures to HEES, though targets those just outside the HEES eligibility criteria.

10. In meeting the requirements of the Warm Homes and Energy Conservation Act it is our intention to use the Welsh Chapter of the UK Fuel Poverty Strategy as the basis for our work. This already forms the basis of a comprehensive strategy for Wales and includes a long-stop target of 2010 for the eradication of fuel poverty in Wales, as far as is practicable. We will consult further on this following commencement of the Act in the New Year.

Financial Implications

11. The current Assembly budget contains the necessary financial provision to meet the targets for 2003-04 contained in the Strategy and there are no further financial implications for the Assembly's current spending plans. The target for 2010, as currently appraised, could be achieved through the subsequent maintenance of the draft HEES budget baselines, together with the interaction of similar public and private initiative, which we are looking to actively work in partnership with.

Compliance

12. The strategy cuts across a range of the Assembly's powers to promote social inclusion, energy efficiency and sustainability and covers both devolved and reserved issues. In agreeing the strategy, the Assembly is exercising powers under S.40 of the Government of Wales Act – the power to do anything which facilitates, is conducive or incidental to, the exercise of any of its functions. While any work undertaken under the Strategy will be done using powers under S15(1) of the Social Security Act 1990 – the power to make grants for the improvement of energy efficiency.

Action for Subject Committee

13. The Committee is asked to note and comment on the UK Fuel Poverty Strategy.