

20th April 2022

Ms Jenny Rathbone MS
Chair of the Equality and Social Justice Committee
Welsh Parliament
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Dear Ms Rathbone,

Thank you for the opportunity to contribute to the Committee's inquiry into Fuel Poverty and the Warm Homes Programme.

The Committee's inquiry comes at a very difficult time for households, amid historically high energy prices and against the unprecedented challenges of the Covid-19 global pandemic. Our priority throughout this time has been to support our customers, including through our role delivering the Warm Homes Programme. We are incredibly proud of our association with the programme – which, in 2020-2021, provided free, impartial advice to more than 15,557 people; with improved home energy efficiency for 4,559 households across Wales; making a big difference to bills and helping people become more resilient to energy price increases. Amid the ongoing cost of living crisis, delivery of the Nest Scheme is more important than ever.

Let me respond to your questions in turn below.

What are the main lessons learned from the Welsh Government's current Warm Homes Programme?

In 2020-2021, Nest home energy efficiency improvements have delivered a modelled energy bill saving of £305 per household per year, making a huge difference to fuel poor customers. We would like to see these benefits extended further as we work to support delivery of the Welsh Government's fuel poverty strategy. For example:

- Boiler repairs – This should not be limited to one repair only. There could be an extended warranty period for boiler repair e.g., 5 years, where the customer would get a service each year. As part of this we could look at installer filters and control.
- Customers should be able to benefit from multiple applications where required. For example, if a heating measure has been installed in the last 12/24 months, customers could benefit significantly from now having solar PV/battery.

How can these lessons help shape the next iteration of the Warm Homes Programme to ensure that it better supports those living in, or at risk of, fuel poverty?

- As mentioned above, the current cost of living crisis, including energy costs, means that the value of this programme will be of more importance to households than ever before. It is right therefore that we take stock about how we best target that support. In our view, the Warm

Homes Programme should continue to play a key role in delivering the Welsh Government's fuel poverty programme. We know that better targeting of support in recent years has meant that in 2020-2021 more than 16% of households benefiting through the scheme were living in severe fuel poverty, and 35% in fuel poverty. The scheme is delivering in line with the Welsh Government's principled approach of helping those worst affected by fuel poverty first.

- Given the evolution of technologies and solutions, particularly those which support tackling climate change, we believe in the longer term it may make sense for the programme to trial new solutions that could help households.
- By increasing the threshold at which we have to improve energy efficiency measures at customers properties, it would allow customers to benefit from some of the low carbon measures to work alongside their existing / fuel types and reducing the amount of customers fuel bills for example, Solar PV / Battery Storage could be installed alongside gas /electricity / oil. This would help householders who are experiencing fuel poverty in rural areas.

What should the eligibility criteria for home energy efficiency measures be - what specific support should be made available to meet the challenges associated with rural fuel poverty?

- Some households in fuel poverty are restricted by the rules of the scheme. Our experience delivering suggests the scheme should be extended to:
 - people over 70 years of age, who are not on means tested benefits, but who have limited financial capacity.
 - Low-income families who again are above the means tested benefits thresholds but have limited income
 - War veterans who hold a war pension
- We believe that the schemes that are means tested benefits should have one clearly defined set of rules.
- The thresholds / values should be evaluated on a regular basis as opposed to the duration of the scheme.
- We believe that means tested benefit route should also be opened up to properties who have a SAP rating of D in line with the health pilot. Currently approx. 7-10% of means tested benefits customers are currently failing the qualification criteria when applying for the scheme.
- We would also like to see an increase in the provision for private rented properties. Whilst acknowledging landlord responsibilities, these tenants without assets are amongst the most vulnerable.
- To increase targeting to those households most in need, focus could be limited to certain council tax bandings (e.g. A-D). Many properties are benefiting from the scheme currently are asset rich.
- And working tax / child tax credit could assess joint total household income for the property, not focused on an individual.

The Auditor General's report on the Warm Homes Programme highlighted concerns regarding the monitoring of contract arrangements including: - significant differences in how much the two scheme managers charged the Welsh Government to supply and fit the same energy efficiency measures; and - gaps in, and inaccuracy of, management information.

- All of the current prices submitted by Nest were reviewed and approved by the Welsh Government at the time of Tender submission for Nest 2.

The EST also indicated that their role was to take people as far as confirming their eligibility for the Nest scheme and then referring them forward. Could you provide us with information on any systematic support that was offered to assist people through the process from that point?

- EST also provide full support to customers in line with the support identified and link in with relevant partners, for example Care and Repair to ensure that the support is delivered. In 2020-2021 contract year EST delivered advice to 15,500 customers through the Nest scheme.

I hope that this information is helpful to the committee. If there is anything further that we can assist with at this time please let me know.

Yours sincerely,

David Morgan
Wales Public Affairs Manager Centrica