



## Tackling Fuel Poverty Plan (2021-2035) – Interim Targets

### Overview

Welsh Government's *Tackling Fuel Poverty Plan (2021-2035)*<sup>1</sup> was published in March 2021 to address fuel poverty in Wales and to support those “struggling to meet the cost of their domestic energy needs”.

The plan includes three non-statutory targets, namely that by 2035 as far as reasonably practicable:

- no households are estimated to be living in severe or persistent fuel poverty;
- not more than 5% of households are estimated to be living in fuel poverty at any one time; *and*
- the number of all households “at risk” of falling into fuel poverty will be more than halved based on the 2018 estimate.

The publication of the plan and its actions were, and still are, welcomed by National Energy Action. However, there remains a noticeable lack of interim targets in the plan, despite the Welsh Government's statutory obligations to specify such targets. This requirement is set out in the *Warm Homes and Energy Conservation Act (WHECA) 2000*<sup>2</sup> to “specify interim objectives to be achieved and target dates for achieving them”.

### Why should interim targets be introduced?

The context around fuel poverty has changed significantly and rapidly since the original plan was first published in 2021. With fuel poverty estimates in Wales increasing from 12% of all households in Wales in 2018, to 14% in October 2021, to up to 45% (614,000) of households by April 2022, the strategy has been overwhelmed by the scale of the energy crisis.

With eleven years left between now and the end target date of 2035, there are widespread concerns that three non-statutory targets, spanning three Senedd terms, with no interim milestones, seriously risks not driving the sustained and necessary action and investment that is required to address fuel poverty in Wales. In National Energy Action's latest UK Fuel Poverty Monitor (UKFPM)<sup>3</sup>, 1 in 2 stakeholders who responded to our Call for Evidence told us that at least one of the three targets for Wales is unlikely to be met.

The introduction of meaningful interim targets would provide a clearer pathway to 2035 and vital opportunities to review progress. It would enable the Welsh Government to periodically review the effectiveness of its strategy and each of its shorter-term actions and allow Members of the Senedd and stakeholders to support the same.

It is understood that the Welsh Government is facing its toughest budgetary situation since devolution and that resources are limited as a result. The introduction of interim targets would help maximise the effective use of funds through prioritisation to key areas.

### Energy efficiency-based targets

The route to a warm and safe home in the long term is rooted in solutions that are already known. Of the three key drivers of fuel poverty, it is energy efficiency that sits most squarely within the Welsh Government's control and is a primary focus of its flagship programme to tackle fuel poverty: the Warm Homes Programme. As such, it is advised that the Welsh Government should introduce energy efficiency-based targets as interim targets in the *Tackling Fuel Poverty Plan*.

Introducing such interim targets and committing to them as a core element of wider fuel poverty goals, would not only support the Welsh Government to meet statutory requirements, but help to realise these benefits in Wales. It would also embed welcome Worst First and Fabric First overarching principles of the Welsh Government's *Tackling Fuel Poverty Plan* into its targets and actions.

In England, the UK Government has a statutory target for all fuel poor homes to meet EPC C by 2030. As part of the UKFPM, modelling by Gemserv illustrates that **approximately £2bn of funding** would be required in Wales to ensure that all low-income households live in a property with an EPC C by 2030: **£1bn of which would be required from additional government investment in Wales, alongside £1bn via private and social landlords**. This is an example of an interim target that could be introduced and funded as described.

## Benefits and opportunities

There are several benefits associated with the introduction of energy efficiency-based interim targets:

1. Our latest UK Fuel Poverty Monitor has demonstrated the significant benefits of meeting energy efficiency-based fuel poverty targets. It shows that if Wales had a similar target to England, then the following benefits could be accessed cumulatively up to 2030:
  - a. £1.1bn in total cumulative energy bill savings for households
  - b. £0.2bn in value of increases to thermal comfort
  - c. £0.2bn in increased capital value of private rented properties
  - d. 3,000 additional full time jobs Employment impact
  - e. 1.7 MtCO<sub>2</sub>e in reduced carbon emissions
  - f. £5.5bn in improved air quality damage cost savings
2. Improving the energy efficiency of inefficient, fuel poor homes in Wales is inescapable and must be done in order to meet fuel poverty and climate change targets and become the "low carbon society" envisioned in the *Well-being of Future Generations Act*.
3. The longer energy-inefficient homes are left untreated, the more costly the work becomes to both the Welsh Government and the householders who are suffering in the meantime. As such, there is an urgent need to improve the energy efficiency of fuel poor homes.
4. Poor quality housing has wider, detrimental impacts on health and wellbeing. It is estimated to cost the NHS in Wales £95m every year<sup>4</sup> and, at its worst, leads to premature deaths. Spending on energy efficiency will ultimately result in savings in the longer term<sup>5</sup>.

There are also several opportunities available to support this:

- There are opportunities to maximise external resources and funding, such as through the private rented sector, social landlords, and UK Government schemes (including ECO).
- An upcoming Westminster election in 2024 comes with the possibility of new financial settlements for Wales.

---

<sup>1</sup> [Tackling fuel poverty 2021 to 2035](#), Welsh Government.

<sup>2</sup> [Warm Homes and Energy Conservation Act 2000](#).

<sup>3</sup> [UK Fuel Poverty Monitor 2022-23](#), National Energy Action.

<sup>4</sup> [The full cost of poor housing in Wales](#), Public Health Wales.

<sup>5</sup> Public Health Wales estimate that for every £1 spent on improving warmth in vulnerable households, this results in £4 of health benefits, and there could be close to 40% fewer hospital admissions for some cold-related illnesses in those with upgraded homes." [See Making a Difference Housing and Health: A Case for Investment](#), Public Health Wales.