



# **Cynulliad Cenedlaethol Cymru** **The National Assembly for Wales**

## **Y Pwyllgor Amgylchedd a Chynaliadwyedd** **The Environment and Sustainability Committee**

**Dydd Iau, 3 Gorffennaf 2014**  
**Thursday, 3 July 2014**

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These proceedings are reported in the language in which they were spoken in the committee.  
 In addition, a transcription of the simultaneous interpretation is included.

**Aelodau'r pwyllgor yn bresennol**  
**Committee members in attendance**

Russell George	Ceidwadwyr Cymreig Welsh Conservatives
Llyr Gruffydd	Plaid Cymru The Party of Wales
Julie James	Llafur Labour
Alun Ffred Jones	Plaid Cymru (Cadeirydd y Pwyllgor) The Party of Wales (Committee Chair)
Julie Morgan	Llafur Labour
William Powell	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats
Antoinette Sandbach	Ceidwadwyr Cymreig Welsh Conservatives
Joyce Watson	Llafur Labour

**Eraill yn bresennol**  
**Others in attendance**

William Baker	Pennaeth Tlodi Tanwydd, Cyngor ar Bopeth Head of Fuel Poverty, Citizens Advice
Jen Barfoot	Prif Weithredwr, Tai Calon Chief Executive, Tai Calon
Haf Elgar	Ymgyrchydd, Cyfeillion y Ddaear Campaigner, Friends of the Earth
Dewi Llwyd Evans	Rheolwr Mentrau Cymunedol, Grŵp Cynefin Community Initiatives Manager, Grŵp Cynefin
Graeme Francis	Pennaeth Polisi a Materion Cyhoeddus, Age Cymru Head of Policy and Public Affairs, Age Cymru
Andrew Lycett	Prif Weithredwr, Cartrefi Rhondda Cynon Taf Chief Executive, Rhondda Cynon Taff Homes

Duncan McCombie	Cyfarwyddwr Gweithrediadau, yr Ymddiriedolaeth Arbed Ynni Director of Operations, Energy Saving Trust
Carole Morgan-Jones	Cyfarwyddwr, National Energy Action Cymru Director, National Energy Action Cymru
Amanda Oliver	Pennaeth Polisi ac Ymchwil, Cartrefi Cymunedol Cymru Head of Policy and Research, Community Housing Cymru
Andrew Regan	Rheolwr Polisi Ynni, Cymru, Cyngor ar Bopeth Cymru Energy Policy Manager, Wales, Citizens Advice Cymru
Andy Sutton	Aelod o'r Grŵp Llywio Craidd, Grŵp Cymru Carbon Isel/Di- garbon Core Steering Group Member, Wales Low/Zero Carbon Hub
Iwan Williams	Arweinydd Cymunedau, Llywodraeth Leol a Lles, Comisiynydd Pobl Hŷn Cymru Communities, Local Government and Wellbeing Lead, Older People's Commissioner for Wales

**Swyddogion Cynulliad Cenedlaethol Cymru yn bresennol**  
**National Assembly for Wales officials in attendance**

Catherine Hunt	Ail Glerc Second Clerk
Nia Seaton	Y Gwasanaeth Ymchwil Research Service
Adam Vaughan	Dirprwy Glerc Deputy Clerk

*Dechreuodd y cyfarfod am 09:30.*  
*The meeting began at 09:30.*

**Cyflwyniad, Ymddiheuriadau a Dirprwyon**  
**Introductions, Apologies and Substitutions**

[1] **Alun Ffred Jones:** Hoffwn eich croesawu i'r cyfarfod. Af drwy'r materion arferol. Os bydd larwm tân, dilynwch y tywyswyr allan. Gofynnaf fod eich ffonau symudol wedi'u diffodd neu wedi'u rhoi ar osteg. Rydym yn gweithredu'n ddwyieithog yma yn y Cynulliad Cenedlaethol, wrth gwrs, felly mae clustffonau ar gael i chi gael cyfieithiad. Peidiwch â chyffwrdd y botymau ar y meicroffonau; byddaf yn dweud hynny wrth y tystion hefyd.

**Alun Ffred Jones:** I welcome you all to this morning's meeting. I will go through the usual issues. If you hear a fire alarm, please follow the instructions of the ushers. Mobile phones need to be switched off or put on silent. We operate bilingually at the National Assembly, of course, and headphones are available for interpretation. Please do not touch the buttons on the microphones; I will inform the witnesses of that, too.

[2] A oes unrhyw Aelod eisiau datgan buddiant o dan Reol Sefydlog 2.6? Gwelaf nad oes. Rydym wedi cael ymddiheuriadau gan Gwyn Price a Mick Antoniw, ac rwy'n meddwl y bydd Keith Davies yn ymuno â ni i ddirprwyo ar ran Mick.

Does any Member wish to declare an interest under Standing Order 2.6? I see that you do not. We have received apologies from Gwyn Price and Mick Antoniw, and I believe that Keith Davies will be joining us as a substitute on behalf of Mick.

[3] Y busnes heddiw, wrth gwrs, yw'r ymchwiliad i effeithlonrwydd ynni a thlodi tanwydd yng Nghymru, a'r eitem gyntaf fydd

Today's business is our inquiry into energy efficiency and fuel poverty in Wales, and the first item will be to take evidence from

tystiolaeth gan National Energy Action Cymru. Heddiw yw'r sesiwn gyntaf o dair sesiwn dystiolaeth. Byddwn yn trefnu sesiwn gyda'r cwmnïau ynni ar gyfer tymor yr hydref. Mae papur briffio yn eich pecynnau. Rydym yn disgwyl Carole Morgan-Jones, cyfarwyddwr National Energy Action Cymru i ddod yma i roi tystiolaeth unrhyw funud. Nodaf y bydd eitem 9 yn cael ei thrafod cyn cinio.

National Energy Action Cymru. This is the first of three evidence-gathering sessions. We will also be arranging a session with the energy companies for the autumn term. A briefing paper is available to you. We are expecting Carole Morgan-Jones, director of National Energy Action Cymru, any minute now. I note that item 9 will be discussed before lunch.

09:32

**Ymchwiliad i Effeithlonrwydd Ynni a Thlodi Tanwydd yng Nghymru:  
Tystiolaeth gan National Energy Action Cymru  
Inquiry into Energy Efficiency and Fuel Poverty in Wales: Evidence from  
National Energy Action Cymru**

[4] **Alun Ffred Jones:** Bore da.

**Alun Ffred Jones:** Good morning.

[5] I am pleased to welcome you here. We operate a bilingual policy, so if you wish to avail yourself of the translation facilities, please do so. Do not press the buttons on the microphone—it will come on automatically.

[6] Croeso cynnes i chi i'r sesiwn hon i ymdrin ag effeithlonrwydd ynni a thlodi tanwydd yng Nghymru. A ydych eisiau dweud rhywbeth i ddechrau?

A warm welcome to you to this session on energy efficiency and fuel poverty in Wales. Do you want to make any opening remarks?

[7] **Ms Morgan-Jones:** I have just a couple of points, if that is okay. First, I would like to thank the committee for inviting NEA Cymru to present and give evidence to you today. I would also like to thank the committee for highlighting fuel poverty as an issue. I think that, with four years to go until the target to eradicate fuel poverty—the Welsh Government's target of 2018—it is an ideal time to take stock of where we are, and what policies and potential additional solutions we need to implement to address it. I would also like to thank the members of the cross-party group on fuel poverty, some of whom are members of this committee. I also record our thanks to Assembly Member Mark Isherwood for his support as chair of the cross-party group over many years. That is it; thank you.

[8] **Alun Ffred Jones:** Dyna ni; diolch yn fawr iawn. Cychwynnwn, felly, gyda chwestiynau gan Antoinette Sandbach.

**Alun Ffred Jones:** There we are; thank you. We will, therefore, start with questions from Antoinette Sandbach.

[9] **Antoinette Sandbach:** I wondered whether you felt that Welsh Government has sufficient information about the Welsh housing stock, and the quality of that housing stock, to be able to use the Nest and Arbed schemes effectively.

[10] **Ms Morgan-Jones:** I think that one of the issues is that NEA Cymru and members of the fuel poverty coalition Cymru have been calling for data to be updated. It is one of the key issues, I think, that stakeholders have in Wales—that we do not have adequate statistics and information about the levels of fuel poverty, the types of people it is affecting and how issues are affecting particularly vulnerable groups at the moment, particularly elderly people and people with chronic illnesses and disabilities. Certainly, in terms of local data as well, if you look at the fuel poverty maps on the Welsh Government's website, you will see that they are

quite out of date. One piece of feedback that we have been getting from stakeholders, particularly local authorities, is that they do not have the evidence to provide a case, not only to senior officials, but also when they are making bids. So, when they are making bids for a grant or for a Welsh Government grant, it is very difficult to make the case, and also to ensure that local authorities, which have a key role to play in addressing fuel poverty, take the issue seriously and also that they have effective Affordable Warmth groups to tackle the issue.

[11] **Antoinette Sandbach:** So, in that context, what are your concerns about ending the ministerial advisory group on fuel poverty, and also, are there specific issues around rural Wales and off-grid properties?

[12] **Ms Morgan-Jones:** I do have a particular issue with the fact that the ministerial advisory group ended in December 2011. The Welsh Government's fuel poverty strategy set out some clear functions of that ministerial advisory group, and I will just refer to my notes to make sure that I have covered the majority of them, and how important the functions are. Some of the key functions were to provide advice and recommendations on tackling fuel poverty in Wales; to examine the effectiveness of current policies in delivering reductions in fuel poverty—the kind of role that this committee is now taking in examining the evidence; to examine barriers to the delivery of reductions in fuel poverty; to consider the need for additional policies and initiatives; and also to look and advise on research that can help address the issue, and particularly specific issues like rural poverty. We know that rural fuel poverty is twice the level in rural areas—it is about 42% compared with 22% in urban areas. It is a massive problem, not only in Wales, but across the UK. I think that the ministerial advisory group would have a key role in picking up some of those important issues, not only in terms of the key issue about what we can do to address rural fuel poverty, but also how the Nest scheme can address rural fuel poverty more effectively, particularly in terms of some of the issues around solid wall insulation and the cost. I understand that there is some evidence that solid wall insulation is particularly expensive under the Nest scheme, and, therefore, if it is not cost effective to do that as an energy efficiency measure, then that can be a difficulty in getting funding for that particular measure.

[13] Wales is now the only UK country without such an advisory group, and I think that we are lacking and missing a trick in not having that expert advice to assist the Welsh Government. Stakeholders come to me on a number of issues that they would like to see addressed, not only on how in Wales we can benefit from the UK Government schemes—the Green Deal, or the energy companies obligation—and benefit Wales most effectively by bringing stakeholders together, but also in giving direction and advice to the Welsh Government on best practice and best solutions that are happening, maximising ECO and such like.

[14] **Llyr Gruffydd:** Roeddwn eisiau holi ynglŷn â'r dull o fesur tlodi tanwydd—hynny yw, y fformiwla sy'n cael ei ddefnyddio. Nid yw'n gymhleth, wrth gwrs, ond mae gwahaniaeth yn Lloegr, o gymharu â Chymru. Er bod gwaith gwella effeithlonrwydd ynni'n digwydd mewn tai, gan fod pris ynni'n codi'n barhaol, nid yw'r gwaith sy'n digwydd yn cael ei adlewyrchu yn y ffigurau, felly a ydych yn teimlo bod lle i newid y ffordd yr ydym yn mesur tlodi tanwydd yng Nghymru?

**Llyr Gruffydd:** I just wanted to ask about the way of measuring fuel poverty—that is, the formula that is used. It is not complicated, of course, but there is a difference in England compared with Wales. Although work on energy efficiency improvements is being done in houses, because the price of energy is continuously increasing, the work that is being done is not being reflected in the figures, so do you feel that there is scope to change the way in which we measure fuel poverty in Wales?

[15] **Ms Morgan-Jones:** I do not think that I could give an adequate answer on that today. England has gone down a different route from the rest of the UK in introducing a low-income,

high-cost definition. It had Professor Hills to review the definition. The review was quite extensive; it consulted with stakeholders and came up with a new definition that would focus on helping the people in the most severe fuel poverty. So, in England, they have moved away from attempts to eradicate fuel poverty by 2016, and will be introducing a new strategy within six months and also a minimum energy efficiency standard. So, I do not think that I can give you an off-the-cuff response to that; I think that we would need to consult a range of stakeholders. However, what I do think about the 10% definition is that it does capture the majority of people in fuel poverty. Of course, if you are spending 10% of your household income on fuel, it is an easy measure to understand because the measure in England is so complex and difficult to understand. Also, the new measure will reduce fuel poverty levels and concentrate on the families in the most severe fuel poverty. So, it may be a kind of indication that, in England, they have given up on eradicating fuel poverty and are just thinking that resources could be best used by helping those in most severe fuel poverty.

[16] **Llyr Gruffydd:** Mae hynny'n arwain yn gyfleus at fy nghwestiwn nesaf, oherwydd yr hyn yr hoffwn ei ofyn yw: a ydych yn meddwl bod y targed o ddileu tlodi tanwydd yng Nghymru erbyn 2018 bellach yn gyraeddadwy? **Llyr Gruffydd:** That leads me conveniently to my next question, because what I want to ask is: do you think that the target of eradicating fuel poverty in Wales by 2018 is now achievable?

[17] **Ms Morgan-Jones:** I think that a wide range of stakeholders who will give evidence to you will probably give the same answer, which is 'no'; I think that all of the indications suggest that fuel poverty will not be eradicated in Wales by 2018. I mentioned that England has moved away from its eradication date, which was 2016. All of the external factors that impact on fuel poverty, such as energy prices, low incomes, the vulnerability of the household and also the energy efficiency of the property, suggest that the target is definitely unachievable. I believe that the Welsh Government needs to think about how it will reach the target—with four years to go, we know that it is not going to happen. There is a caveat within the fuel poverty strategy that talks about 'as far as is reasonably possible'. I appreciate that the external factors have hindered the ability to reach the target and have increased fuel poverty levels. However, I do not think that that in itself is a reason not to set yourself aspirations, but, if you know that a target is now going to be unachievable, we need to take a backward step and ask ourselves, 'What can we do—is it possible to eradicate and what are the new measures that we need to respond to in terms of the external factors?' We know that energy prices will continue to increase year on year over the next 10 years. The National Audit Office produced a report saying that. Even the Department of Energy and Climate Change has already admitted that energy bills will increase because of the costs of energy policies that are recouped through the energy bills. All consumers are paying for energy policies, including the energy companies obligation, through their electricity bills.

09:45

[18] **Llyr Gruffydd:** I gloi, a fyddech yn tybio, felly, ei bod yn ddigon rhesymol i'r Llywodraeth ailasesu ei tharged ac i ailwampio'r strategaeth i adlewyrchu hynny? **Llyr Gruffydd:** To conclude, would you say that it is reasonable, therefore, for the Government to reassess its target and to publish a new strategy to reflect that?

[19] **Ms Morgan-Jones:** I do not know whether we need a new strategy, but it certainly needs to be refreshed and looked at. NEA Cymru and the Wales fuel poverty coalition have been calling for a few years now for an action plan to go along with the strategy. A lot of the mechanisms within the fuel poverty strategy are not applicable anymore; for example, we do not have the ministerial advisory group. There were targets to eradicate fuel poverty by 2010 for vulnerable households and by 2012 in the social housing sector; those targets have not been met. As I said, I understand the external factors that have been influencing that. It is

good news that we have had some reduction in fuel poverty from the energy efficiency schemes, so we know how effective improving the energy efficiency of properties is.

[20] However, a lot of the information in the fuel poverty strategy, which talks about linking in with a range of Welsh Government strategies—the older persons strategy, sustainable development, climate change targets and the financial inclusion agenda—needs to be revisited to see how it is being implemented in practice. There is a lot of information in the fuel poverty strategy about annual reporting on targets. It is difficult for stakeholders. NEA Cymru has been looking at the reports that come out. Apart from the Nest annual report, there are lack of data and research issues, which we keep raising.

[21] **Joyce Watson:** I am glad that you recognise external factors, because it is a complex issue to try to get people out of fuel poverty. I just want to ask whether you think that the Welsh Government is committed to spend—[*Inaudible.*]—and whether you think that it is about getting affordable houses. Although I agree that there are not many more houses, getting—[*Inaudible.*]—8,000 houses out of fuel poverty is a pretty good thing. So, that is the first thing that I would like to ask.

[22] The second question that I have for you is about the responsibility of collecting data by local government. It has to meet the Welsh housing quality standard, and when it is doing that, I would expect it to look at the condition of that house, which ought to tell it something about the interior and the ability of that house to keep the occupants warm. I have seen good examples of that in north Wales. The North Wales Housing Association has done some excellent work in this regard. Is that news travelling? Are those experiences and best practices being shared? I give that as one example; I know that there are others.

[23] **Ms Morgan-Jones:** I would certainly agree that the Welsh Government energy efficiency programmes have assisted in reducing the levels of fuel poverty in Wales. The Welsh Government produced a report in March 2013 that said that 54,000 households had been taken out of fuel poverty because of the energy efficiency measures. For those households that have received the energy efficiency measures, bringing Affordable Warmth to them is certainly important and they will certainly receive the benefit.

[24] The only issue that I have with the Nest and Arbed programmes is that the amount of resources will only ever scratch the surface. We have 386,000 homes in fuel poverty, and the measures under Nest last year helped, I think, about 4,900 houses. So, on a year-on-year basis, it would take nearly 200 years to reduce fuel poverty at the current kind of levels. So, the Nest and Arbed schemes, fantastic schemes as they are, and they have been recognised—we recognised them in our fuel poverty monitor in 2013—. The Arbed area-based scheme was an example of best practice and the whole-house approach of the Nest scheme is also a very good example. At a time when England does not have a fuel poverty scheme—funding has been withdrawn completely from the Warm Front scheme in England—it is really important that the Welsh Government is continuing to maintain that investment.

[25] In terms of your other question about local government, there are some very good examples of local government initiatives that are happening across Wales. One of the difficulties is trying to share that best practice. As NEA Cymru, we still have our fuel poverty forums where we try to share and showcase best practice examples. The Welsh housing quality standard is an excellent way of improving the housing quality, but it applies to social housing and not to the private housing sector. So, there have been good improvements made to the Welsh housing quality standard. I think that there has been an extension of the deadline to 2015. However, we generally know that conditions in the social housing sector are much better than in the private sector and the private rented sector. So, that is to be commended as well.

[26] **Alun Ffred Jones:** Of those 386,000 homes in fuel poverty, is there a breakdown between the private sector and the public sector in that number?

[27] **Ms Morgan-Jones:** There is a breakdown in terms of vulnerable households, social housing and the overall levels. It was broken down because the Welsh Government's fuel poverty strategy has targets to eradicate fuel poverty in social housing, among vulnerable households and overall by 2018. The research fuel poverty projection tool, which was published in March last year, broke down those statistics by social housing, vulnerable housing and the overall levels.

[28] **Julie Morgan:** Good morning. Last week, I chaired a meeting here and the audience mainly made up of Gypsies and Travellers. What came out from that was the fact that they are in extreme fuel poverty and that their bills are, I think it was estimated, 42% above those of the settled householder. I wonder whether you have any overview of anything that is being done to address those particular issues and what you think could be done.

[29] **Ms Morgan-Jones:** First, Julie, may I apologise that I could not come to that meeting—

[30] **Julie Morgan:** You were represented.

[31] **Ms Morgan-Jones:** Yes, the fuel poverty coalition was represented by Andy Regan, and I have had some feedback on that. It is not an issue that we have addressed significantly in the past. NEA Cymru has done some projects as part of National Energy Action as a wider charity in England with minority groups. I think that that is one of the issues in terms of Nest and effective targeting—something that the Nest stakeholder group, of which I am a member, could take on board. I remember that you raised the issue with the Minister last week during his statement, and he did say that he would ask officials to look at how the Nest scheme could be better targeted. The Nest stakeholder group has been set up to try to target Nest more effectively because around 55% of the people receiving measures in the last report were fuel poor. So, a range of stakeholders, including Care and Repair Cymru, Citizens Advice, Age Cymru, as well as NEA Cymru, are on that group to try to engage in referrals to make sure that Nest is targeted effectively. Having research about some of the issues, particularly with Gypsies and Travellers, is also really important to make sure that we know what the problems are—the same also applies with rural fuel poverty—and then, having the issues, to address them. For me, again, it is another issue, along with rural fuel poverty, about which the ministerial advisory group could take specific issues on board.

[32] **Julie Morgan:** Do you know whether the ministerial advisory group ever considered it?

[33] **Ms Morgan-Jones:** I am afraid that the ministerial advisory group ceased before my time with NEA Cymru. I do not have access to the information that was kept. I think that when we had a review of NEA Cymru by the Welsh Government, there was difficulty in finding the documentation from the previous group. It is certainly an issue, along with other minority communities that have not been addressed. I know that the Nest scheme has made attempts to develop partnerships with different communities in Wales. It has partnership development managers, and I know that it has increased the number of those managers. However, if you are doing it on that kind of sporadic basis, and not as a collective kind of issue, it is difficult.

[34] **Julie Morgan:** Yes. Thank you very much for that. I think that we are having a representative of Nest in later. However, I do not know. This is obviously something that has to be targeted or it will not happen. In the presentation that we had, we saw that there have been energy efficiency measures directed at park homes, but it has not extended to



Gypsy/Traveller sites. I think that you actually have to make a targeted effort. Basically, I think that it probably has not been done from your—.

[35] **Ms Morgan-Jones:** Yes, certainly. I certainly think that it is an issue. Similarly to park homes, I think that there are a few areas where fuel poverty is particularly intense and acute, and we do need concerted action to address it. My issue there is that we do not have the advisory group to bring all parties together, which we could do in Wales, to tackle some of these issues.

[36] **Alun Ffred Jones:** I now call Russell George.

[37] **Russell George:** Going back to the advisory group, how is the ministerial advisory group set up in the other three administrations? If there are differences, what is the example of the best advisory group set-up?

[38] **Ms Morgan-Jones:** I think that it would be difficult for me to compare them and say which was the best. The England fuel poverty advisory group has a vast range of stakeholders brought together to attend that. It is independent and provides independent advice. The Westminster Government is then entitled to accept the advice or disregard it. Scotland has an advisory group that has looked at the 10% definition of fuel poverty for the Scottish Government, and it has recommended keeping the existing definition, but it has made some recommendations about how it could be improved in terms of looking at the energy efficiency and Affordable Warmth elements.

10:00

[39] In Northern Ireland, they have separated the group into different strands, so they have some groups that look at prevention and some that look at targeting, and they have action plans as well that go along with those different groups.

[40] **Russell George:** Is it the Government of each administration that appoints the chair of each group? How is that set up?

[41] **Ms Morgan-Jones:** I am not sure, exactly, but the ministerial advisory group would be appointed by Ministers, so that is a political decision. However, as far as representatives on the group go, there is a wide range of stakeholders—many of the stakeholders whom you would be inviting to this inquiry.

[42] **Russell George:** Are the groups quite challenging of each of the Governments?

[43] **Ms Morgan-Jones:** Certainly, the fuel poverty advisory group in England has been very challenging. One of the items that it called for was to use carbon taxes for an energy efficiency programme. Obviously, it depends on the robustness of the advisory group and, sometimes, the key members whom you appoint to that advisory group and the functions of the group as well. If they are clearly set out, the ministerial group can be very robust. I think that our fuel poverty monitor in 2013 found that the advisory groups had been very robust in providing good evidence to the respective Governments.

[44] **Russell George:** With regard to the Green Deal, what could the Welsh Government do more of in order to lever in more funding from the Green Deal? If there is nothing, you can say so.

[45] **Ms Morgan-Jones:** The Westminster Government has already said that the Green Deal is not suitable for fuel-poor households, because it is a pay-as-you-go mechanism. A number of fuel-poor households under-heat their homes, so they will not benefit from what is

termed the golden rule, where you benefit from improved warmth, but have higher bills, because the payment that you are making for the energy efficiency improvement is added to your bills. NEA has raised a number of concerns about the Green Deal throughout the consultation process, including the fact that a number of low-income households will probably not be accepted to have the Green Deal finance agreement because of their inability to pay it back. If they default on the payment, we also raised some issues about whether that would affect people being disconnected as well, which would only significantly increase the issue. The Green Deal has not been the success that the Westminster Government would have liked it to have been. There have been so many issues in Wales about scams as well. I am sure that Citizens Advice might elaborate on that, when its representatives talk to you about these Green Deal assessments—

[46] **Alun Ffred Jones:** I am sorry, but did you say ‘stams’?

[47] **Ms Morgan-Jones:** Scams. You have to have a Green Deal assessment of your home, before you can get a Green Deal finance agreement. There are a number of rogue traders who have been trying to door-knock in poorer communities to get people to sign up to these assessments.

[48] **Russell George:** My final question is on another issue. Later in the year, we are going to be taking evidence from the big six energy companies, as they are called, and I would be grateful if you could outline to us what you think would be useful questions for us to ask them.

[49] **Ms Morgan-Jones:** Although we refer to them as ‘the big six’, and, of course, there is a Competition and Markets Authority inquiry that is happening at the moment, in Wales it is the ‘big two’, really—you know, British Gas, Swalec or SSE, or whatever you like to call it, and Scottish Power in the north. They have a big share of the market, and one of the questions that I would like the committee to ask them is: how are they supporting the Welsh Government in its attempts to eradicate fuel poverty by 2018? The energy companies have a big role to play in that.

[50] I also think that there is evidence that debt is increasing in Wales, particularly fuel debt. I have statistics that show that 25% and 14% of gas and electricity bills over the past year have gone up in Wales in terms of debt levels. We know that StepChange Debt Charity produced a report in January, for example, saying that the number of people coming to it, saying that they were having difficulty paying their energy bills, was substantial. So, I think that another one of the key issues for me would be: how are they helping people in debt and how are their customer contact centre staff trained appropriately to deal with some of the most vulnerable people who will be affected by this? When you phone up a customer adviser, the last thing you want is for them to tell you, ‘You need to pay this, and the only option is for a pre-payment meter to be installed’. I think that there are a lot of issues to do with what advice is given to people there.

[51] **Alun Ffred Jones:** Llyr, ai ar y **Alun Ffred Jones:** Llyr, is your question on  
pwynt hwn y mae dy gwestiwn? this point?

[52] **Llyr Gruffydd:** On this particular point on the CMA inquiry, obviously, there is no reference in the Ofgem terms of reference to devolution as such, so, unless people like you and us put some pressure on the CMA to make sure that it gives full consideration to Welsh factors, there is a danger that some decisions might have much more substantial implications for Wales than maybe England and Wales jointly. So, I am just wondering whether you have made any representations to the CMA on the need to keep that in mind. Also, to what extent do you think that there is a danger that this inquiry might become protracted and technical? While it might lead to some changes in the market, it might not necessarily lead to much

change in terms of people's lives.

[53] **Ms Morgan-Jones:** Yes, and I would agree that, for the majority of the public out there who are worried about energy bills and, as we come into the autumn, will probably be worried again about how they are going to afford to heat their homes, the Competition and Markets Authority's review does not have much significance in their individual lives. I think that NEA's view in particular is that it is going to be at least 18 months before the authority reports. While it is probably understandable that it does need a significant time to look into all the issues to do with competition in the energy industry, it is something that Ofgem as a regulator has not been able to do, and if Ofgem cannot do it and make sense of the retail and wholesale markets, then how can the rest of us? However, I think that the implication of that is something that we have not considered asking the authority to do, but it is certainly something that I will take back to the fuel poverty coalition.

[54] **Alun Ffred Jones:** Julie, is your question on this?

[55] **Julie James:** Yes, it is on this, actually. Just on the energy companies, I wondered what you thought of the possibility of forcing energy companies to sell to social housing consortia at different rates, to stop the pre-payment meter problem. I know that it is under consideration.

[56] **Ms Morgan-Jones:** Sorry, but I do not have enough—

[57] **Julie James:** Well, basically, the idea is that, if you have enough people who are forced on to pre-payment meters in a particular area, either the registered social landlord or the local authority will take over the payment of the bill, which pushes people back off pre-payment meters. The issue is that the bill is then paid upfront by a third party.

[58] **Ms Morgan-Jones:** The issue with pre-payment meters is that they are more expensive than any other form of payment. However, Ofgem, a few months ago, said that the reason for that was understandable as it was more costly for the energy suppliers. That idea is certainly something to explore. With regard to people who have pre-payment meters—and this may be something on which you want to question energy providers—we know that they have a good disconnection policy of not disconnecting people, especially during the winter months, but I would like to know how they monitor when people are self-disconnecting. Generally, pre-payment meters are put in if people are struggling with their energy bills, and it is very important that energy providers have a role, under Ofgem's debt protocols, to consider whether pre-payment meters are appropriate for that individual. There are a number of criteria and a protocol that they should go to before deciding whether they should have a pre-payment meter. That includes vulnerability and the way in which they will access payments and top-ups for that pre-payment meter.

[59] **Alun Ffred Jones:** I have to stop you there. William Powell, do you have a question?

[60] **William Powell:** I was interested in your comments earlier about the limitations of the Green Deal in making any meaningful contribution in terms of fuel poverty. What views do you have on the capacity of the energy companies obligation scheme to address the problem, particularly in rural areas? What views do you have on the proposed changes to that scheme that were announced just before Christmas?

[61] **Ms Morgan-Jones:** I just want to refer to some of my notes, because I do not know the figures off the top of my head for the ECO scheme. NEA was pleased, following the changes to ECO announced during the Chancellor's autumn statement, that the dedicated support in ECO for lower income and vulnerable households was to be maintained and extended—it was extended from March 2015 to March 2017. So, that was welcomed, but

there was a cut in the energy companies obligation of 33% in relation to funding for solid wall insulation. According to our fuel poverty monitor, this means that an estimated 600,000 fewer hard-to-treat measures would be installed following those changes. Obviously, the changes reduced energy bills, so that had been a good outcome.

[62] **William Powell:** What about, specifically, the issue around rural fuel poverty? I suppose that that relates partly to solid wall insulation.

[63] **Ms Morgan-Jones:** Yes, it does. That will have a significant impact on rural fuel poverty and households' attempts to take measures through that. We already know that there are problems with the Nest scheme in addressing solid wall insulation, although the Nest scheme, in the last annual report, has significantly improved its targeting in rural areas.

[64] **William Powell:** What is your response to the suggestion from some quarters that there is overcomplexity in terms of the range of schemes available and also the split in responsibility between the Welsh Government and the UK Government in this area? To what extent do you feel that that has made it more difficult to make the progress that we are obviously struggling to make, given your comments earlier regarding the achievability of the target?

[65] **Ms Morgan-Jones:** The energy companies obligation is an extremely complex policy to understand. It was difficult enough to understand before the changes came in, but, after the changes, it has provided some uncertainty in the market. The fact that the Green Deal has not taken off in the way that the Westminster Government would have liked has also meant that people are not, potentially, taking up Green Deal finance because they might be waiting to see what else will happen and what changes will take place.

10:15

[66] Generally, within our fuel poverty monitor, we have also said that there is a lack of co-ordination across Government departments, particularly with the ECO changes. Alun Davies announced that he was providing £70 million of investment to incentivise energy companies to invest in ECO resources in Wales before the autumn statement, but, since then, there has been a lot of confusion about what is happening and how best to make use of those resources.

[67] **Alun Ffred Jones:** Okay. I have to bring this session to a close. May I thank you very much for presenting your evidence? We will provide you with a copy of the transcript, so that you can check it for accuracy. Diolch yn fawr iawn. Thank you very much for coming in.

[68] **Ms Morgan-Jones:** Thank you very much.

10:16

**Ymchwiliad i Effeithlonrwydd Ynni a Thlodi Tanwydd yng Nghymru:  
Tystiolaeth gan Age Cymru a Chomisiynydd Pobl Hŷn Cymru  
Inquiry into Energy Efficiency and Fuel Poverty in Wales: Evidence from Age  
Cymru and the Commissioner for Older People in Wales**

[69] **Alun Ffred Jones:** Fe alwn, felly, y **Alun Ffred Jones:** We will therefore call our tystion nesaf, sef Graeme Francis o Age next witnesses, namely Graeme Francis from Cymru, ac Iwan Williams o swyddfa Age Cymru, and Iwan Williams from the Comisiynydd Pobl Hŷn Cymru. office of the Commissioner for Older People

in Wales.

[70] William Powell, I will start with you this time, as you waited so patiently before coming in. I was not trying to imply anything by not calling you.

[71] Bore da. A gaf i eich croesawu chi yma i sesiwn gyntaf y pwyllgor ar effeithlonrwydd ynni a thlodi tanwydd yng Nghymru? Rwy'n falch iawn o gael eich croesawu chi yma fel cynrychiolwyr Age Cymru a Chomisiynydd Pobl Hŷn Cymru. Efallai yr hoffech gyflwyno eich hunain drwy ddweud pwy ydych chi a beth yw eich swyddogaeth chi, ac wedyn fe wnawn ni ddechrau ar y cwestiynau.

Good morning. May I welcome you to this committee evidence-gathering session on energy efficiency and fuel poverty in Wales? I am very pleased to welcome you here as representatives of Age Cymru and the Commissioner for Older People in Wales. Perhaps you would like to introduce yourselves by telling us who you are and what your role is, and then we will move immediately to questions.

[72] **Mr Williams:** Bore da i chi i gyd. Iwan Williams ydw i, arweinydd cymunedau llywodraeth leol a lles ar ran Comisiynydd Pobl Hŷn Cymru.

**Mr Williams:** Good morning to you all. I am Iwan Williams, communities, local government and wellbeing lead on behalf of the older people's commissioner for Wales.

[73] **Mr Francis:** Bore da, good morning. I am Graeme Francis, head of policy and public affairs at Age Cymru.

[74] **Alun Ffred Jones:** Diolch yn fawr. Right, William Powell is first.

[75] **William Powell:** Diolch yn fawr, Gadeirydd. I would like to start off by looking at some issues that came up in the previous session with regard to the limitations that there are and the difficulties that have been encountered with the Green Deal in actually achieving any significant contribution to addressing fuel poverty here in Wales. I wonder whether you could elaborate on that point.

[76] **Mr Francis:** I will have a go at that first. I think the most important thing from our point of view is probably the acceptance that the Green Deal, as a scheme, is not very well targeted at people in fuel poverty. In fact, I think that the UK Government itself has admitted, or accepted, that it is not a scheme that is appropriate for some people in fuel poverty, because of the mechanism that it uses to help improve people's homes. The Green Deal could absolutely be part of a solution to the issue for householders for whom improvements to their properties would help them save money on their energy bills and, therefore, the repayment mechanism through the energy bills is appropriate to them. However, in our view, for people in fuel poverty, the idea that you pay back money that has been spent on your property through your energy bills, and your energy bills are part of the problem that put you in fuel poverty in the first place, means that it is not necessarily an appropriate solution. I think that that is probably partly mirrored in the take-up and how that scheme is not, as I say, very well targeted.

[77] **William Powell:** In terms of the ECO scheme, to what extent do you feel that that has been perhaps more successful? Do you share the view of NEA Cymru, from which we have just heard, which welcomes the changes that were announced just before Christmas to the way that that scheme will operate in future?

[78] **Mr Williams:** On the ECO scheme, I think that it is commendable that the Welsh Government has committed this £70 million pot to try to leverage further ECO funding into Wales. That will hopefully be more attractive to energy companies to invest more in Wales in the future. However, in our written response, we expressed some concern about the changes

to ECO; 400,000 fewer homes could benefit from the scheme. So, that is something that we have expressed some concern about in our response.

[79] **William Powell:** Another issue that has been raised consistently in this area is a suggestion that there is an overcomplexity of schemes, and, particularly, that there is sometimes a lack of clarity that arises from that, in terms of responsibility, which may also have driven down on the level of application, as well, potentially, as some jockeying for position and credit and so on between the two administrations. Do you share that concern? What would you advocate to improve the situation and to improve take-up?

[80] **Mr Francis:** It is certainly the case that energy, on the energy bills side and on the energy efficiency improvement side, is a complex area. Inevitably, any degree of complexity like that limits the impact on public understanding and take-up of schemes. Generally, people who we talk to are not certain where to go, and where the first port of call should be, whether it should be the Government, the local authority or the energy supplier. The fact that you can approach any energy supplier for improvements in your home is often not well known, for example; it does not just have to be yours.

[81] ECO is a scheme that targets people in fuel poverty. We would agree with what the older people's commissioner has said around some of the changes made in last year's autumn statement to extend the period in which people would pay and ECO improvements have to be made, and the money spent has meant that fewer households will get funding. To us, that is regrettable, because it was the only part of the UK Government's energy efficiency programme that is targeted specifically at people in fuel poverty. We understand the rationale behind the UK Government seeking to save money, or to reduce people's energy bills, but it is a shame that the only mechanism it could find to do that is the only thing that is targeted at helping people in fuel poverty within its programme.

[82] In terms of how you could address the complexity, that is a difficult issue, because the Welsh Government clearly wants to target work on energy efficiency, and it is the only area where it can have a direct impact on fuel poverty. So, it is right that the Welsh Government operates schemes and that it operates a couple of different schemes in terms of Nest and Arbed, because it gives the mix of a targeted approach at people in fuel poverty, through Nest, and in an area-based scheme in Arbed, which we know is one of the most effective ways of helping to get large numbers of energy efficiency improvements in people's homes.

[83] The UK Government has schemes through energy suppliers as well, through ECO, and our only issue with that is that it means extra money on energy bills, but it is right that it is looking to target people as well, and, in terms of a solution for that, it should be around information and making sure that people go to the right point initially and can get help to access whichever scheme is most targeted towards their needs.

[84] **William Powell:** Finally, to what extent do you think that the devolution of building regulations provides us with an opportunity in Wales to make specific progress in this area?

[85] **Mr Francis:** I think that it does give the opportunity. As part of the fuel poverty coalition in Wales, we have been arguing that the housing Bill could have a greater focus on improving the energy efficiency of homes. There has been some discussion at Government level, with us and between AMs about how that could be done, particularly in terms of rented accommodation and whether there could be minimum standards, for example, in that area. New-build homes are already a lot more energy efficient than our existing housing stock, but anything where we can make sure that we are futureproofing those households and making new homes as energy efficient as possible would be welcomed, and building regulations is one of the ways to do that.

[86] **Julie Morgan:** In terms of older people generally, why do you think that more older people are in fuel poverty in Wales than in other parts of the UK?

[87] **Mr Williams:** Older people suffer disproportionately from fuel poverty in Wales. There are a number of factors that lead to this. For example, older people have a low fixed income and are reliant on the state pension. Older people tend to live in more rural areas, and we know that fuel poverty affects people who live in rural areas more than those who live in urban areas. Also, a lot of older people tend to live in older housing stock, with more problems to do with solid walls; as we know, solid walls are not as well insulated as cavity walls. So, there are a number of factors that lead to more older people living in fuel poverty.

[88] **Mr Francis:** I would agree with all of that. I think that a lot of it is down to the geography of Wales. As Iwan has mentioned, a lot of older people live in rural areas, and Wales has large parts of the country that are rural. I think that there is also, possibly, an element whereby older people in Wales generally have a lower income, on average, than older people across the UK as a whole. That is probably to do with lower lifetime earnings, for example, and people having fewer opportunities to build up significant workplace or personal pensions, which obviously means that their income in later life is lower. The other issue with rural areas, as well as the types of homes, is that we have more off-grid properties. We know that people off the gas grid generally pay more for their energy. I think that it is a combination of those factors that means that older people are proportionately at a higher risk of fuel poverty in Wales than in other parts of the UK.

[89] **Alun Ffred Jones:** Is that okay, Julie?

[90] **Julie Morgan:** I just wanted to ask one more question. Have you had any contact with older people in the Gypsy/Traveller community in terms of their getting help with energy efficiency? Their bills are nearly 50% higher than those of the settled community.

[91] **Mr Francis:** Recently, at Age Cymru, we have been doing some work to try to engage the older Gypsy/Traveller community in our diversity networks. We have an older minority ethnic network, for example, and we are trying to engage the community in that, but that work is at quite an early stage. I know that, when I did some work on secondment in the Welsh Government on the third phase of the strategy for older people in Wales, we made a particular effort to engage with older people from that community. I think that the problems that those communities face are broader than fuel poverty, generally, in terms of income and living conditions. I think that a whole series of things would need to be done to improve the situation of those communities.

[92] One of the big issues in relation to fuel poverty, of course, is the type of fuels that they use—again, being off the gas grid. The types of properties that they live in also mean that a lot of the mainstream schemes, like Nest, for example, do not work very well—or, I should say, the measures that are available through Nest may not be appropriate to the properties in which those communities live. We welcome the discussions that the Minister for environment has had with you, Julie, recently, and with the cross-party group last week, to look at whether a bespoke scheme is needed to address those communities; we would certainly welcome that.

[93] **Mr Williams:** I would just add that the commissioner, as you know, is committed to meeting with a wide and diverse range of older people across Wales. In the past, she has engaged with the Gypsy/Traveller community, and that is something that we could look at doing more in future, in terms of engaging on specific issues such as fuel poverty.

[94] **Antoinette Sandbach:** I want to come back to the rented sector. If you are a secure

tenant, your landlord cannot force you—. The landlord may want to put in Green Deal measures and install those in the home, but, if the tenant does not agree, they are not able to do that. Do you think that that provision should be changed so that you are in a position to be able to do that?

[95] **Mr Francis:** I think that it is a difficult one with the Green Deal, because of the repayment mechanism, as I said, being through energy bills, which would be met by the tenant in the main. I can understand the reasons why landlords would want to use the schemes that are available to improve their housing stock. We would support the desire to do that. Landlords often get a bad rep, and we know that it is not the case in all cases by any means. The Green Deal is an issue, because, if tenants would be charged with paying the repayments through energy bills to, effectively, improve someone else's property, I think that people in fuel poverty would probably find that hard to take, especially given that we know that levels of fuel poverty are highest in the private rented sector. I do not know whether a change to the scheme would remove safeguards that are quite important.

10:30

[96] **Antoinette Sandbach:** If it is an assured shorthold tenancy, I can see that it is a different position, because, once that tenancy ends, the landlord is able to install the measures. The difficulty is where you have a controlled rent tenancy, and you cannot access that scheme. With regard to off-grid homes in rural areas, do you think that the energy companies are doing enough to target their schemes to help households in those areas? We know that older people, in particular, are notorious for not claiming benefits and entitlements that they are entitled to. Therefore, they are excluded because they are not claiming and they may not, on the face of it, qualify under the criteria because they have not applied for a particular benefit, but will still be in fuel poverty. What do you think that the Welsh Government should do to deal with the issues in rural areas in particular? It seems, certainly from my experience in north Wales, that a lot of the measures that have been taken under Nest and Arbed have been in the urban coastal areas, and have not tackled any of the inland or rural areas.

[97] **Mr Williams:** The issue of fuel poverty is part of the wider rural policy agenda, is it not? In the commissioner's engagement with older people living in rural areas across Wales, this is something that is mentioned quite regularly. With regard to what can be done to adjust this key issue for fuel poverty in rural areas, there is a range of options that could help, such as fuel buying clubs, and looking at all possibilities for extending the gas network to reach those who are off the grid and the hardest to reach in rural areas. So, there are things that could be looked at. Any future plan by the Welsh Government to alleviate the effects of fuel poverty needs to have a real focus on rural issues.

[98] **Alun Ffred Jones:** Joyce Watson, do you want to come in on this?

[99] **Joyce Watson:** Yes, I do, and thank you, Chair, for allowing me. I want to ask whether any of you have explored the impact of the bedroom tax and moving people out of potentially upgraded homes into the private sector. Will that make any difference in the future to people who are not in such severe fuel poverty being subject to higher levels of fuel poverty? Do you have any comments on the obligation for landlords under the Energy Act 2011 and the fact that the requirement of the landlord to ensure that their properties meet a minimum energy efficiency standard before they can be rented does not seem to be going anywhere in England?

[100] **Mr Francis:** On the bedroom tax issue, we have not done any specific work looking at the bedroom tax in relation to fuel poverty. It is generally an issue that affects older people less than some other people in society—that is our feel for it—but it is not something that we have looked at in detail, especially in relation to energy prices and fuel poverty.



[101] What I would say on income, which is a point that I think also answers Antoinette's question a little bit as well as yours, Joyce, is that you mentioned what work the Welsh Government could do. To our mind, work around benefits take-up for older people is particularly important, given the number of benefits that go unclaimed. This is not, again, an issue specifically related to fuel poverty, but it is a way that we think that the Welsh Government, aside from its energy efficiency schemes, can help to improve people's income, which is a major factor in whether they are in fuel poverty or not. Some money and investment is going into that area already, but we think that that could be beefed up. We think that people, wherever they live in Wales, should have access to those kinds of schemes, which can help them to claim all of their entitlements, and actually that is a win-win for Wales in terms of bringing money into the Welsh economy and into those people's pockets.

[102] **Alun Ffred Jones:** What about the landlord's obligation?

[103] **Joyce Watson:** Under the 2011 Act. If you do not know anything about it, then—

[104] **Mr Francis:** It is not an area that I am very knowledgeable about, I have to admit. In terms of where it is going in England, I think that that is not—

[105] **Joyce Watson:** It is England-and-Wales legislation, which is why I asked you the question, because it is—

[106] **Alun Ffred Jones:** You can send us a note if you find something out about it.

[107] **Joyce Watson:** It is beyond our remit.

[108] **Alun Ffred Jones:** Antoinette, did you want to come back on anything?

[109] **Antoinette Sandbach:** I want to go back, really, to off-grid. I think that it is unrealistic to expect the gas networks to extend their pipelines into rural areas. I know that they are looking at, potentially, CHP schemes and anaerobic digestion around sewage waste, for example, and using that as a form of rural energy. However, certainly from my experience on the cross-party group on fuel poverty, they have indicated that it is unrealistic to expect that there will be provision of gas in rural areas. Therefore, I am concerned, because the housing stock in rural areas tends to be solid wall and pre-1920. Obviously, not every house is in that category, but it tends to be. It tends to be oil heating. A lot of houses are heated by heating oil, the price of which has gone up exponentially in the last few years. It seems to me that there needs to be a much more focused and targeted approach that goes beyond the take-up of benefits and actually addresses particular issues in rural areas where people are in fuel poverty, not necessarily because they are living on benefits but because the cost of living in a rural area full stop means that they are spending more than 10% of their income on heating their home. So, from that point of view, what is your position on the decision to disband the ministerial advisory group on fuel poverty?

[110] **Mr Francis:** We, I think, have been clear in our written evidence on that and our work through the fuel poverty coalition that we think that it is regrettable that there is no ministerial advisory group on fuel poverty. We know that the Government would argue that the tackling poverty strategy and the tackling poverty expert advisory group subsume that issue. I know that they have a meeting coming up—or it has just been, I think—looking at fuel poverty. To our mind, that still leaves a gap in terms of expert advice to the Welsh Government, particularly around the data on fuel poverty and around the targeting of schemes. We would very much agree with Carole and NEA Cymru on that and on actually getting people together in a room. Age Cymru was a member of the previous ministerial advisory group on fuel poverty. Perhaps it was not always the most effective group in the way

that it worked, but I do not personally think that the answer was to disband it; I think that that is a shame.

[111] On the rural issue, I agree with you completely that it is a major issue. Schemes that we have had in the past to improve the energy efficiency of homes have not generally worked very well for rural areas. That is certainly true. I think that the Welsh Government is trying to address that. The Arbed scheme in particular seems to have had more success in terms of working in rural areas than previous schemes have done. The new criteria that Nest operates, which are different from those of the home energy efficiency scheme that operated previously, means that it can spend more money on perhaps the more expensive measures in homes, although the data that come back from Nest still show that measures installed in rural areas are relatively low as a proportion of measures installed under the scheme. I think that both of those schemes probably do better than ECO though, under which, I suppose almost inevitably, energy companies will try to discharge their obligation in the simplest and easiest way. That generally means cheaper, individual measures than a sort of whole-house approach and the more expensive measures that will particularly be needed if you are off the gas grid, for example.

[112] I think perhaps there is an opportunity in the money, which Iwan has already mentioned, that the Welsh Government is committing to try to leverage ECO funding into Wales. Perhaps the Welsh Government should be looking at how it can incentivise particularly those rural areas to which ECO funding will not generally make its way. That is possibly one of the ways in which we can do this. However, it is certainly a very difficult challenge for anyone trying to put in energy efficiency measures.

[113] **Mr Williams:** On the issue of the ministerial advisory group, in our written response, we said that it is important not to decouple the issue of fuel poverty from the wider issue of poverty. We have talked about the importance of entitlements, and evidence suggests that the full take-up of benefit entitlements in Wales could reduce poverty among older people by up to a third. There is somewhere in the region of £600 million in unclaimed benefits in Wales. So, we have pressed our points. Getting to the root causes of poverty will help to alleviate the issue of fuel poverty.

[114] On the advisory group, the Welsh Government decided to disband it and incorporate fuel poverty issues into the wider tackling poverty expert advisory group. It seems that there needs to be a strengthening of fuel poverty issues within that group. We also have other platforms, such as the fuel poverty coalition, and there seem to have been missed opportunities in terms of engaging better with the fuel poverty coalition, which is a partnership of the key players and agents in this field to advise the Welsh Government on moving forward with its fuel poverty plans.

[115] **Julie James:** When did that change happen?

[116] **Mr Francis:** I cannot remember whether it was after the last election, but I believe that it was in 2011 that the ministerial advisory group last met. The formation of the new Government and the implementation of the new fuel poverty strategy and the emphasis on tackling poverty and an action plan meant that the targeted advice that the Welsh Government was seeking changed at that point. The only other point that I should have made earlier on that is that the other reason that we believe a specific forum for the Welsh Government to get advice on fuel poverty is required is that some of the solutions regarding how you address fuel poverty—such as energy efficiency, which this committee is looking at—are quite different from some of the broader ways in which you tackle poverty in general. So, that expert advice, particularly bringing the energy companies into the equation, which the ministerial group did, for all its failings, is a missing element.

[117] **Llyr Gruffydd:** Hoffwn holi ychydig am darged a strategaeth y Llywodraeth. Rydych yn dweud yn glir yn eich tystiolaeth eich bod yn teimlo bod angen diweddarau neu gael rhyw fath o *refresh* ar y strategaeth. Clywsom gan NEA Cymru yn gynharach ei fod yn awyddus i weld hynny'n digwydd a hefyd bod rhyw fath o gynllun gweithredu yn dod yn gyfochrog â'r strategaeth. A allwch ymhelaethu ychydig ynglŷn â beth yw gwendidau'r strategaeth erbyn hyn a beth fydd ei angen o fewn y cynllun gweithredu?

**Llyr Gruffydd:** I would like to ask a few questions about the Government's target and strategy. You state clearly in your evidence that you feel that it is necessary to update or refresh that strategy. We heard from NEA Cymru earlier that it is keen to see that happen and that there would be an action plan coming alongside that. Would you say a little bit more about the weaknesses of the strategy now and what will be needed within the action plan?

[118] **Mr Williams:** Mae'n ymddangos nad yw cynllun Llywodraeth Cymru ar dlodi tanwydd 2010 yn berthnasol yn awr, yn 2014. Mae'r targed i waredu ar dlodi tanwydd erbyn 2018 yn afrealistig. Credaf fod cytundeb bras ar hynny. Rydym wedi dweud bod angen diweddarau'r cynllun hwn. Mae angen cynllun newydd gyda, efallai, targedau mwy realistig o'r hyn y gall Llywodraeth Cymru ei gyflawni dan yr amgylchiadau presennol.

**Mr Williams:** It appears that the Welsh Government's fuel poverty strategy from 2010 is no longer relevant, in 2014. The target to eradicate fuel poverty by 2018 is unrealistic. I believe that there is general agreement on that. We have said that there is a need to update the strategy. We need a new scheme with more realistic targets in terms of what the Welsh Government can achieve under the current circumstances.

[119] Rydym hefyd yn awgrymu pethau eraill all helpu i ddatblygu'r cynllun. Er enghraifft, yn Lloegr, mae cynllun tywydd oer er mwyn ymateb i newidiadau sydyn yn yr hinsawdd i helpu pobl hŷn ac eraill i fynd i'r afael â'r problemau sy'n achosi tlodi tanwydd. Felly, mae angen cynllun mwy realistig sy'n fwy perthnasol i'r problemau sy'n ein hwynebu ni ar hyn o bryd.

We are also making other suggestions that could help to develop the strategy. For example, in England, there is a cold weather scheme in order to respond to quick changes in the weather to help older people and others tackle the problems that arise that can cause fuel poverty. So, there is a need for a more realistic plan that is more relevant to the problems facing us today.

[120] **Llyr Gruffydd:** I ba raddau mae'r Llywodraeth yn agored ei meddwl i ailedrych ar y targed, ailedrych ar y strategaeth, creu cynllun gweithredu a chyflwyno rhai o'r pecynnau ychwanegol hyn?

**Llyr Gruffydd:** To what extent is the Government open-minded with regard to revising the target, revising the strategy, creating an action plan and introducing some of these additional packages?

[121] **Mr Francis:** I would agree with everything that Iwan said in terms of the need for a new strategy, particularly the need for an action plan. The Government is obviously in a difficult position, when you have targets that are in the future that everyone tells you are very unlikely to be met—we could probably mostly agree on that and I am sure that, privately, the Government would probably agree. However, there is obviously a public relations issue in terms of revising those targets or removing them. I think that that puts them in a difficult position.

10:45

[122] We would see the need as being a clear action plan that includes incremental steps on the way. An objective to eradicate fuel poverty in its entirety, commendable as that is, is also extremely difficult to achieve, and our worry about that would be that, if you cannot see any

progress towards it, and, if progress is in fact going in the opposite direction, as we believe it is at the moment, then it just leads to a kind of stasis in which you cannot review the target but you cannot admit that you need new steps on the way, because you would be abandoning the target. So, I think that the better way would probably be to set incremental steps on the way towards reducing fuel poverty, rather than eradicating it, probably, and you could retain the goal, long-term, of eradicating fuel poverty, as we would want the Government to do.

[123] Another point in your question was about other things that an action plan could do that are different from the current strategy. I totally agree with the point made about a cold-weather plan. I think that responding to particular crisis situations, and making sure that all the agencies come together in a way that the English cold-weather plan seeks to do, by leveraging health and local authorities, the voluntary sector, national Government and energy companies, I suppose, to address a specific problem—you know, we have a very cold winter, or the particular challenges in certain areas, like we had with snow a couple of years ago—is a very positive thing to do. The other thing that we would argue is missing from current schemes is a kind of crisis scheme to help people when they have a boiler breakdown during the winter, for example. None of the schemes that we have set up at the moment are intended to respond quickly in a situation. They are intended to look at a whole house and work out what package of improvements could come in. We as a fuel poverty coalition have suggested that it probably would not need to be big in scale, but the ability for people to be able to access temporary heating, for example, if they had a catastrophic breakdown of their heating system, would plug the gap, which is particularly relevant when we look at the levels of excess winter deaths and things in Wales.

[124] **Llyr Gruffydd:** Ai un o'r problemau gyda chyrraedd y targed yw'r fformiwla sy'n cael ei defnyddio i asesu beth yw tlodi tanwydd? Efallai ichi glywed fy nghwestiwn yn gynharach i NEA Cymru. Mae dull gwahanol yn Lloegr, ac nid wyf yn gwybod digon am hwnnw i ddweud a yw'n well neu beidio, ond os yw ffactorau allanol fel pris ynni yn codi a chodi, rydym bob amser yn mynd i symud i gyfeiriad arall o bosibl, neu'n sicr ni fyddwn yn cael gwared ar dlodi tanwydd. Oni fyddai rhyw fesur gwahanol yn golygu bod hyn i gyd yn fwy ystyrlon o ran y dulliau rydym yn eu cyflwyno i geisio gwella sefyllfa pobl?

**Llyr Gruffydd:** Is one of the problems with reaching the target the formula that is used to assess what fuel poverty is? You may have heard my question earlier to NEA Wales. There is a different approach in England, and while I do not know enough about it to say whether it is better or not, if external factors like the price of energy are increasing all the time, we are always going to move in a different direction, and we are certainly not going to eradicate fuel poverty. Would not a different measure make this a lot more meaningful in terms of the ways that we are using to improve the situation?

[125] **Mr Williams:** Rwy'n meddwl bod y penderfyniad i gadw'r meini prawf sydd gennym yng Nghymru wedi helpu i gadw cysondeb gyda canlyniadau'r data o flynyddoedd blaenorol. Mae Lloegr wedi penderfynu dilyn trywydd gwahanol, ond y perygl o ddefnyddio meini prawf gwahanol yw efallai nad ydym yn dal yr holl ddarlun cyffredinol. Rydym yn hollol ymwybodol o'r sefyllfa allan yno yng Nghymru o ran y rheini sy'n dioddef o dlodi tanwydd. Felly, nid wyf yn gwybod; efallai fod hwnnw'n rhywbeth y dylid edrych arno yn y dyfodol, sef y meini prawf sy'n mesur beth yw tlodi tanwydd. Ond yn sicr, o dan yr amgylchiadau

**Mr Williams:** I think that the decision to retain the criteria that we have in Wales has helped to provide consistency in terms of comparing data with previous years. England, as you say, has decided to go down a different route, but the risk in using different criteria is that we would not necessarily capture the bigger picture. We are very aware of the situation out there in Wales in terms of those who are suffering as a result of fuel poverty. So, I do not know; that may be something that we should look at in future, namely the criteria for measuring what fuel poverty actually is. However, certainly, under current circumstances, we are very concerned

presennol, rydym yn pryderu'n fawr am y ffigurau about the figures.

[126] **Mr Francis:** There is just something that I would like to say quickly on the definition. We now have a situation of different definitions in England and Wales. You have the 10% definition in Wales, which has been established for longer but which is very sensitive to energy price changes, and you have a definition in England that, because it uses medians and a range of criteria, is probably not sensitive enough to energy price changes. The figure in fuel poverty will remain fairly static over time, regardless of whether prices go up or down, and regardless of the energy efficiency measures that are installed or not. Probably neither is a perfect solution, if we are being honest. What I would say is for us to go back to looking at the value of the definition, along the lines of what Iwan has just been saying. A definition should really be intended to give a picture of the scale of the issue, and also to be able to tell you whether you are travelling in the right direction in addressing it or not. That should be the intention, and I think that, on balance, we would say that the Welsh definition that exists probably does that better. However, I think that the important thing with both of them, we would say, is that neither particularly helps to target where fuel poverty measures and action to tackle fuel poverty should be focused. That is probably a weakness of both, and that is where I think that we probably could, as Iwan was saying, be a bit more creative and clever around perhaps looking a bit more at what the impact is on fuel poor households and the kind of symptoms of fuel poverty. I know that Citizens Advice Cymru has put some of that information in its evidence and will probably talk to you about it now, so I will not take that away from it. However, I think that that kind of help with targeting is probably where we need to get a bit cleverer on definitions.

[127] **Alun Ffred Jones:** Are there any other questions from Members? No. Do you wish to wrap up with any other thoughts?

[128] **Mr Francis:** I think that we have probably covered most of the issues that we prepared in advance, and I think that we felt that we covered all the issues that we particularly wanted to put across in our evidence paper. I suppose that I would say that I think it is commendable that the Welsh Government has kept up the focus on fuel poverty, probably in a way that the UK Government has not, over recent years, with the end of the Warm Front scheme in England. The fact that we have Nest and Arbed in Wales is extremely positive and we would very much support the continuation of those programmes, and support the Minister in looking at how they could be better focused when they are replaced.

[129] I suppose that the key thing, ultimately, is that, given the resources that the Welsh Government currently puts into those schemes, although they are commendable, they are also a drop in the ocean in terms of addressing this issue. There has been research done, and I know that the committee has received it in evidence, about the scale of the funding that you would have to invest to solve fuel poverty purely through the realm of energy efficiency. That is not going to happen, if we are being realistic. That is where we need close working between the Welsh Government and the UK Government to look at all of the different causes of fuel poverty, whether it is incomes, energy bills or the efficiency of homes. Age Cymru, just to say in conclusion from us, has supported the energy Bill revolution calls around investing carbon taxes in a major energy efficiency improvement programme across the UK, because, ultimately, a programme of that scale is probably the only way that we are going to address this issue.

[130] **Mr Williams:** Yn gyflym iawn, Gadeirydd, a gaf ychwanegu at hynny? Ni ddylem danbrizio gwerth addysg a gwybodaeth, yn enwedig i bobl hŷn, er mwyn iddynt allu helpu'u hunain i warchod yn **Mr Williams:** Very briefly, Chair, may I add to that? We should not underestimate the value of education and information, particularly for older people, so that they can help themselves to guard against fuel

erbyn tlodi tanwydd. Felly, rydym yn cefnogi pob ymdrech i addysgu pobl hŷn i'w gwneud yn hollol ymwybodol o'r ffordd orau i fynd ati i amddiffyn eu hunain yn erbyn tlodi tanwydd. Mae angen eu targedu yn y lleoedd y mae'n nhw'n mynd iddynt yn ddyddiol—clybiau gerddi, clybiau cinio ac yn y blaen— a gwneud y wybodaeth yn syml, gydag eglurder, er mwyn eu helpu i helpu'u hunain.

poverty. So, we support all efforts to educate older people to make them fully aware of the best way to guard against fuel poverty. We need to target them in the places that they attend daily—gardening clubs, luncheon clubs and so on—and make the information simple, and clear, so as to help them to help themselves.

[131] **Alun Ffred Jones:** Diolch yn fawr iawn i'r ddau ohonoch am ddod i mewn. Byddwch yn derbyn copi o'r Cofnod i chi gael sicrhau ei fod yn gywir. Diolch i chi'ch dau am ddod atom. Rwy'n gohirio'r pwyllgor am gwyl; down yn ôl mewn chwarter awr.

**Alun Ffred Jones:** Thank you both for your attendance. You will receive a copy of the Record to check for accuracy. Thank you very much for coming in. We will now break and return in quarter of an hour.

*Gohiriwyd y cyfarfod rhwng 10:54 a 11:07.  
The meeting adjourned between 10:54 and 11:07.*

**Ymchwiliad i Effeithlonrwydd Ynni a Thlodi Tanwydd yng Nghymru:  
Tystiolaeth gan Gyngor ar Bopeth Cymru  
Inquiry into Energy Efficiency and Fuel Poverty in Wales: Evidence from  
Citizens Advice Cymru**

[132] **Alun Ffred Jones:** Fe wnawn ni ailddechrau'r cyfarfod a pharhau gyda'n hymchwiliad i effeithlonrwydd ynni a thlodi tanwydd. Rwy'n croesawu cynrychiolwyr Cyngor ar Bopeth Cymru. Dechreuaf drwy ofyn i chi gyflwyno eich hunain ac wedyn fe ofynnaf i'r Aelodau holi cwestiynau. Felly, a wnewch chi gyflwyno eich hunain er mwyn y record os gwelwch yn dda?

**Alun Ffred Jones:** We will reconvene the meeting and continue with our inquiry into energy efficiency and fuel poverty. I welcome representatives from Citizens Advice Cymru. I will start by asking you to introduce yourselves and then I will ask the Members to move to questions. So, will you introduce yourselves for the record, please?

[133] **Mr Regan:** I am Andrew Regan, and I am the energy policy manager for Citizens Advice Cymru.

[134] **Mr Baker:** I am William Baker, and I am head of fuel poverty policy for Citizens Advice GB, so my remit is GB-wide.

[135] **Alun Ffred Jones:** Diolch yn fawr iawn. Well done.

[136] **Russell George:** Good morning. How can Nest and Arbed be improved, in your view?

[137] **Mr Regan:** There are two different elements. I think that there are ways that they can be improved and ways that they can be built on, with additional measures. The first thing that I would like to say is that targeting energy efficiency measures for households is exactly what we would want to see the Welsh Government doing. We really welcome the commitment that has been made to the schemes already. My concern is around how the schemes are monitored and how that enables them to be targeted. At the moment, the evaluation that comes out each year for Nest is rather desk-based, if I can put it that way. It looks at households before and after measures and makes calculations based on measures installed and what it is projected

that people will have saved. There is no problem with that in itself, but one of the points that I would like to make very clearly today is that poverty is not just about people's incomes or money in pockets; it is about what people can do.

[138] I think that Nest and Arbed may be missing a trick in not capturing wider outcomes around whether people's homes are warmer, whether people are struggling less, under less stress or cutting back in other areas of expenditure, which I think it would be quite easy to do if you engage with people who have had measures. You might capture better outcomes. I also think that by engaging with the consumers directly, you would probably get a better sense of how they would redesign the future iterations of the scheme. So, that would be the main point that I would make in terms of improving on the schemes as they are.

[139] In terms of building on them, I would just like to reiterate the points that Graeme made in the previous session around additional things that could be done that are not currently part of the schemes as constituted, such as crisis funding for cold snaps and emergency heating. Older people would be a particular group that would benefit from that. I know that, at the cross-party group on Gypsies and Travellers last week, which Julie Morgan chaired and that I was grateful to be able to attend, the community members were making the point that they were not able to benefit from the Nest and Arbed schemes because of the nature of their homes. The Minister at that meeting suggested that he would be open to considering a bespoke scheme to run alongside Nest—I think that I am interpreting him correctly—that was more tailored at specific groups like Gypsies and Travellers. I think there would be other examples of communities in Wales that are not currently benefiting and that should be explored in more detail.

[140] **Llyr Gruffydd:** Ar y pwynt hwnnw, fel y dywedoch, mae'r Llywodraeth wedi cyhoeddi y bydd yn cynnal rhyw fath o sgwrs o gwmpas diwygiadau posibl i'r cynlluniau presennol, wrth edrych ymlaen at gynlluniau amgen neu estyn y rhai presennol yn y dyfodol. A ydych chi wedi cael unrhyw sens ynghylch i ba raddau y bydd pobl sydd wedi bod yn manteisio ar y cynlluniau hyn, ai peidio—hynny yw, y cyhoedd ehangach—yn cael mewnbwn i'r broses honno? Efallai nad oes awgrym wedi dod gan y Llywodraeth eto.

**Llyr Gruffydd:** On this point, as you have said, the Government has said that it will be having a conversation around possible reforms to the current schemes, looking forward to alternative schemes or extending current schemes in the future. Have you had any sense in terms of to what extent people who have taken advantage of these schemes, or not—that is, the wider public—will have an input into that process? Maybe there has not been an indication from the Government yet.

[141] **Mr Regan:** As I understand it, the evaluation of Nest and Arbed, which I believe is just about to begin, is going to involve people who have benefited from the schemes. We are also scoping some research within Citizens Advice Cymru. We want to look at experiences of people in fuel poverty. That should advise, we hope, the Welsh Government's plans for the future iterations of the scheme. I am not aware thus far of the extent to which Nest and Arbed have engaged with people. I know that there are feedback questionnaires, for example, but, from looking at the annual report, all I was able to pick up was levels of satisfaction, which are very high, and levels of complaints, which are very low. That is great, but I think I would want to see more detail in terms of the nuts and bolts of the scheme. As I said, the wider outcomes are not just about calculating what you think you would have saved, but about wellbeing and other elements like health.

[142] **Julie Morgan:** Mr Baker, you cover, for the CAB, England and Wales; is that correct?

[143] **Mr Baker:** Yes.

[144] **Julie Morgan:** I wondered if you could tell us how you think the different policies are working in the two countries.

[145] **Mr Baker:** We certainly welcome and recognise that the Welsh Government has continued—and, indeed, increased, as I understand—public funding for programmes for low-income consumers. It is something that England is very envious of. As you are probably aware, all funding has been cut for low-income consumers in England. I think the challenge in Wales is how you try to make sure that the Welsh Government funding works well with ECO funding. I often say that I wish we faced that dilemma in England. We only have ECO funding and we feel that there are lots of problems with ECO as a fuel poverty programme.

[146] **Julie Morgan:** What are those problems?

[147] **Mr Baker:** We are reaching a position now, with the Affordable Warmth element of ECO, where suppliers are pretty close to reaching their target up to 2015. There is not much money left now for Affordable Warmth. If people want to take advantage of it, it is now becoming quite common for them to be asked to make a contribution towards the costs. So, in effect, low-income households are being asked to contribute towards the costs of a programme that, in its previous iteration under Warm Front, was free. We are very concerned. We know that people on low incomes are facing huge pressures on their budgets. So, where will they find that money from? In effect, an ‘affordable warmth’ programme is becoming unaffordable, perhaps, for lots of people.

[148] It has also primarily become a programme for mending broken gas boilers. It is not doing much at all for people off the gas network. There is very little provision—there is hardly anything happening in terms of people who have oil or electric heating. It primarily provides just single measures rather than whole-house solutions.

11:15

[149] **Julie Morgan:** Thank you for that. So, your overall view is actually that, in Wales, there is more being offered.

[150] **Mr Baker:** Yes. I think that the problem is that ECO has been set up to incentivise suppliers to deliver measures at the cheapest possible cost, and I think that that cuts across a programme that is basically set up to address need. In fact, the way that suppliers behave is pretty much what you would expect under the policy design. There will always be a certain amount of trying to find commercial benefits from delivering things at the lowest cost. It is very difficult to second-guess how suppliers are going to respond and to actually make it work as a proper fuel poverty programme.

[151] **Julie Morgan:** Thank you, and thank you, Mr Regan, for bringing the Gypsy/Traveller issue in as part of your response to the previous question.

[152] **Alun Ffred Jones:** Diolch yn fawr. **Alun Ffred Jones:** Thank you. Antoinette is Awn at Antoinette. next.

[153] **Antoinette Sandbach:** In your paper, you say that you have concerns about the ongoing use of the 2008 Living in Wales survey data. I know that we have had concerns expressed to us in another sphere about the fact that there has been no actual survey of Welsh housing stock to identify where the particular pressures are in the Welsh housing stock. What do you think should be done in respect of that?

[154] **Mr Regan:** Ideally, we would want to see a housing survey that is equivalent to what is done in England and Scotland. In itself, the data from those surveys are a couple of years



out of date, but they are more recent and, obviously, they are updated regularly. That would be our main aspiration for Welsh Government. If that is not possible for whatever reason, the alternative we have suggested, given that we have a Wales national survey now running that captures quite a lot of information already about household finances, including things like how people are managing with their bills, is that, if the survey were to include some sort of information about housing standards, energy performance and details about housing, it would be possible—and perhaps William can elaborate on this—to deduce a standard assessment procedure rating, almost, from that survey. It would be better than what we have now.

[155] **Mr Baker:** I think that it is pretty essential, if you want to see that you are making progress, that you have regular updated information on your housing stock, the extent to which people can afford fuel and the levels of fuel poverty. As I understand it, the Welsh Government relies on projections from a survey that was carried out in 2008. So, this is a fairly crude instrument for assessing progress. As Andrew said, there might be some possibility to use this broader survey to get some sense of fuel poverty. I think that, ultimately, what we would ideally like to see is a really decent database that gives information on the whole of the Wales housing stock. There might be potential—the Department of Energy and Climate Change is developing something called the national energy efficiency data-framework, which covers, I think, about 3 million properties so far with very detailed information. So, that could be another area that is explored to see whether, by bringing together that sort of very detailed information on energy efficiency and parallel data around income, you can then start to get a sense of levels of fuel poverty. That could go much further than, say, a fairly small sample survey.

[156] **Antoinette Sandbach:** I sit on the cross-party group on fuel poverty and I am aware that, for example, the energy companies say that, very often, they do not know who to target the assistance at because there is no data sharing, for example, with the Department for Work and Pensions, or they cannot identify who the single parents are, so there is no data sharing, for example, with tax credits. If those data were shared with them as companies they could target those who were receiving assistance under those schemes. Has CAB done any work to try to see whether there are possibilities of somehow getting the data out there, while still protecting?

[157] **Mr Baker:** We have commissioned some work actually on this subject about what potential there might be for greater data sharing between companies and the DWP. We are aware that that already takes place with the warm home discount, and it has been found to work very well. In fact, people who receive a warm home discount welcome, and are quite happy to have, information shared with the suppliers on it. So, we think that there could be potential for using those sorts of processes in terms of also trying to help people to get energy efficiency measures into their home. It will probably be late summer before we get the full results from that research, but, certainly, we think that there is a lot of potential for greater data sharing.

[158] **Antoinette Sandbach:** I do not know whether we will have finished our inquiry by late summer, but it might be very helpful for us—we will not; I can see Nia shaking her head—for that research to be shared with us because it seems to me that if there are potentially easy wins, where people are entitled to assistance but are not getting it because they do not know that they can claim it, and I have particular concerns around rural areas and off-grid properties, again, because electricity companies are not all getting—. The gas companies are not there full stop. There are no dual fuel deals that people can take advantage of. It seems to me that that is likely to particularly benefit rural areas. I do not know whether you feel that there is an issue in rural areas.

[159] **Mr Baker:** One thing that we have just managed to do, or we think that we have made some progress on—. There is a Cabinet Office group looking at data in a much wider

sense. However, we specifically wrote to the Cabinet Office through the fuel poverty advisory group to suggest that it would be beneficial if data on properties that are off the gas network were shared with suppliers and so on. We have had quite a positive response. I believe that the Department of Environment and Climate Change is going to carry out a consultation. The discussion is around whether property-level data are considered to be personal data or not and so on. One of the ideas that will be floated, I think, as we are going to see a consultation soon on the warm home discount, is whether higher rates of the warm home discount should be offered to people off the gas network, which is something that we have urged in the past and called for, and I think that could be—. So, obviously, if you know exactly which properties are off the gas network, it makes it much more straightforward to do that.

[160] **Alun Ffred Jones:** William Powell is next.

[161] **William Powell:** Diolch, Gadeirydd. Mr Baker, you were critical earlier of aspects of the Green Deal and ECO in terms of the level of contribution that it has made in this area, and problems around take-up. To what extent do you feel that concerns around the scams that have been evident and concerns as to the authenticity of some of the contractors that have been engaging in cold calling and so on has undermined confidence in the scheme and maybe borne down also on take-up?

[162] **Mr Regan:** Perhaps I could answer that question. We had evidence from our bureaux in Wales specifically earlier this year that was suggesting an increase, and a bigger increase than in England, in people getting caught up in what you might call boiler scams or Green Deal scams. I think that one of the reasons that that is happening—. Somewhere in the evidence perhaps someone has figures of awareness levels of Green Deal and of Nest, and you are looking at about one in five people who have heard of them—the number of people who then understand them is even smaller. I think that the Green Deal name is probably the most well-known, probably because it is a catchy name. So, there is a whole raft of different types of scams being perpetrated under the Green Deal banner. To some extent, I think that it is about the proliferation of energy efficiency schemes. People know that there is something that they can have; they know that there is some help, but they are not entirely sure who they go to for it, as Graeme was saying earlier: ‘Do I go to my supplier? Do I go to the council?’ So, we have seen quite a big increase of scammers in Wales undertaking the schemes. The complexity of the Green Deal, with so many different phases—you have got assessors and you have got deliverers, which can all be different; you do not have to go to the same person who did the assessment to have it delivered—is confusing, as is ECO. That confusion is creating a space for these sorts of scams to happen and probably also putting people off participating in the schemes.

[163] **Mr Baker:** The only thing I would add is that I think we need to think about who consumers trust. At the moment, we have this proliferation of schemes and quite a lot of different agencies involved. That could be very worrying in terms of putting people off taking advantage of schemes, if that sort of reputation starts to become commonplace. It seems to me that, where people are more willing and have taken up measures and so on is where you have local agencies that are trusted by people—generally, not-for-profit agencies or local authorities or something like that. That is where you could try to make sure that—. You are obviously trying to bring together different schemes, but the agent that is leading local delivery is monitoring and checking things and is an organisation that people trust. We are going to be carrying out a big project this year, which we are calling the local delivery project, where we are looking at whether there should be a big change in the way ECO works, in effect making it that the suppliers are not the main responsible agent. Instead, the ECO funds would be devolved to local agencies, and they would have to show that they have people’s trust and can meet a whole range of criteria about, for instance, reaching vulnerable consumers, bringing in other funds, linking up with other programmes and those sorts of issues. So, we are going to be doing quite a lot of work around this. The fundamental problem

you are addressing is: what sort of agency will consumers trust?

[164] **William Powell:** That is very helpful. If I may ask you, Mr Baker, seeing as you have an England-Wales remit, does CAB sit on the ministerial advisory group to Ed Davey on matters around fuel poverty?

[165] **Mr Baker:** Yes. I represent Citizens Advice on the ministerial advisory group.

[166] **William Powell:** I wonder whether you could give us your assessment as to the usefulness of that forum, given that you sit on it and given that the Welsh opposite number back in the tail end of 2011 decided to disband the dedicated ministerial advisory group, which has morphed into a wider group dealing with poverty issues.

[167] **Mr Baker:** FPAG, as we generally refer to it—the fuel poverty advisory group—does play a very useful role. It is a statutory body, and that is important to appreciate. It is required to provide an annual report each year. It monitors what the Government is doing and provides advice about how improvements could be made. My one comment about having a specific focus on fuel poverty as opposed to poverty in general—obviously, there is a lot of overlap—is that, when you are looking at solutions to poverty, you are looking primarily at revenue-based solutions, whereas a lot of solutions to fuel poverty do in effect entail capital programmes. It is about improving housing and so on, and there is a lot involved in being able to scrutinise those sorts of programmes for improving housing. So, I think it is useful having that advice. The one comment I would make is that I would actually point to the Scottish fuel poverty forum as providing the best example of how we could have that sort of relationship between an advisory group and the Government. The Scottish Government has twice told the forum to carry out a detailed review of its programmes to identify what is working and what is not and come back with recommendations. The forum was able to do that; it has that wide representation of interests and so on, and it has some very knowledgeable people who also know how things work right at the front line. It has come back with quite radical overhauls of delivery, of the strategy and so on. The Scottish Government has pretty much taken on board its recommendations wholesale, and I think that fuel poverty programmes in Scotland have benefitted considerably through that role.

11:30

[168] I think that the frustration that we sometimes feel at FPAG is that we provide advice and it is quite often not fully heeded. I think that the Government has found some of the detailed work that we have carried out very useful, but, overall, I think that we have been saying for quite a long time that the scale of the problem now means that we need a much bigger Government response. The resources available for tackling the problem are completely inadequate, and we think that a lot could be achieved through introducing minimum energy efficiency standards for low-income households and so on. That dialogue happens, but I do not think that the Government perhaps always takes on board our recommendations.

[169] **William Powell:** Thank you very much for those valuable insights.

[170] **Llyr Gruffydd:** Rwyf eisiau gofyn cwestiwn yn benodol i Mr Baker, efallai, i gychwyn, ond rwy'n siŵr y bydd gan Mr Regan sylwadau i'w gwneud hefyd. Mae Lloegr, wrth gwrs, wedi newid y ffordd y mae'n diffinio tlodi tanwydd, a byddwn yn awyddus i glywed eich sylwadau o ran cryfderau a gwendidau'r dull hwnnw, yn enwedig mewn cymhariaeth â'r hyn yr ydym  
**Llyr Gruffydd:** I want to ask a question specifically to Mr Baker first, perhaps, but I am sure that Mr Regan will also have some comments to make. England, of course, has changed the way that it defines fuel poverty, and I would be eager to hear your comments from the point of view of the strengths and weaknesses of that approach, particularly in comparison to the approach here in Wales.

yn ei ddefnyddio yng Nghymru.

[171] **Mr Baker:** We did a lot of work; we very engaged with the Hills review and we contributed a number of quite substantial reports to that process. We were quite frustrated that the Government spent so much time on redefining and looking at the definition, when we thought that there were some really urgent priorities in programmes and so on to tackle the problem. It had an effect, in that it seemed to have the effect of freezing fuel poverty policy; nothing happened, because we kept being told, ‘Well, we cannot do anything until we have decided on a new definition’.

[172] Having said that, I think that there were some shortcomings with the 10% definition. However, it was more around detail—the way that income is measured is before housing costs, which means that it has a distorting effect on where fuel poverty is seen as a bigger problem. So, if an area has high housing costs, a lot of people receive housing benefit and appear to have larger incomes, and also appear to have less fuel poverty; that does not seem to be very sensible. It also did not take account of the size of the household. So, a household with one person was treated just the same as a household with six or eight members and so on. Normally, when you measure poverty, you try to take account of different household sizes so that you can compare like with like. So, there are those sorts of issues.

[173] Obviously, the Hills review resulted in quite a big change to the definition of fuel poverty. I think that one of the previous witnesses commented that you now have a definition that, in effect, changes very little over time. They have backdated the new definition to 2003, and it would appear to show that fuel poverty has hardly changed over the last 10 or 12 years or whatever. That seems counterintuitive; we have seen huge increases in fuel prices and so on. Potentially, there was this argument that the 10% definition overemphasised the impact of those fuel price changes, but we have now ended up with a definition where it does not make any difference at all.

[174] One questions the value of an indicator that does not change much—you want an indicator to be able to tell whether or not you are making progress. So, we think that there are limitations to it. A lot of the comments on the new indicator are that it is a relative definition of fuel poverty and that as soon as you have a relative definition of fuel poverty, fuel poverty will always be with us. We feel that that is not the case; we have a relative definition of child poverty and we still talk about eliminating child poverty. Where the big fault lies with the English definition is that they basically set what is considered to be unaffordable fuel at the median level, and so it means that there will always be 50% of households above and 50% of households below and that just seems a nonsense. So, that has been our biggest criticism. We did get them to change some of the detail of the new definition.

[175] The thing that always caught the headlines with the old definition was that it captured some people on high incomes. I think that the problem was overblown. For example, the Queen might have been defined as being in fuel poverty under the old, ‘10%’ definition because of all the vast number of houses that she owns. When you looked at the fuel poverty statistics, they showed that the vast majority—90% of people—were in the lowest three income deciles. So, it was a fairly small problem and if that were really the problem, then all you needed to do was introduce a threshold on income and just say that we consider that fuel poverty only applies to those who are in the lowest three or four deciles or to people with incomes below 60% and so on, as you have with income poverty. So, the problem could easily be dealt with just by doing something like that.

[176] **Alun Ffred Jones:** Okay. Joyce, you are next.

[177] **Joyce Watson:** I want to explore poverty in terms of methods of payment. Pre-payment meters are, as we all know, the most expensive and the people who can least afford

the fuel are those who are most likely to operate them. So, what would you like to see in terms of action to try to get people on to a different method of payment that is not the most expensive method?

[178] **Mr Baker:** I think that the basic problem with the competitive energy market is that it is mainly focused on those who can pay by direct debit. That is where the best deals are being offered, and to those who can pay online and so on. We see much less competition for pre-payment meter consumers. The problem is that a lot of low-income consumers find pre-payment a very useful method in order to budget and so on. I think that what we would have liked to have seen was the suppliers making more effort to come up with easy payment methods for low-income consumers. Potentially with the roll-out of smart meters, you will not see the same degree of differentiation between people who use pre-payment and people who use credit, because it is the same meter and the same piece of kit. So, the argument that suppliers use—that pre-payment costs more—will no longer be valid. So, there is that element to it.

[179] However, there are still a lot of problems. They do get a raw deal; they do not have the same protections and they can even miss out on things like warm home discounts because they are paid by cheque, for example, and a lot of them fail to cash that cheque. So, we are looking at how things might be improved for pre-payment consumers and we are going to be doing a campaign later this year on getting a better deal for pre-payment meter consumers.

[180] There are certainly some pre-payment consumers who could potentially pay through other methods, such as direct debit and so on, and who might benefit from it. It might help if suppliers identified that a person was, for example, just topping up their pre-payment meter once a month and did not seem to have problems keeping their meter charged up, so perhaps they could be encouraged to use cheaper payment methods. Suppliers could be a bit more proactive in helping some to convert to a different payment method.

[181] **Joyce Watson:** I would like to ask another question, because we are running out of time, which is directly linked to this and is about the impact of the bedroom tax. Have any of you looked at people who are being moved out of upgraded social housing to not-upgraded private rented housing, which will also have pre-paid meters to make sure that the landlord does not end up with the bill? Have you considered doing a piece of work that shows the difference between consumption in an upgraded house, which someone lived in quite happily but cannot now afford, and one that they have been forced into, which they can afford but which may not be to their advantage?

[182] **Mr Baker:** I am not aware of—. I suspect that there is a big issue there. It may potentially be something that we could try to gather evidence on from people who come to bureaux about how extensive this issue is.

[183] **Mr Regan:** Citizens Advice Cymru will be publishing a report next week, looking at the cumulative impact of all the different welfare reforms on people in Wales. I have not been involved directly in that report, so I am not sure whether it covers this specific issue, but I am sure that it will be of interest to you in the light of the question. I would be happy to share it with members of the committee.

[184] **Russell George:** I wonder if you could let us know how you think that energy companies could do more, or do something better, to help the Welsh Government to meet its 2018 target.

[185] **Mr Regan:** In terms of the link to ECO—I know that the suppliers are coming to speak to you in October—it would be interesting to get to the bottom of the issue that Iwan Williams alluded to earlier in terms of the incentives within the ECO scheme. Do the

suppliers feel that the way in which ECO is designed is detrimental to them targeting the people in the most need? Is it to do with the design of the scheme, or is it just to do with the market incentives? With the Welsh Government having a substantial commitment to bring ECO money into Wales and then being faced with unilateral changes to ECO—which I understand we were not consulted on—that has an impact on how the money is spent. Is it down to the suppliers' incentives, as businesses, or is it to do with how the scheme is designed by DECC? That would be an interesting question, along with asking them about their spend in Wales, in terms of how much they have spent here, what proportion of households here have received the different components of ECO, and their experiences of how ECO links up with the Welsh Government's schemes.

[186] **Russell George:** What can they do better in supporting customers, for example? Are they doing a good job with that or not? Could they do something better?

[187] **Mr Baker:** They are doing what the policy encourages them to do. As you are probably aware, ECO has three different elements. They are well on the way to meeting the Affordable Warmth part of ECO as well as the carbon emissions reduction obligation element, which is the bit that is designed to help better-off consumers. It has been made even easier with changes that were brought in last autumn under the autumn statement. The one element where they really need to start gearing up more is around the community saving obligation, which has a rural element to it. They ought to be doing a lot more there, and that is where they need to be taken to task.

[188] The other aspect is whether the new changes to ECO are trying to address the issue about so little going to off-gas properties, so there are some new incentives to try to introduce heating systems suitable for properties that are off gas. Suppliers ought to be asked how they intend to respond to that and how they will deliver that obligation in Wales, which obviously has a large number of off-gas properties.

11:45

[189] **Russell George:** I am thinking beyond what Government may do or Government incentives. For example, we had evidence earlier that energy companies are not good with supporting their customers in dealing with debt. I think that the suggestion was that their call centre staff could be better trained in speaking to people who are perhaps more vulnerable and are experiencing debt problems. I thought that, as an organisation, you might have some experience of that. That is what I was really trying to say.

[190] **Mr Baker:** Sorry.

[191] **Mr Regan:** It depends which supplier you are talking about. As Consumer Futures previously, where William and I worked before, we would publish annual complaints tables for the suppliers. There is quite a big difference in the complaints between SSE, which performs best, and the others. I have been in the call centres of some of the big six suppliers and listened to their staff. I did not get to choose which member of staff I got to listen to, so I am sure that I was put with the better ones. It is clear that, organisationally, they can articulate that they understand what they need to do for their customers who are in debt, but we have 2,500 issues raised with us in bureaux in Wales every year about fuel debts. That is consistent and against a backdrop—. I will not bore you with the details, but in terms of how we record issues, we record 30% fewer issues than we did before and fuel debts have stayed consistently high. The number of people coming to us about energy prices quadrupled in a year last year compared to the year before, so we are getting a lot of people coming to us with these issues.

[192] In terms of how suppliers comply with Ofgem's guidance on how debt should be dealt with, we produced a report last year, as Consumer Futures, again looking at the impact

of fuel debts in Wales. What should happen with the fuel debt is that suppliers should contact the customer as soon as possible to discuss it and help them to manage it before it escalates. Only about half of the people whom we spoke to could remember that happening; they had been the ones who had instigated the contact with the supplier. That will be down to the suppliers individually—some are definitely better at it than others—and, ultimately, it will be down to the individual members of staff.

[193] **Russell George:** You publicly reported on the companies that are doing better at this than the companies that are not doing so well at it.

[194] **Mr Regan:** Yes, in as much as we published the complaints figures. We have not been able to undertake a formal evaluation in any way of that. That would be a role for Ofgem.

[195] **Russell George:** Which company had the largest amount of complaints?

[196] **Mr Regan:** Of the big six, it is—

[197] **Mr Baker:** It is Npower.

[198] **Mr Regan:** It is Npower, consistently.

[199] **Mr Baker:** The only other thing to add is that, obviously, it would be in companies' interests to make sure that people get their full entitlement to benefits and to signpost people to where they can go for advice. Obviously, in citizens advice bureaux, one of our key roles is to make sure that people get their full entitlement—

[200] **Russell George:** Are the call centres doing that? Are they signposting people correctly, or are they not?

[201] **Mr Baker:** You will find that some are better than others. Some even fund their own benefit advice services. To my mind, it is ultimately in the company's interests if people get their—

[202] **Alun Ffred Jones:** We have two very quick questions from Julie James and then Llyr.

[203] **Julie James:** I just wanted to know whether you thought that there was any mileage in the Welsh Government looking at trying to either assist or force energy companies to roll out the best equipment to fuel-poor households, for example, smart meters that allow you to control and see how much something is costing you minute by minute, and itemised bills and things like that. I have to say that, in my experience, the poorer you are, the more likely you are to have an incomprehensible three-month-old bill with an old meter that is somewhere you cannot reach and cannot read, so you are on an estimate, et cetera.

[204] **Mr Regan:** With smart meters, specifically, our experience has been that, actually, it is the people who are in the greatest fuel poverty who are already the best at budgeting; they are already the best at not putting the kettle on more than once a day and all of these little things that they have to do. A smart meter may not be the most immediate way of helping people in fuel poverty, but for some people who genuinely do not understand what the implications of their energy usage is, it may well be—

[205] **Julie James:** I agree with that. I was thinking more of the way that you get your bill when you have a smart meter, actually, because it has the power to tell you what you spend day by day and so on, and it is easier to challenge.

[206] **Mr Regan:** And no estimated bills, as well, of course, which could help some people.

[207] **Mr Baker:** We are pushing for an extra-help scheme to be established alongside the smart meter programme, which we want to go towards people on low incomes and those in vulnerable positions. We think that that is fundamental, because we are concerned that a lot of people will miss out on the potential benefits of smart meters. We are having quite close discussions with the Department of Energy and Climate Change and the Office of Gas and Electricity Markets about this extra-help scheme, so that might address some of the issues that you raise.

[208] **Alun Ffred Jones:** Llyr sydd â'r **Alun Ffred Jones:** Llyr has the final cwestiwn olaf. question.

[209] **Llyr Gruffydd:** I just wanted to ask very briefly about the Competition and Markets Authority inquiry, and what potential you think there is for that to effect some real change, maybe, in terms of fuel poverty in Wales.

[210] **Mr Regan:** I think that the CMA inquiry, if it is done right, with consumers in mind and without too much of a technical focus, has real potential to shed some light on energy prices and, potentially, to bring them down. My concern at this stage, as I was discussing with you yesterday, is that the CMA takes proper account of devolved policy, the different shape of the market in Wales and the different demography and geography in Wales.

[211] We, as Citizens Advice, wrote to Ofgem regarding the terms of reference of its referral to the CMA. Among other points that we made, we made the point that it needs to take account of devolved policy. That has not been explicitly stated in the terms of reference by the CMA, but I do not think that it rules it out. I am trying to make the point to as many Assembly Members as possible that we need to press the CMA to come to Wales to consider it.

[212] A specific example of why I think that this is important would be that we have a very different market shape here. We have a big two, rather than a big six—SSE and British Gas have a much bigger market share. One of the anticipated possible outcomes of the CMA investigation will be around vertically integrated companies—companies that sell to themselves. SSE is very vertically integrated and has a very big proportion of Welsh customers. So, if anything is recommended around vertical integration, it is, proportionately, going to affect more customers here, potentially. At this stage, I would hope that you and colleagues in Westminster would be pushing the CMA to come to Wales.

[213] **Alun Ffred Jones:** Diolch yn fawr iawn. Thank you very much for coming to provide your evidence; we appreciate it very much. You will be provided with a transcript to check for accuracy. Thank you again for helping us with our deliberations.

11:53

**Cynnig o dan Reol Sefydlog 17.42 i Benderfynu Gwahardd y Cyhoedd o'r  
Cyfarfod ar gyfer yr Eitem Nesaf**

**Motion under Standing Order 17.42 to Resolve to Exclude the Public from the  
Meeting for the Following Business for the Next Item**

[214] **Alun Ffred Jones:** I move on to item 8, and ask somebody to move the relevant motion.



[215] **Antoinette Sandbach:** I move that

*the committee resolves to exclude the public from the meeting for item 8 in accordance with Standing Order 17.42.*

[216] **Alun Ffred Jones:** The committee is in agreement.

*Derbyniwyd y cynnig.  
Motion agreed.*

*Daeth rhan gyhoeddus y cyfarfod i ben am 11:53.  
The public part of the meeting ended at 11:53.*

*Ailymgynullodd y pwyllgor yn gyhoeddus am 13:17.  
The committee reconvened in public at 13:17.*

**Ymchwiliad i Effeithlonrwydd Ynni a Thlodi Tanwydd yng Nghymru:  
Tystiolaeth gan Gartrefi Cymunedol Cymru a Chymdeithasau Tai  
Inquiry into Energy Efficiency and Fuel Poverty in Wales: Evidence from  
Community Housing Cymru and Housing Associations**

[217] **Alun Ffred Jones:** Croeso nôl i'r pwyllgor a'r ymchwiliad i effeithlonrwydd ynni a thlodi tanwydd. Yn ein sesiwn gyntaf y prynhawn yma, rydym yn derbyn tystiolaeth gan Gartrefi Cymunedol Cymru a chymdeithasau tai. Croeso i chi'ch pedwar. Rydym yn gweithredu'n ddwyieithog ac y mae'r cyfieithiad ar sianel 1. Rwyf yn disgwyl i Aelodau eraill i gyrraedd, ond fe gychwynnwn ni. Gofynnaf i chi gyflwyno eich hunain er mwyn y Cofnod. A allwch chi ddweud pwy ydych chi a phwy yr ydych yn ei gynrychioli? Dechreuaf gyda chi, Mr Evans.

**Alun Ffred Jones:** Welcome back to the committee and the inquiry into energy efficiency and fuel poverty. In our first session this afternoon, we will receive evidence from Community Housing Cymru and housing associations. Welcome to the four of you. We operate bilingually and the translation is on channel 1. I am expecting other Members to join us, but we will make a start. I ask you to introduce yourselves for the Record. Could you tell us who you are and who you represent? I will start with you, Mr Evans.

[218] **Mr Evans:** Dewi Llwyd Evans ydw i o Grŵp Cynefin—Cymdeithas Tai Eryri a Thai Clwyd gynt—yng ngogledd Cymru.

**Mr Evans:** I am Dewi Llwyd Evans from Grŵp Cynefin—formerly Tai Eryri and Tai Clwyd—in north Wales.

[219] **Ms Barfoot:** I am Jen Barfoot from Tai Calon Community Housing in Blaenau Gwent.

[220] **Ms Oliver:** I am Amanda Oliver from Community Housing Cymru in Cardiff.

[221] **Mr Lycett:** I am Andrew Lycett from Rhondda Cynon Taff Homes.

[222] **Alun Ffred Jones:** Diolch yn fawr iawn. Bydd yr Aelodau yn gofyn cwestiynau i chi. A gaf i ddechrau gyda chwestiwn syml iawn? Yn eich barn chi, a yw Llywodraeth Cymru'n debygol o gyrraedd ei tharged o ddileu tldodi tanwydd erbyn 2018? Mae'n gwestiwn cymharol hawdd, rwy'n meddwl.

**Alun Ffred Jones:** Thank you very much. The Members will ask you questions. May I start with a very simple question? In your view, is the Welsh Government likely to meet its target of eradicating fuel poverty by 2018? It is a relatively simple question, I think.

[223] **Ms Oliver:** I will take this question. We feel that the Welsh Government has set very ambitious targets for fuel poverty and rightly so. While we do not feel that the fuel poverty target will be met, we think that we have made great strides in looking to develop and in developing properties that are now more energy efficient. Arbed 1 allowed 79% of social housing providers to make improvements to their stock in Wales and 6,000 homes were improved as a result of that programme. We feel quite strongly that housing associations are well placed to meet the targets around fuel poverty, but there are three aspects to fuel poverty: first, the physical energy efficiency measures that can be implemented; secondly, the actual behaviours of the individual; and, thirdly, the energy prices and welfare cuts and cuts to benefits, which impact on the ability to meet that fuel poverty target. We feel that the Welsh Government continues to make a link between fuel poverty and energy efficiency. We have come down the scale in terms of meeting fuel poverty targets in Wales because of high energy prices and because of the increased cuts to welfare benefits. You hear people talking about the choices that tenants have to make between heating and eating, and, obviously, heating is the one that suffers quite considerably.

[224] We also feel that, through Arbed 1, 75% of social housing providers have been enabled to meet the 65 standard assessment procedure rating within the Welsh housing quality standard in 2013. So, we were really pleased about that. We think that Arbed 2 has really suffered from an absence of a multitenure approach. It has been primarily targeted at the private rented sector, and we feel that more could have been achieved if there had been blended funding. We also felt that more could have been achieved through some local flexibility around using local contractors et cetera. We are also slightly concerned about the capacity in some local authorities to be able to deliver on Arbed 2, and we know and have got feedback that while the relationship in some local authorities between the local authority and the housing association was very good, and it worked extremely well in the delivery of Arbed 2, in other areas where it was poor, less could be delivered. That is completely shown in the figures; only 2,500 properties could be improved through Arbed 2. So, we would call upon the committee that the sector is very well placed. It now has the skills and experience to deliver—

[225] **Alun Ffred Jones:** Diolch yn fawr. Rydych chi wedi codi nifer o bynciau ac rwy'n siŵr y bydd yr Aelodau eisiau eich holi chi amdanynt. A gaf i jest ofyn, gan fynd yn ôl at y targed, a chymryd nad yw'r targed yn mynd i gael ei gyrraedd am resymau gwahanol, beth ydych chi'n meddwl y dylai strategaeth y Llywodraeth fod? Wel, y cwestiwn cyntaf yw: a ddylai addasu'r strategaeth a'i chynllun, ac os felly, beth ddylai hi wneud er mwyn gwireddu ei hamcanion?

**Alun Ffred Jones:** Thank you very much. You have raised a number of issues, and I am sure that Members will want to pick up on those. May I just ask, returning to the target, assuming that the target will not be met for various reasons, what do you think the Government strategy should be? Well, the first question is: should it adapt its strategy and scheme, and if so, what should it do in order to meet its objectives?

[226] **Mr Evans:** A gaf i ddweud rhywbeth am hynny? Mae'n eithaf syml o le rwy'n sefyll, mae'r rhaglenni sydd yn gweithredu ar hyn o bryd yng Nghymru, sef Arbed a Nyth, yn rhai canmoladwy iawn, ac maen nhw'n rhai effeithiol o dan yr adnoddau sydd ganddynt. Fodd bynnag, nid ydynt yn ddigonol i faint y broblem sydd angen ei datrys. Roedd yna obaith y byddai cydweithio efo Llywodraeth y Deyrnas

**Mr Evans:** May I just comment on that? It is quite simple from my position, the programmes in operation at present in Wales, Arbed and Nest, are very laudable, and they are effective, given the resources that are available to them. However, they are not sufficient, given the scale of the problem that needs to be addressed. It was hoped that collaboration with the UK Government and Westminster on the Green Deal and the

Unedig a San Steffan ar y *Green Deal* ac efo'r rhwymedigaeth cwmnïau ynni yn dod â mwy o adnoddau i helpu mynd ar ôl y broblem. Yn anffodus, oherwydd nad oes digon o bres yn y system a'r ffyrdd mae'r sgêms hynny wedi cael eu rhedeg, nid ydym wedi gallu cyrraedd na chael gafael ar y broblem sydd angen ei datrys. Roedd adroddiad yn gynharach yr wythnos hon gan gyngor adeiladu y Deyrnas Unedig a oedd yn dweud bod angen cael trefn ar o leiaf miliwn o *off-gas solid walls*. Byddwn i'n tybio bod mwy na hynny, i ddweud y gwir, ac mae canran fawr o hynny yn y Gymru wledig. Ar hyn o bryd, nid oes datrysiad go iawn i hynny, a beth bynnag sy'n dda am Arbed, nid yw'n targedu'r ardaloedd hynny'n ddigonol.

energy companies obligation would bring greater resources to assist in addressing this problem. Unfortunately, because there is not enough money in the system and the way that those schemes have been run, we have not been able to get a grip of the problem that needs to be addressed. There was a report earlier this week by the construction council of the UK, which stated that at least a million off-gas solid walls need to be sorted. I would assume that the figure is even higher, to tell the truth, and a large percentage of that is in rural Wales. At the moment, there is no real solution to that problem, and whatever Arbed's strengths may be, it does not sufficiently target those areas.

[227] **Alun Ffred Jones:** Diolch yn fawr iawn. Trof at yr Aelodau a dechrau gydag Antoinette.

**Alun Ffred Jones:** Thank you very much. I now turn to Members and start with Antoinette.

[228] **Antoinette Sandbach:** I am very glad to hear, Mr Evans, that you raising the issue around rural Wales. I do not know how much presence the housing associations have in the very deep rural areas of Wales, but we know from the previous evidence that about 42% of fuel poverty is actually in rural Wales, and many of the people affected are unlikely to be in housing association properties. Obviously, you have been able, very successfully, as associations, to leverage the improvements into your associations, and there has been a huge financial benefit to you from that. What do you think can be done to tackle the issue outside the housing association sector to ensure that those who are vulnerable, but who, for whatever reason, are not able to access or go into social housing—. We know what the issues are around waiting lists for social housing.

[229] **Mr Lycett:** There are a couple of things on that. One aspect is that when you are working in rural areas, housing stock is more dispersed. It costs more, therefore, to run programmes and it is harder to put programmes together. So, I think that there is a recognition, perhaps, that there is a premium to delivering improvement programmes in some areas of rural Wales. There is also a much lower construction capacity in those areas in terms of expertise and skill. So, I think that further support for rural areas is probably required to enable those programmes. I think as well that, looking forward in the programme, Arbed 2 will continue to deliver, and the next phase of that is going to enable blended funding to do mixed tenure schemes. That also brings with it scale—

[230] **Antoinette Sandbach:** May I be really rude and interrupt? I do not actually know what blended funding means. Maybe you could help me with that.

[231] **Mr Lycett:** Sorry. The Arbed 2 programme to date has only allowed us to spend Arbed money, so if the cost of improving a property was greater than the grant available under Arbed, that property could not be improved. Going forward under Arbed, we are now able to put the Arbed funding alongside ECO funding and alongside contributions from social landlords, so that the pot is bigger. So, if, for example, Arbed was giving £5,000 per property, but the cost of measures was £7,000, we can now achieve that, whereas, to date, Arbed 2 has not enabled social landlords to bring social stock into programmes. That will enable us to create larger-scale programmes, which helps to address some of the issues around dispersement of stock. One of the other issues as well—

[232] **Alun Ffred Jones:** Does that mean that social housing plus private property would be included in the same scheme?

[233] **Mr Lycett:** Yes. So, you have a mixed tenure scheme, which has a fantastic regeneration impact as well in terms of the vernacular—the street scene in communities—because whole streets are being done at the same time. As I say, it gives you that scale to deliver programmes.

[234] Looking forward, I think that Arbed 2 is going to continue to deliver for us, but one thing that I am quite interested in now is that the lower super-output areas on which it is based, being the bottom 10% or 15% communities—that is, hitting the hardest first—do not necessarily correlate with the fuel poverty map for Wales. So, there will be areas, particularly rural areas, and marginal areas, that will not have qualified previously for grants because they are not in that lower 15% of lower super-output areas. Yet, fuel poverty is there and is there in quite high levels in private housing. So, again, I think that longer-term planning around future energy needs must take more account of the fuel poverty map and less account possibly of the lower super-output areas. The lower super-output areas help you to deal with the density of deprivation, but deprivation is actually far more widespread.

[235] **Ms Barfoot:** May I add to that? In terms of Tai Calon, we have already, through the old community energy saving programme, been able to do some mixed tenure works. That works incredibly effectively with ex-council estates, where we have become the landlord. Rather than a pepper-pot effect in neighbourhoods, you have a whole street scene where every property is done. The anecdotal evidence of going to those neighbourhoods and talking to the tenants who live there, and to the other residents who live there, is that the difference it has made, not to just to fuel poverty, but to their lives, is astronomical.

[236] **Alun Ffred Jones:** Dewi, wyt ti eisiau ychwanegu rhywbeth? **Alun Ffred Jones:** Dewi, do you want to add something?

[237] **Mr Evans:** Rydym yn gwneud lot o waith. Mae gennym dai yn yr ardaloedd gwledig iawn, yn enwedig yn ardal Gwynedd a Môn, Pen Llŷn ac ardaloedd felly. Eto, fel sydd wedi ei ddweud, yn hytrach na'r stryd, mae angen edrych ar y pentref. Dyna'r math o lefel o weithredu sydd ei angen. Fel mae Andrew wedi dweud, o ran beth mae'n costio i ddod i un tŷ, mae angen arbed pres drwy wneud cymaint o dai ar yr un pryd ag y gallwch. **Mr Evans:** We do a great deal of work. We have homes in very deep rural areas, particularly in Gwynedd and Anglesey, the Llŷn Peninsula and areas such as that. Again, as has been mentioned, rather than focusing on the street, you need to look at the whole village. That is the level of activity that is required. As Andrew has said, in terms of the cost of dealing with one home, you need to save money by covering as many homes as possible at once.

[238] Yr *issue* ynglŷn â'r *funding* mewn ardaloedd gwledig yw nad oedd CERT a CESP yn cyffwrdd â nhw; mae Arbed wedi ceisio gwneud hynny ond nid yw wedi gweithio. ECO oedd yr unig beth a oedd yn dechrau rhoi tipyn bach o oleuni i ni o safbwynt y pres oedd ar gael i inswleiddio waliau solid, ond, wrth gwrs, mae hwnnw yn awr wedi cael ei dorri lawr ac mae'r amserlen yn wahanol. Felly, ar hyn o bryd, er ein bod yn gwybod beth yw'r broblem, nid oes llawer o oleuni y tu allan i ardaloedd Arbed, lle mae The issue on funding in rural areas is that CERT and CESP did not touch them; Arbed has tried but it has not worked. ECO was the only thing that was starting to give us some illumination in terms of the money that was available to insulate solid walls, but, of course, that has now been cut and the timetable is different. So, at present, although we know what the problem is, there is not much light outwith the Arbed areas, where Arbed is available, in terms of what we can do in the other areas. Again, I would come

Arbed ar gael, o ran beth gallwn ei wneud yn yr ardaloedd eraill. Eto, byddwn yn dod yn ôl at y prif bwynt, sef bod maint y broblem yn llawer mwy na beth sy'n cael ei roi i mewn iddo ar hyn o bryd.

back to that main point, which is that the scale of the problem is far greater than the investment made at present.

[239] **Russell George:** My question is to Dewi, to expand on your last point probably. In your opening remarks, you talked about the Green Deal and the fact that you hoped that it would potentially lever in additional money to Wales. I think that that is what you were saying. I just want you to expand on that, to say why, in your view, the extra money was not levered in.

13:30

[240] **Mr Evans:** That is a tricky question. I will try to keep it factual. If you look at the evidence that we presented, you will see that we looked at the figures for Green Deal assessments earlier this year in Gwynedd and Anglesey, and, really, you are talking about maybe 200 assessments for over a year. That is the kind of level of activity that you need to see happen on a weekly level, not on an annual level. How many of those assessments are actually turned into works? Problems abounded with Green Deal, not least with the interest rates, which have been well above what is seen as the market rate. The principle, I think, can work, in that you add to the electricity bill, you forward plan and, on that kind of level, over 10 or 20 years, maybe you can get the money back for the capital that you would need to put in. However, the way that the scheme runs at the moment means that it is not reaching people. The work that we did in Blaenau Ffestiniog, Pen Llŷn, Caernarfon and Bangor showed that people do not know that it even exists, and this is for a project and a national programme that has been spending over £20 million on marketing.

[241] **Russell George:** May I ask about that? There is a responsibility for the UK Government to promote the programme, but also local authorities and the Welsh Government. What is your experience of how well, apart from the UK Government, the Welsh Government or local authorities are promoting the Green Deal?

[242] **Mr Evans:** I think that they have done the best they can, and I think that there is some really good stuff about the blending of funding that you have mentioned.

[243] **Mr Lycett:** We, as landlords, used the Green Deal at the back end of the last financial year. There was a scheme called Green Deal landlord cashback, and that enabled us to improve a number of properties, but the maximum that we could draw down from that scheme was £160,000. Now, the next phase of the Green Deal that some landlords are looking at allows householders to benefit for up to 75% of the cost of works, up to a maximum of £6,000, in which they get a cash sum refunded to them, in effect, to fund those works. Those individuals, however, are not necessarily in the best place to commission those works. If landlords were to commission those works on their behalf, there would be no contractual obligation between the householder and the landlord to get that £6,000 contribution back. So, the nature in which the Green Deal has been set up actually places undue risk on landlords to develop large-scale improvement programmes, because they will be uncertain as to whether they can recover 75% of the cost of the works. So, again, I think it is incumbent on us to place the Green Deal under review, to say, 'How can you best achieve the outcomes that you are seeking, and is the scheme currently designed to maximise that?' Certainly, at the moment, the risk profile of participating alongside tenants in that sort of scheme is just too high; you cannot develop large-scale programmes on that basis.

[244] **Russell George:** I was interested, though, in what I think Dewi originally said about it not being best communicated. On the other hand, you thought that local authorities and the

Welsh Government were not doing their best to communicate the Green Deal. So, what you are saying is that it is the UK Government that is not promoting it. Is that what you are saying?

[245] **Mr Lycett:** Promoting it is one thing, but I think that the structure of it does not work. It is one thing to get the information across, but the structure of that is another thing.

[246] **Russell George:** So, it is not so much about picking up the wrong messages, and it is not so much about the communication being wrong; it is about structure being wrong.

[247] **Mr Lycett:** I think it is both, because, even when you communicate it, the structure of the scheme then does not necessarily work for vulnerable tenants, vulnerable households or landlords to participate.

[248] **Russell George:** Okay, that is fine. May I just pick up on a separate issue that Amanda raised in her opening comments? You mentioned that—I think this is right—some local authorities are not as good at delivering Arbed as they could be. I wonder whether you could expand on that and give us an example of a good local authority, in your experience, and one that is perhaps not delivering as it should be.

[249] **Anthony Sandbach:** Name and shame. [*Laughter.*]

[250] **Russell George:** I was politely asking, but—

[251] **Ms Oliver:** I think that I might name some. Andrew, for example, has a very good relationship with his local authority and, in terms of the delivery, that has worked really well. However, it is not just about the relationship, but about capacity issues as well within the local authority, which we anticipate are likely to get worse in future. We think that, if there was a message from the committee to the Welsh Government, it should be about ensuring that local authorities are having those discussions with their HA partners. There are a lot of skills and experience out there. HAs benefit from knowing not just their tenants, but the communities.

[252] **Russell George:** May I ask what HA stands for?

[253] **Ms Oliver:** I am sorry; it stands for ‘housing associations’.

[254] They know everybody living in a community. That is why they are well-placed to deliver that multitenure approach. If you allow blended funding, which we have all been talking about, it will enable that to happen. So, in rural areas, while there is dispersed stock, as Dewi said, he is still well-placed to target private owners as well and retrofit homes with energy efficiency technologies in those areas.

[255] **Mr Lycett:** May I add to that? In schemes where we have worked with the local authority in Pen-y-Waun, we have had 100% uptake among private households when we have done combined schemes, working in partnership with the local authority. So, it has been very effective, both in terms of the planning bid preparation and delivery on the ground, with each of us working to utilise the other’s skills to best effect.

[256] **William Powell:** One other aspect that has been raised with us about the problems, particularly with the Green Deal and the ECO scheme, is the proliferation of scams and dodgy contractors, cold-calling and so on, which has caused quite a lot of reputational harm to the scheme, and maybe further aggravated the lack of take-up. Do you feel that there is something specific that can be done to address that and to give householders—some of whom are vulnerable, as you have said—greater confidence in at least taking the first step of having the

survey done and then considering their options?

[257] **Mr Evans:** Mae unrhyw beth sy'n gallu cael ei ddefnyddio i roi *badge* lleol ar raglenni llawer yn well na phethau cenedlaethol. Fel gyda PPI, mae pobl yn cael *phone calls* ac nid ydynt yn trystio'r hyn maent yn ei glywed. Yn sicr, mae gwaith da iawn yn cael ei wneud yn sir y Fflint ar hyn o bryd i edrych ar ddatblygu *schemes* sy'n debyg i *Green Deal* sydd â chyfradd llog gwell, ond maent yn cael eu darparu drwy'r cyngor sir a'r bobl sy'n adnabod y bobl. Dyna'r ffordd ymlaen, yn fy marn i: mae angen ei wneud mor lleol ag y gallwch chi.

**Mr Evans:** Anything that can be used to put a local badge on programmes is far better than any national branding. As with PPI, people are getting phone calls and they do not trust what they hear. Certainly, some very good work is being done in Flintshire at present to develop schemes that are similar to Green Deal but have a better interest rate, but they are provided through the county council and delivered by people who know the population. That is the way forward, in my opinion: it has to be done as locally as possible.

[258] **Ms Oliver:** On that, CHC would call for a regional target, especially regarding the ECO scheme. In 2013, 30,000 measures were installed under the ECO scheme in Wales, compared with 528,000 across the UK. That is a massive difference and, even if you look at it as a proportion of the population, it still does not add up. So, we would call for a regional target from Welsh Government for the ECO scheme and energy company suppliers.

[259] **William Powell:** Dewi, you referred to the need to keep things as local as possible; have you had any experience of dealing with town and community councils, or clusters of town and community councils? That is obviously the tier of local government that is closer to citizens. In many cases, lots of other local authority functions have been driven down to that level, and that might be a way forward, possibly working in association with One Voice Wales.

[260] **Mr Evans:** Efallai wir. Nid wyf wedi gweld llawer o dystiolaeth o hynny'n digwydd ar ein *patch* ni, ond efallai ei fod yn digwydd mewn lleoedd eraill.

**Mr Evans:** That may well be the case. I have not seen much evidence of that happening on our patch, but perhaps it happens elsewhere.

[261] **Alun Ffred Jones:** Hoffwn gadarnhau rhywbeth. Dywedoch mai 2,500 o dai oedd wedi cael eu gwella o dan Arbed 2 yn y flwyddyn ddiwethaf. Credaf mai chi, Amanda, a ddywedodd hynny. A yw hwnnw'n ffigur sydd llawer iawn yn is na'r nifer y gobeithiwyd ei wella?

**Alun Ffred Jones:** I would like to confirm one thing. You said earlier that 2,500 houses were improved under Arbed 2 last year. I believe that it was you, Amanda, who quoted that figure. Is that figure far lower than had been anticipated?

[262] **Ms Oliver:** That is the figure I quoted, and I believe that it is since Arbed 2 has been in place. I believe that the reason is that there were delays to the original scheme. As I have said, I do not believe that the relationship was working as well as it should have been in some local authority areas. We did not have the opportunity for blended funding, which was another prohibitor. It was primarily targeted at the private home-ownership sector. There was very little flexibility in terms of local arrangements. So, generally, when housing associations are procuring services and contractors et cetera, there are wider community benefits that they look for, but some of those were not an option; for example, the use of local contractors et cetera. I will now pass you over to my colleagues, who understand and have experience of this.

[263] **Ms Barfoot:** If I can come back to the ECO point that you were making about local communication, we found that ECO has taken an inordinately long time to get the deals done.

Lots of changes have been happening as we have been going along. However, where we have been able to secure ECO deals, it is us who has done the communication with the local community because we know that local community. So, we have been able to get in there. We have also been able to deal with local contractors, putting what we call targeted recruitment and training, which is the training and learning requirements, so that they take on apprentices; they take on local people. I was with one of the schemes that we are currently doing under ECO last week. The guy running it was telling me that they took on the biggest scallywag on the estate to be the person who monitored the materials and, suddenly, the crime rate in terms of the materials dropped like a stone. The point that I am making is that you want locals, and we want people to be out there in those local areas. We are very well placed to do that, because we know the entire community, not just our tenants.

[264] **William Powell:** If you adopt that approach, you are then far more likely to get positive coverage in local and regional newspapers, which is going to add to marketing, and far more so than some slick PR operation from outside the country.

[265] **Mr Lycett:** Delays and policy changes have been probably the strongest characteristic for the slow uptake or slow delivery of schemes. The Arbed programme has taken a long time to procure. Again, at the moment we are waiting for guidance on how year 3 of Arbed 2 is to be delivered through this maximising ECO programme this year, although we are developing bids at the moment.

[266] **Alun Ffred Jones:** I was going to ask you about that. The money has been allocated from the Government, so where are we with that money and with the whole scheme?

[267] **Mr Lycett:** We are awaiting guidance at the moment, which, we are told, is imminently due in the next few weeks. I am hoping that that comes out before the summer recess. I think that it is a characteristic. In RCT Homes, since 2007, we have spent £80 million on energy measures, and we have delivered over 22,000 individual measures. We have worked under the Heads of the Valleys initiative, CERT, CESP, ECO, Green Deal, our own internal funding, and the feed-in tariff. All of these schemes have starts and stops, and it causes breaks with the supply chain, it causes breaks with construction partners, and it causes starts and stops on procurements. That is one of the difficulties of actually planning these programmes. We have a long-term interest in the stewardship of our communities. We are able to deliver that and promise to those communities these sorts of improvements. However, stop-starts between different policies does not help. All of us, as a sector, were caught last year when the UK Government announced the changes to the ECO scheme. Many of us had spent many months preparing ECO partnerships, all of which—all the contractors and energy companies, effectively—walked away from following the budget statement last December. We are all now having to recast those at much lower levels of support from the energy companies.

[268] Equally, the sector was caught when the feed-in tariff was changed a couple of years ago. A number of us had schemes to deliver solar panels to properties numbered in the thousands, where those deals then fell away when the feed-in tariff was changed. It caught the sector out; it caught the whole construction and supply sectors out. So, having a more joined-up approach to individual energy management and energy efficiency policies when policy changes, and having forward dates for policy changes rather than drop-dead dates, would also help tremendously in being able to devise and then deliver programmes.

13:45

[269] Quite a number of us this year had done enabling work on properties, including RCT Homes, where we perhaps put new windows into properties and prepared to have external wall insulation schemes delivered, only to find that the EWI partners, because of the change



in ECO, were no longer prepared to enter into contracts. So, over the winter, we had tenants whose homes had been prepared and were half ready that we had to maintain watertight over the winter while we were waiting to try to rebuild schemes this year. That is a real impediment. It is not a good service to tenants and it damages the reputation of schemes in the wider community as well when that happens. That is where the Welsh Government, both in terms of its own policy—in terms of operationalising policy—and in terms of trying to influence UK policy, could have a really significant supporting role and leading role to play in trying to change the way in which schemes are implemented and changed going forward.

[270] **Alun Ffred Jones:** Diolch yn fawr. William, have you finished?

[271] **William Powell:** Yes, thank you, Chair.

[272] **Alun Ffred Jones:** Joyce Watson is next.

[273] **Joyce Watson:** You talked about benefit changes, and I want to talk about benefit changes. I want to talk particularly about the bedroom tax and the implications of you having improved the living environment of some of your tenants, for them to be removed from those tenancies and rehoused in houses that might not be anywhere near the standard they were living in in terms of their fuel efficiency, because that is what we were targeting. Have you noticed any changes like that? If you have, are any of you collecting any data. I know that there are lots of data and lots of effects, but it just struck me with this inquiry that this is one effect of many that you might have come across and that you might be gathering some data on.

[274] **Ms Barfoot:** I will kick off on that one. The bedroom tax I could talk about for about four hours, if you would like me to, but—

[275] **Joyce Watson:** So could I.

[276] **Ms Barfoot:** I am sure that we could agree on it, too. The bedroom tax had a huge impact in Blaenau Gwent and, yes, some families have moved. Many families we have been able to support through applications to discretionary housing payments and so on and some families are still finding 14% or 25% of their housing benefit being subtracted before the benefits are paid to us. We have, by a variety of means, managed to limit the amount of rent arrears and we are putting in incredibly intensive support to those families. Where they have moved, because we are quite a young large-scale voluntary transfer, relatively speaking—we are just coming up to four years old—we are still in the middle of our Welsh housing quality standard works. So, if somebody is moving out of a property that has had those works done, they will generally be moving into a property that is either in the process of having them done or has already had them done. So, in terms of the very specific WHQS works, that should not be an issue for tenants having to downsize, for example.

[277] In terms of the external wall insulation, we have around 500 properties that still need that kind of measure in order to increase the SAP rating. However, we do expect to get to a SAP rating of 65 across all of our homes by the end of our WHQS programme. Then, through all the retrofit programmes we have in place, we expect to reach a SAP rating of 68 by 2017. So, yes, there has been an impact. We have not specifically measured the SAP impact on people moving home, but, when somebody moves and downsizes, intensive support is put in to ensure that they are not worse off for having downsized, if you see what I mean.

[278] **Joyce Watson:** No, I am not talking financially. I was actually thinking that they might have to go into private rented housing because social housing might not be available and that, potentially, it is less likely to have been upgraded.

[279] **Ms Barfoot:** Absolutely; that is true. We have had very few people who have actually left social housing to go into private rented accommodation as a result of the bedroom tax, although we are seeing people moving into private rented accommodation from social housing.

[280] **Mr Lycett:** If I could add to that from RCT Homes' point of view, one in four of our households was affected by the bedroom tax, and there are not smaller sized properties in the private sector for them to move to. However, interestingly, with all the measures that we have undertaken to date, the average saving for our tenants on energy bills is about £10 a week and the average income loss from having one bedroom extra under the bedroom tax is £10 a week. So, despite all the work we have done—as I said, spending £80 million—in effect, our tenants are now no better off than they would have been. So, the impact on overall levels of poverty and, in particular for me, the levels of childhood poverty in our communities, therefore, means that we have not progressed.

[281] You asked at the outset whether we are going to meet the targets. That, for me, is the biggest thing—the changes in people's income levels are working adversely. Our average SAP rating across our stock at the moment is 72.8, which is significantly ahead of what is required under the Welsh housing quality standard. We can do no more, in terms of improving many of our properties. However, household income is still under significant and substantial downward pressure.

[282] **Alun Ffred Jones:** Antoinette, do you want to come back on that?

[283] **Antoinette Sandbach:** Perhaps you could give us an indication of what proportion of your tenants are in work, as opposed to out of work, and what the waiting lists are for social housing in your particular areas. You, of course, are social housing providers in one form or another. There are substantial numbers of people who cannot access social housing. I know that, in north Wales, we have enormous waiting lists to go into social housing. So, in a way, your tenants in the social housing sector are no worse or better off—or are, perhaps, better off, given your SAP ratings—than those who are on the waiting list, who are trying to deal with the issues in private accommodation and who do not have those measures in place.

[284] **Mr Lycett:** I think that the first thing that I would say is that there are more people in receipt of benefits who are in work than are out of work, so I do not think that it is a work or workless issue, per se. Roughly 58% of our tenants have full housing benefit, which gives a strong indication that they are not in work. Just under 70% of our tenants claim housing benefit, so that would give us an indication that those people are in low-paid employment. I think that those sorts of percentages would probably apply to a lot of social housing providers, but I do not think that it is an issue of work per se, because a lot of the work that is available is low-paid work. The child poverty action group recently did some work that indicated that if you had two people working full time on the minimum wage, their children would still be experiencing child poverty. I think that it is a poverty issue, and not necessarily a work issue; it is about the quality of work.

[285] **Antoinette Sandbach:** I think that what I am trying to say is that, given the Welsh housing quality standard and the expertise that the housing associations have, your tenants are in a much better position than those who are waiting to get into your housing who qualify, or would qualify, to go into social housing.

[286] **Alun Ffred Jones:** Take that as a comment, rather than a question. We have about seven minutes left. Julie, do you want to ask a question? I see that you do not. I would like to ask all of you to make a suggestion as to what you think the Welsh Government, or any other agency, could or should do to improve the situation in terms of fuel poverty. I will not confine you to one suggestion.

[287] **Ms Oliver:** I would certainly call for the regional target for ECO funding. I would also mention having, possibly, a continued revenue stream for the sector to enable it to continue to provide energy efficiency measures for the home. I think that there is work that the sector is doing around behavioural change that is very effective—with some solar heating systems et cetera—so, it is about how you use the system, and tenants need to be aware of that, otherwise it defeats the purpose of having the technology in the home anyway. There is some great work that they are doing there, but they are also helping tenants and others to negotiate better tariffs and better fuel deals—the dual fuel options et cetera. However, there is also more to be done on pre-payment meters—making them cheaper. Colleagues can probably tell you more about that. In terms of energy prices, it is about keeping them more affordable. However, we are living with the reality of a UK Government decision around welfare benefits and cuts to those for people who are already on low incomes.

[288] **Ms Barfoot:** May I come back to where we started, with the three aspects? There are the physical aspects of the homes that we can control, to some degree, and the support that we have had from Welsh Government through schemes like Arbed and from the Westminster Government through schemes like ECO and the energy companies. That is grand. It needs more longevity so that we can plan better to get the economies of scale and get those works done to far more properties, mixed tenure. That is the first thing, in terms of the physical, which we can control.

[289] In terms of behaviours, we can try to influence the behaviours of tenants and residents. So, we put a lot of work into following up these schemes by going into people's homes and showing them how to most effectively use the new measures that have been put in place, but again, if you want a plea, it would be for Welsh Government to make some degree of revenue funding available to bodies such as housing associations that are well placed in their local communities to go to help these tenants to use what they have more effectively, perhaps, than they do at the moment.

[290] The other plea, which is something that maybe we do not have quite so much influence over, is around pre-payment meters. Nearly seven in 10 tenants in Blaenau Gwent who we have surveyed recently have pre-payment meters. They are wedded to their pre-payment meters; they do not want to get rid of them. They use them as a budgeting tool. So, the plea has to be not to try to persuade people to get rid of them, but to persuade the energy companies to be much more equitable in the tariffs that they impose on people in those situations.

[291] **Mr Lycett:** There should be a medium-to-long-term strategy, as physical measures are worked through the stock, to start to look at other ways that we can reduce the cost of energy to our tenants. In particular, there are a number of us in the sector now who are starting to look at how we support community renewable energy initiatives and the expansion of solar, so that people start to get free power, rather than having to pay for it at all. The feed-in tariff schemes work very well where they have gone in, but there is a lot more to be done now around enabling communities to generate their own power and thereby have a greater control over their future fuel usage and costs, because turning energy companies around will be quite a difficult job.

[292] **Alun Ffred Jones:** That is beyond our powers here, I think.

[293] **Mr Evans:** Buaswn i'n mynd yn ôl at y pwynt roeddwn i'n ei wneud reit ar y cychwyn, sef bod eisiau herio'r drefn o faint o bres sydd yn cael ei roi i mewn i'r maes hwn. Os edrychwch ar y profiad yn Ffrainc, **Mr Evans:** I would return to the point I made at the very outset that we need to challenge the status quo in terms of the amount invested in this area. If you look at the experience in France, you will see that 4% of the last round

fe welwch i 4% o'r cronfeydd strwythurol yn Ffrainc yn ystod y rhaglenni diwethaf gael ei roi i mewn i effeithlonrwydd ynni. Nid wyf yn meddwl bod y math hwnnw o raddfa yn gweithredu yng Nghymru a dyna'r math o stwff mae'n rhaid inni gael gafael arno. Rwy'n ategu ac yn adleisio'n llwyr yr hyn sydd wedi cael ei ddweud ynglŷn â darparu cyngor ynni yn lleol. Rydym wedi bod yn rhedeg y prosiect wardeiniaid ynni yng Ngwynedd a Môn ac mae'n dangos sut rydych chi'n gallu helpu pobl ar lefel syml iawn o ran sut i ddefnyddio llai o ynni, achos nid yw pobl yn deall y *controls* y maen nhw'n eu defnyddio.

[294] Hefyd, mae pethau fel y *warm home discount* yn allweddol i helpu pobl sydd mewn tloidi tanwydd. Mae 19 gwahanol gwmni yn rhedeg y *warm home discounts* ac mae ganddyn nhw i gyd amserlenni gwahanol a chanllawiau gwahanol, ac nid oes neges gyson yn dod yn ôl ynglŷn â pham mae pobl yn cael eu troi i lawr. Felly, mae eisiau edrych ar y system hon a'i gwella. Eto, fel mae Jen wedi bod yn dweud, mae'r *meters* lle rydych chi'n talu ymlaen llaw, beth bynnag rydym ni'n meddwl amdanynt, yn galluogi pobl i gyllido o wythnos i wythnos. Mae angen ar y cwsmeriaid hynny i'r cwmnïau ddarparu system iddynt na fydd yn eu cosbi achos fel yna maen nhw eisiau rheoli eu pres. Mae lot o bres yn mynd i gael ei wario ar yr hyn sy'n cael ei alw'n *smart meter*. Wel, y *smart meter* go iawn ydy'r *meter* lle rydych chi'n gwybod faint rydych chi'n ei dalu bob wythnos.

[295] **Alun Ffred Jones:** Iawn. A gaf ddiolch i'r pedwar ohonoch am gyflwyno'ch tystiolaeth ac am fod yn agored iawn gyda'r pwyllgor? Fe fydd y dystiolaeth hon yn cyfrannu'n fawr at ein dealltwriaeth ni o'r maes ac rwy'n gobeithio y bydd wedyn yn bwydo drwodd i'n hadroddiad ni. Fe gewch chi gopi o'r Cofnod i chi wneud yn saff ein bod yn adrodd yn gywir yr hyn rydych chi wedi dweud, a diolchaf ichi unwaith eto am ddod atom ni. Diolch yn fawr.

13:59

of structural funds was spent on energy efficiency. I do not think that that scale of spending is happening in Wales and that is the kind of stuff that we need to get to grips with. I would fully endorse what has been said about providing energy advice at a local level. We have been running the energy wardens project in Gwynedd and Anglesey and it just shows how you can help people at a very basic level in terms of reducing their energy consumption, because they do not understand the controls that they are using.

Also, things such as the warm home discount are crucial in assisting people who are in fuel poverty. There are 19 different companies running that scheme and they all have different timetables and different guidelines, and there is no consistent message being provided as to why people are being turned down for that. So, we need to review that system and improve it. Again, as Jen said, the pre-payment meters, whatever we might think of them, enable people to budget on a weekly basis. Those customers need the companies to provide them with a system that does not penalise them because that is how they want to manage their budgets. A lot of money will be spent on what are called smart meters. Well, the real smart meter is the meter where you know exactly what you are paying on a weekly basis.

**Alun Ffred Jones:** Right. May I thank all four of you for your evidence and for being very open with the committee in so doing? This evidence will contribute greatly to our understanding of this area and I hope that it will feed into our report. You will receive a copy of the transcript so that you can check it for factual accuracy, and I thank you once again for joining us. Thank you very much.

**Ymchwiliad i Effeithlonrwydd Ynni a Thlodi Tanwydd yng Nghymru:  
Tystiolaeth gan Cyfeillion y Ddaear, yr Ymddiriedolaeth Arbed Ynni a Grŵp  
Cymru Carbon Isel/Di-garbon**

**Inquiry into Energy Efficiency and Fuel Poverty in Wales: Evidence from  
Friends of the Earth, Energy Saving Trust and the Wales Low/Zero Carbon Hub**

[296] **Alun Ffred Jones:** Symudwn ymlaen i eitem 6 o'r ymchwiliad ac i dystiolaeth Cyfeillion y Ddaear, yr Ymddiriedolaeth Arbed Ynni a Grŵp Cymru Carbon Isel/Di-garbon. Fe ddisgwylwn ni i'r tystion ddod i mewn.

**Alun Ffred Jones:** We move on to item 6 of the inquiry and the evidence from Friends of the Earth, the Energy Saving Trust and Wales Low/Zero Carbon Hub. We expect our witnesses in just a second.

14:00

[297] **Helô a chroeso.** Diolch yn fawr iawn, a chroeso i'r tri ohonoch.

Hello and welcome. Thank you very much and a warm welcome to all three of you.

[298] You know how to use the headsets. We are quorate, so we will carry on.

[299] A gaf ofyn i'r tri ohonoch gyflwyno eich hunain, jest i ddweud pwy ydych chi er mwyn y record, a phwy yr ydych yn ei gynrychioli? Yna, fe awn ni yn syth i'r cwestiynau.

May I ask all three of you to introduce yourselves for the record, and tell us who you are representing? We will then move immediately to Members' questions.

[300] **Ms Elgar:** Haf Elgar ydw i, ymgyrchydd Cyfeillion y Ddaear Cymru.

**Ms Elgar:** I am Haf Elgar, a campaigner on behalf of Friends of the Earth Cymru.

[301] **Mr McCombie:** I am Duncan McCombie, director of operations for Wales and Ireland with the Energy Saving Trust.

[302] **Mr Sutton:** I am Andy Sutton, from the Wales Low/Zero Carbon Hub.

[303] **Alun Ffred Jones:** Who wants to kick off? Antoinette, would you like to?

[304] **Anthony Sandbach:** I was not expecting that, sorry. [*Laughter.*]

[305] **Russell George:** I will go first, if you like.

[306] **Alun Ffred Jones:** Okay, Russell George will go first, then.

[307] **Russell George:** With regard to the big energy companies, what could they do better to help Welsh Government to meet its 2018 target?

[308] **Mr McCombie:** It is not for me to speak for the energy companies, but what I would like to see them do is to engage more. There is an aspiration that needs to be there to hit targets for fuel poverty in Wales, and I think that some of that aspiration will be delivered by the big six, the big 70, or the big 60,000, as it should be, and I think that there needs to be more engagement, and that comes from both sides of the fence, to be perfectly honest.

[309] **Russell George:** How do they do more engagement, then? In what way would you suggest that they do that?

[310] **Mr McCombie:** I would like to see them coming up with clever thoughts and strategies, and debating them with the Welsh Government, saying, 'Here's an idea; you may not know the technical solutions, so here are some technical solutions to help you to develop your strategy for the way forward'.

[311] **Russell George:** So, you are saying that, rather than Government bringing forward policy initiatives, put the emphasis on the energy companies to come forward with proposals. Is that what you are saying?

[312] **Mr McCombie:** I think that it is very much Government coming through with informed policy based on a whole lot of evidence.

[313] **Russell George:** We took some evidence earlier about some of the energy companies perhaps not being good at giving the relevant support to some of their customers, especially some of their more vulnerable customers, with regard to poor customer service or, if customers get into debt, call centres not giving good advice. Have you any experience of that at all?

[314] **Mr McCombie:** I have not had any experience of that, either personally or through the service that we used to deliver through the advice centre that was funded by Welsh Government. We gave customers independent and impartial advice through the Welsh Government-funded energy advice service, and that gave customers the information that they needed to change their habits and behaviours and to live a more energy sustainable lifestyle.

[315] **Russell George:** Okay, and what about Arbed and Nest? How could they be improved?

[316] **Mr McCombie:** I cannot comment on Nest, because we are a subcontractor to the Nest providers, and we are also a subcontractor in the Arbed contract, so I would have to leave the principals in that to answer that question, I am afraid.

[317] **Russell George:** Do your colleagues have any response to that?

[318] **Alun Ffred Jones:** Are there any other comments?

[319] **Mr Sutton:** I would pick up the fact that one of the things that the energy companies, be it the six or the 60,000, are good at is the delivery—getting in on the ground and delivering things. Now, there are issues that have been highlighted through Arbed and through some of the other schemes about the quality of delivery perhaps and whether the right thing was delivered to the right place, but, in essence, the energy companies have mobilised troops on the ground, as it were, to deliver. Where I think the failures have happened, such as they have been, is more around the delivery of the intelligence, that is, the right solution to the right property at the right time. That is something that I think I would be cautious personally about relying on the energy companies to provide, because, ultimately, they are doing what they are obliged to do, and that is what they will do, as has been shown by the fact that at least one of the big six is stepping back, thinking that it has met its target and that it does not have to do any more until the next tranche. They are not doing it because of the greater good; they are doing it because they have to do it. So, they will do the most effective mechanism for them to deliver. What we on our side of it, from the Government's point of view, can be doing is providing that intelligence to ensure that they are getting the right person to the right place to do the right measures.

[320] **Russell George:** If I turn that question around a bit, we have the energy providers coming to the committee later in the year, so what should we be asking them in your opinions? You are laughing.

[321] **Ms Elgar:** This might be something that you have been given the answer to already, but certainly you could ask what their ECO spend is in Wales. I do not know that information for all of the big six. You could ask how they are targeting vulnerable households, rural areas and more difficult and hard-to-treat homes, to ensure that they are not just spending the money anywhere, but spending it in the right way. Also, I think that it is fair to ask them what they are doing beyond the statutory minimum level to alleviate fuel poverty in Wales.

[322] **Russell George:** What would you like them to do?

[323] **Ms Elgar:** Spend more. [*Laughter.*] Certainly, there is the targeting issue, but there is also the issue of integrating with and dovetailing Nest, Arbed and that co-ordination between the different UK programmes, Welsh Government programmes and private funding.

[324] **Alun Ffred Jones:** I will bring Antoinette in on this point.

[325] **Antoinette Sandbach:** Yes, I wish to come back to what you said, Mr Sutton, about getting the intelligence and it going to the right people in the right place, as it were, with the right solution. As I understand it, there are a lot of issues around data sharing for the companies. I do not know, for example, whether the Energy Saving Trust has experienced that problem in terms of data sharing. I understand that they cannot share data about who is in receipt of certain benefits in a rural area, who is also living in solid-wall housing and who may qualify, but for some reason or other cannot be persuaded to take it up. It seems to me that if you cannot share the data, then there are difficulties in targeting by the six or the 60,000, and I think that we were told that, in Wales, it is mainly the big two. The companies have data on their customers, but they cannot cross-reference those data with the Department for Work and Pensions, for example, or tax credit data, or data on who is in receipt of pension credit support and things like that.

[326] **Mr Sutton:** If I may, I concur with that. I think that the big six have some of their own data, which they clearly have to protect under various Acts. Council authorities have their own data, and the Welsh Government has its own data. It is perhaps a task that is comparatively inexpensive and could be undertaken on the public side of the fence to identify the properties without necessarily breaching privacy, and then providing like-for-like data sets or like-for-like identification of properties to the people that can go out to do it. Ultimately, what the energy suppliers and the installers want is a big batch of the same type of properties, so that they can go and fit the same boiler 1,000 times, the same internal or external solid wall, the same draught insulation, draught proofing or any of these measures; they want to be able to do that at scale. They are less worried about whether the houses are adjacent to each other geographically and are more worried about whether or not the houses are similar in terms of construction and measures. There are around about 20 different flavours of house in Wales—the primary types. There are numerous spin-offs and quirks but, in principle, there are around 20 types. We could be identifying those. We could be providing which ones are most likely to need which methods, and that would allow the private sector to go out to do what it is supposed to be doing: actually engaging and delivering the works.

[327] **Antoinette Sandbach:** The problem is that we have not had that housing survey. If you do not have those data at Welsh Government level, that simply is not possible. So, is that something that you suggest that the Welsh Government should do to undertake that housing survey of housing stock?

[328] **Mr McCombie:** The last housing stock survey in Wales was undertaken in 2008, I think, which gave a very good benchmark at that point. However, the world has moved on, renewable technology has moved on, and people have moved. So, we probably need to repeat that exercise. That puts the Welsh Government in a very strong position of having a lot of

data that are very valuable, and it also gives the opportunity to start saying, ‘So, what can we do with these data to bring in other sources of data?’. As you mentioned, the Energy Saving Trust has a whole lot of data for every single property in the UK. We know, on a probability basis, if they have had loft insulation, cavity insulation et cetera. So, we have that information, but there are gaps in that information. It is not until you bring those data sets together that you can say, ‘Actually, this is what it means and this is what we need to do’. Going back to Andy’s point, you need to know about the people as well. The soft, fleshy organics are a very key bit in this equation as well.

[329] **Mr Sutton:** We live in an age of big data and things like that, and, with that kind of dataset, correlating and seeing similarities is now possible and comparatively cheap compared to the cost of actually going out and doing the measures. So, that is probably within the scope of public budgets, whereas we have no mechanism within public budgets to simply go and solve the problem by spending on actual build. However, we might be able to allow others to do that in a much more intelligent fashion.

[330] **Alun Ffred Jones:** Okay. Julie Morgan is next.

[331] **Julie Morgan:** Thank you. I want to ask you about how effective you think the Green Deal was at targeting people in fuel poverty.

[332] **Mr Sutton:** Am I allowed to be rude? [*Laughter.*]

[333] **Julie Morgan:** We have had previous evidence today, so—

[334] **Mr Sutton:** I do not feel the Green Deal is as successful as it could have been. That is as watered-down as I can go. It raises a number of significant risks and for some of the people it was aimed at—the private owners—it is introducing an unknown risk at the point of resale by the additional cost on their energy bill that carries through. It is an unknown risk that, when you look at it from your own home point of view—‘Would I sell or would I buy a house with an unknown risk on it?’—is a challenge that could have been overcome had, perhaps, the golden rule actually been golden or the interest rates actually been competitively worth while. However, unfortunately, none of those things have come together. I cannot quote this, but I think that it is probably cheaper just to get an extension on your mortgage than it would be to go out and get a Green Deal.

[335] **Julie Morgan:** Thank you. Are there any other comments?

[336] **Mr McCombie:** We do a lot of work with DECC and the Green Deal policy as a DECC policy, but it has fundamentally failed to live up to its aspiration of being the greatest change to housing quality in the UK since the second world war and it has fundamentally failed to deliver anything near that. So, it needs reviewing.

[337] **Ms Elgar:** We would agree as well. If it does help some homeowners to improve their homes, every little helps, but it certainly will not help those in fuel poverty and those who need the energy efficiency measures most. The high interest rates make it unappealing as well, and I think it does show that a market-based mechanism in and of itself is not sufficient to tackle this problem. If it can be used in conjunction with other funding streams in Wales or through local authorities, that is a positive, but it is certainly not going to answer the problem and I think that the uptake so far has shown that.

[338] **Mr Sutton:** May I add a related addendum? The Wales Low/Zero Carbon Hub is just in the process of publishing a report that looks at mortgage offerings and the link between fuel costs and mortgage offerings. We are approaching that from the point of view of talking to companies like Principality to create mortgages that are linked to the energy ratings of



houses. The logic is that, actually, the difference between an E-rated or F-rated house and a B-rated house can be more than £1,000 a year in fuel bills. From the person's point of view, clearly that is money that they would like to not spend. From a mortgage company's point of view, of course, that is money that is committed to other expenditure and that therefore does not allow it to effectively loan money and get repayments from that amount. So, the paper demonstrates that the energy performance certificate ratings do represent a reasonable proxy for actual fuel bills, which was previously unproven although widely—fairly obviously—suspected. It demonstrates that a mortgage could differ by as much as £15,000 in capital lending if the mortgage product took into account the energy rating.

[339] So, a mortgage offer would come back to the person receiving it asking for the mortgage with a ranking saying, 'If you look at an energy-rating B house, we will lend you £120,000; if you look at an energy-rating F house, we will lend you £105,000'. That is the core of the technical aspects of the report. The hope for the implications of that is that people will start to shop at the top end. That will start to stimulate the market further and that will start to reinforce the evidence out there about the value of higher energy-rated properties and start to create a virtuous cycle where, actually, people want to improve the energy performance of their homes and the EPC will no longer be something slipped in the back of the seller's pack and largely forgotten about but something that people start to shop by, thereby stimulating the private sector market as much as the affordable sector market. So, I think that there are mechanisms, and one of the messages that we would like to get across is that there are more levers that can be pulled that could help to get this issue resolved.

14:15

[340] **Julie James:** Just on that point, that is a very laudable aim that you were talking about there, for people who live in towns and so on, but do you not run the risk of trapping some of the people who live in old, rural places and who are already in fuel poverty in their houses, because they become unsellable?

[341] **Mr Sutton:** I have not, in my personal experience, come across a house that cannot be improved—

[342] **Julie James:** It is about whether you have the funds to be able to improve it, without being able to—. I can think of quite a few older people in rural locations who would be—

[343] **Mr Sutton:** I am not suggesting that this is, by any stretch of the imagination, a panacea, so I am sure that there would be some unfortunate consequences in some sectors, but what I would answer is that this would allow the capacity for a difference on lending between a low energy rating and a high energy rating. The way that I have explained it presumes that someone is buying a house and someone is selling a house. It would apply just as well to remortgaging. So, if you wanted to do works to your house to raise it from an F to a B, theoretically, there is £15,000 remortgagability that would allow you to do those works, and the mortgage company would say, 'Well, you've have raised it from an F to a B. That's exactly what this is here for.' I take your point, and I cannot claim that—

[344] **Julie James:** I am just thinking that we have a large number of problems in the north of my constituency, for example, where young people cannot stay in their communities, they cannot afford the housing and so on. If you implemented the first bit of your suggestion without the second bit, you would effectively seal their fate forever.

[345] **Mr Sutton:** Well, as I said, it is a technical report that proves the link. Whether it is used for new purchases or remortgages, I think that the principle that we are suggesting is that the mortgage products should be available—

[346] **Julie James:** Yes, but on both ends, as you said.

[347] **Mr Sutton:** Absolutely.

[348] **Antoinette Sandbach:** I wanted to ask about off-grid properties in rural areas, so perhaps picking up on Julie James's last point that there are real issues in rural areas. Obviously, the ECO, potentially, may or may not deliver some funding for, for example, solid wall insulation. I think that there is something that was just announced last week—up to £6,000 for external wall insulation. However, what do you think are the measures that the Welsh Government should take to particularly target rural areas, because we have been given the information that 42% of fuel poverty is in rural areas as opposed to 22% elsewhere? Clearly, whatever schemes have been running previously have not tackled that off-grid rural poverty pool, if I can put it that way.

[349] **Ms Elgar:** We are strong supporters of Arbed and having an area-based scheme, but, because it is an area-based scheme, the easier ones to have gone for maybe are the terraced houses and the dense urban communities, rather than rural areas, and, hopefully, that can be addressed in either the next stage of Arbed or whatever future, similar programme we have. So, it is certainly a question of targeting current funding. We would also look at other options, like community renewables or anaerobic digestion and looking at different sources of fuel within those communities, because it is often about the source of fuel, not just the energy efficiency of the houses in that area, but the fact that they are using oil and expensive fuels. So, I think that we need to consider all the options and a move to renewable technology in those communities as well.

[350] **Antoinette Sandbach:** So, has Friends of the Earth been putting any pressure on organisations such as Dŵr Cymru, because there is the potential for it to look at its rural sewage treatment works in terms of anaerobic digestion and generating energy on a local level, which would not require a huge gas network? Have you been campaigning on those issues or looking at those issues or have any of the other organisations been doing that?

[351] **Ms Elgar:** I have not personally spoken to Dŵr Cymru. I am not sure whether someone else in the organisation has, but we are certainly supportive of looking at those options.

[352] **Alun Ffred Jones:** Are there any other suggestions regarding this issue of rural issues that are to do with the nature of the housing and also the lack of natural gas?

[353] **Mr McCombie:** It is the gas that is the issue. Gas tends to be a cheaper source of energy, and the fact that there is no gas main nearby means that energy is going to be expensive, because you will have to use electricity. So, going back to Haf's point, we should look at what we can do about community energy—and not just putting a windmill up and then exporting the energy miles away, but doing something sensible and keeping it within the community. One of the projects that we are looking at from our foundation in the Energy Saving Trust is saying that if you could get somebody to put a solar panel on the roof, for example—and I am not sure what the figures are, but I will give you some indicative numbers. If you are importing energy at 25p per kilowatt and you were exporting through your feed-in tariff at 6p per kilowatt, you would be getting a 6p per kilowatt return for having a solar panel. Your neighbour, who lives in fuel poverty in a rural area, is paying for electricity to come in at 25p per kilowatt. Why can you not sell it to them at 6p per kilowatt? You are not making any loss; all that is happening is that the electricity is not being sent out to the grid, but the person in fuel poverty is making a 19p saving per kilowatt. That seems to be a very logical way of solving the problem of significant fuel poverty in rural areas.

[354] I am sure that there is some financial modelling that needs to be done and I am sure

that there is some regulation that will need to be changed to make that happen. If you expand that out a bit, you could ask whether there is another way that we could get communities generating more energy and, potentially, finding a way to store some of it as well, because electricity is one of these nasty things that you cannot put anywhere; it just goes, because batteries are not big enough. Gas is great, because you can put it in big gas storage or you can liquefy it. If you could do that at scale in the areas that you are talking about, it would make a fundamental difference to the price that people pay. If the price drops, going back to Andy's point about mortgages, you may have more money to invest in your property to make it even more energy efficient and therefore allowing that investment to further reduce the cost of your energy supply to that property.

[355] **Alun Ffred Jones:** Russell, do you want to come in on this?

[356] **Russell George:** With regard to everything you have just said, I really liked that, but how will it work? If you are producing your own energy, you will not be able to produce it constantly, so there will have to be a connection to the grid. As you said, you cannot store electricity in that sense. I like the idea, but how will it work?

[357] **Mr McCombie:** That is why I am saying that we need to work through the financial modelling for it, because there can be some way that you can still export to the grid, but you get the credit back. So, it is about where that credit goes. There are the big six—or the big seven, as they are getting just now—which have ECO obligations. I am very much of the view that we need to get to the 60,000—and, potentially, 60,000 providers in Wales. It would need different regulation, but it would allow that localism in order to allow things to happen.

[358] **Russell George:** That is the idea that I like. It is not just about exporting any excess energy to the grid, but importing it back.

[359] **Mr McCombie:** Yes, and at the same price.

[360] **Russell George:** Would it be at the same price?

[361] **Mr McCombie:** If you are exporting at 6p, you do not want to import it back at 25p.

[362] **Julie James:** You are in danger of wanting a regulated energy market, Russell.

[363] **Russell George:** No, this is good; it is about community-based projects supporting the community.

[364] **Julie James:** There is always room on this side of the table for people who want regulated energy.

[365] **Alun Ffred Jones:** It is getting to the end of the day, I feel. [*Laughter.*]

[366] **Ms Elgar:** It is about community ownership and local grids and communities supporting each other and not just creating the energy and sending it to the grid.

[367] **Russell George:** It is not about having projects being imposed on people.

[368] **Antoinette Sandbach:** Has the Energy Saving Trust looked at Germany and the models that it has, or Holland, in relation to community energy?

[369] **Mr McCombie:** We have gone much further than just Germany and Holland. We have looked at what they are doing in Australia, New Zealand and Brazil. Some of the BRIC—Brazil, Russia, India and China—countries are far more advanced in their thinking,

because they have taken what Germany has done and have said, 'Right, we've got the money, let's move it on a bit further than that'. So, if you are looking at Germany, please expand your horizons a little bit because there are other things happening elsewhere.

[370] **Antoinette Sandbach:** I wonder, Chair, whether it would be helpful for the Energy Saving Trust to outline to us specifically the recommendations that it would like us to take to the Welsh Government.

[371] **Alun Ffred Jones:** I will come back to that at the end.

[372] **Ms Elgar:** On that point as well, Friends of the Earth Cymru organised a conference yesterday on community energy and the concept of Energiewende, and brought in some expertise on the German model. As a result of that conference, we will be preparing recommendations and further information, which we will make available to committee members.

[373] **Alun Ffred Jones:** We hope to organise an event here to gather more information on this very issue. William Powell is next.

[374] **William Powell:** We have heard from Andy and others about the difficulties that have beset some of the UK Government's schemes, particularly the Green Deal, around the risks that have been brought in, some of them, presumably, unintended, when the scheme was originally being devised. Another aspect that has beset the scheme seems to be the level of dodgy operators that have been trying to get in on the act and the cold calling. I have received several calls myself, and I had real difficulty in working out whether or not these were authentic contractors or some sort of well-versed con-masters. Is there something that could be done to bear down on that because that has an impact on the scheme and causes reputational harm, combined with the other issues, and the sense that it has been devised by people without that local dimension? What can we do to increase the take-up of the scheme?

[375] **Ms Sutton:** I am not sure that I know the answer to that, but I certainly agree with the question. There have been issues over miss-selling, perhaps overoptimistic estimations and things along those lines. There are schemes for accreditation and checking. They are largely competent-person-style schemes. Whether or not they need to be more robust, or more robustly policed at their current level, I do not know the precise answer, but I certainly think that there is an issue that you have quite rightly identified around that.

[376] **Mr McCombie:** For me, it is about making sure that the public is aware of what its rights are. When somebody phones up and says, 'If you give me £600 I will get some stuff done to your house', you would go, 'No; sorry, that sounds dodgy. I'm not going to do that.' It is about having the visibility and having the engagement with people. It is something that the majority of us do not really think about. Andy mentioned buying a new house. If anybody here has bought a new home recently, were energy and the consumption of energy the driving point of that? Probably not, because it is not one of the biggest bills. It is still one of the big bills, but it is not one of the biggest bills.

[377] Coming on to making sure that it is authentic and making sure that the engagement happens, it is about making sure that people know the questions to ask. If they have the right questions to ask, and they know what they need to do, then they will self-police to a certain extent.

[378] **William Powell:** There has been a big emphasis in your answers on the importance of localism, reputation and engagement at that level that is closest to the individual. Do you think that there is a role potentially for greater participation by town and community councils acting together with the principal local authorities to help deliver some of the education and

some of the accreditation that would drive this forward? To some degree, we see that it is the scale of the projects that are perhaps overambitious, which is why people do not have that level of trust and buy-in.

[379] **Mr McCombie:** I think, for me, it is about one of the last words that you used, namely 'trust'. You need to get the evidence and the information that you need from a trusted party, but from a trusted party that you know should be providing you with that information. Local authorities are trusted. Town councils are maybe not trusted as much because there is not that great visibility. However, keeping it local means that it is local for the community as well, so there are benefits and disbenefits. If you do that, then you can see the trust build within the community. So, I am very much for a more local agenda, even within Wales, and perhaps having national guidelines but local delivery, supported by people with the right information. Coming back to the data point that we mentioned earlier, if you do not have the right data, you do not know where to take the right action and you take the wrong action. So, it needs to be targeted.

[380] **William Powell:** Finally, there is evidence of some quite good practice out there from credit unions that are involved in this field. The Robert Owen community energy fund, for example, which is based in Montgomeryshire, has done quite a lot of work to support communities and individuals in terms of renewable energy schemes, but also in terms of home efficiency schemes. Do you think that that kind of practice could be rolled out at a larger scale to make things more available for people?

[381] **Mr McCombie:** My personal view is that there is a huge place for credit unions. They are not driven by the same thing that has driven the market. Sometimes, when you are driven by shareholders, you may not take the best decision for the community. So, I think that there is a place for them, but there is also a place for commercial organisations to support on-scale, and en masse, to deliver some of this activity.

14:30

[382] **Mr Sutton:** On the mechanism for sourcing funding, there are a number of different ways to do that and they will each have their merits and demerits. One of the things that we need to ensure that we retain focus on is being able to demonstrate the difference in values for the improved properties that allows there to be that differential and that funding to be released by whatever mechanism. I think that that is something that we need to remember, to ensure that there is that difference.

[383] **Ms Elgar:** On the wider point of funding, I think that there is acknowledgment that the existing Welsh Government finance schemes are positive and are making a difference, but need to be massively scaled up if we are going to reach the level of change needed in terms of fuel poverty targets and meeting the 40% carbon cuts by 2020. We need to look at a wide range of options for how to scale up that funding, including the borrowing powers that the Assembly will be getting, and the local authorities' current borrowing powers and a range of partners such as credit unions. We are also advocating that the carbon taxes that the UK Government receives should be pumped back into energy efficiency measures and that Wales should receive its fair share of those as well.

[384] **Alun Ffred Jones:** We are coming to the end of our session. Are there any other questions from Members? There are no questions. Obviously, from the information that we have received so far in evidence, the fuel poverty targets of the Welsh Government will simply not be met for a variety of reasons. What would you suggest the Government should do, for example should it refresh its strategy or undertake any new actions? What do you think should be done in order to at least try to tackle this issue in a more realistic, meaningful and effective way? That is my last challenge to you three.

[385] **Mr Sutton:** I would suggest three strands. The first is to have large-scale retrofits, against similar types through Arbed, Nest and those sorts of things, as large-scale roll-outs. That will not be able to afford to do everything, but it can demonstrate to the industry how things can be done. Secondly, I would spend, if it were my choice, a significant amount, as I mentioned earlier, on identifying the right properties for the right measures so that you are providing, in essence, packaged-up information that there are, for example, 10,000 homes in these locations that require these specific works. That allows the private sector to know what it is doing very clearly and to go out to deliver that very clearly. Thirdly, I think that what is needed is some strategic thinking on that sort of scale—that large intelligent scale—about delivery of renewables to support price stabilisation and maintaining that as a clear, methodical process throughout the period.

[386] **Ms Elgar:** Atebaf y cwestiwn yn Gymraeg. Credaf fod pawb yn cydnabod erbyn hyn na fydd y targed i ddileu tlodi tanwydd erbyn 2018 yn cael ei gwrdd, yn anffodus. I raddau helaeth, mae hynny o achos pris ynni ac nid oherwydd gweithredoedd y Llywodraeth hon neu unrhyw Lywodraeth arall. Rwy'n credu bod angen symud ymlaen o'r hen strategaeth i ddatblygu cynllun gweithredu o ran sut y byddwn yn cyrraedd y targed yn y dyfodol. Wrth gwrs, mae dyletswydd o hyd ar y Llywodraeth i wneud yr hyn sy'n rhesymol ymarferol i gwrdd â'r targed hwnnw ac efallai dyna lle dylai'r pwyllgor ganolbwyntio o ran yr hyn sy'n rhesymol ymarferol a pha gamau eraill y gallai'r Llywodraeth gymryd dros y blynyddoedd nesaf.

**Ms Elgar:** I will answer the question in Welsh. I think that everyone acknowledges now that the target to eradicate fuel poverty by 2018 will not be met, unfortunately. To a great extent, that is because of the price of energy and not because of the actions of this Government or any other Government. I believe that we need to progress from the old strategy to develop an action plan in terms of how we will attain that target in future. Of course, there is still a duty on the Government to do what is reasonably practical to meet that target and perhaps that is where the committee should be focusing in terms of what is reasonably practical and what other steps the Government could take over the next few years.

[387] Yn ariannol, rydym wedi sôn yn barod am yr hyn y gellid ei wneud i gynyddu Arbed a Nest ac i ehangu ar rheini, ond y mae pethau deddfwriaethol a phethau rheoleiddiol y gellir eu gwneud hefyd i godi safonau yn y sector tai rhent, sydd â safonau is na'r sectorau eraill ar hyn o bryd. Dylem edrych ar yr holl ddeddfwriaeth sy'n mynd drwodd o ran Bil Cynllunio (Cymru), Bil Llesiant Cenedlaethau'r Dyfodol (Cymru), yn ogystal â'r Bil Tai (Cymru), sydd bron wedi mynd trwodd erbyn hyn, i weld beth y gellir ei wneud yn y meysydd gwahanol yn ogystal ag edrych ar yr ariannu.

Financially, we have already mentioned what could be done in order to increase and enhance Arbed and Nest, but there are also some regulatory and legislative things that can be done to enhance standards in the rental sector, which has lower standards than the other sectors at present. We should look at all of the legislation currently going through in terms of the Planning (Wales) Bill, the Well-being of Future Generations (Wales) Bill, as well as the Housing (Wales) Bill, which has almost gone through by now, to see what could be done in all these different areas as well as looking at the funding.

[388] **Alun Ffred Jones:** Trown at Duncan McCombie am y gair olaf.

**Alun Ffred Jones:** We will turn to Duncan McCombie to have the final word.

[389] **Mr McCombie:** My comments reinforce Andy's one that large-scale retrofit programme across Wales is a financially viable option, if you take it the longer term, to improve housing quality across Wales and address fuel poverty. If you look at fuel poverty in isolation, you can sometimes miss the bigger picture. You need to look at other things that

changing the housing stock would deliver at the same time. Doing a large-scale retrofit programme would allow some of those community energy programmes to be put in at the same time. It would generate significant numbers, in the tens of thousands, of jobs in Wales, but also deliver net receipts to HM Revenue and Customs in the longer term. It would be good for UK plc, Wales plc as well as the housing population in Wales.

[390] Reduction is the key thing for me. If you can reduce your energy consumption in the first place, you need advice to be able to make that reduction. So, customers need support in being able to reduce their bills where they can. That means behavioural change, but there is also the support and evidence that shows them that they need to be able to put in measures as well—something that they can do to their house once that they never have to think about again.

[391] The final point is helping people to make those decisions. They need to know who is phoning them, and we need to make sure that they are responding in the right way and that they are not being taken for a ride.

[392] **Alun Ffred Jones:** Diolch yn fawr. I thank you all for coming in and for contributing to our deliberations. You will receive a copy of the transcript to check for accuracy. Your evidence will inform our report, eventually.

14:37

### **Papurau i'w Nodi Papers to Note**

[393] **Alun Ffred Jones:** Do we duly note the papers without comments? We do. That concludes today's meeting. Diolch yn fawr iawn. Thank you all for your attendance.

*Daeth y cyfarfod i ben am 14:37.  
The meeting ended at 14:37.*