

ELGC COV 46
Ymchwiliad i COVID-19 a'i effaith
Inquiry into COVID-19 and its impact
Ymateb gan: NEA
Reponse from: NEA



Gweithredu dros Gartrefi Cynnes
Action for Warm Homes

Equality, Local Government and Communities Committee
Welsh Parliament
Cardiff Bay
Cardiff
CF99 1SN

5 August 2020

Dear Committee,

Re: Scrutiny of COVID-19 and its impact

We are responding to your [consultation letter](#), dated 29 April 2020, asking for evidence to help you scrutinise the impact of COVID-19.

NEA is the national charity seeking to end fuel poverty. We work across Wales, England and Northern Ireland – together with our sister organisation in Scotland – to ensure that everyone in the UK can afford to live in a warm, dry home. To help achieve this, we aim to improve access to energy and debt advice, provide national qualifications and training, support energy efficiency policies and local projects, and co-ordinate other related services which can help change lives.

During the COVID-19 outbreak, we have been collecting and analysing information from households and stakeholders to form a view as to how fuel poor and vulnerable energy consumers have been impacted, and how they may be impacted in the winter to come.

It is apparent that the far-reaching impacts of the coronavirus crisis have not been felt equally. The pandemic has exposed existing inequalities. In this short letter, we wish to outline some of the emerging specific and potentially unequal impacts it has had.

Early impacts on vulnerable consumers struggling to engage with the energy market

In response to the outbreak, the UK Government and energy industry moved quickly to agree and issue a joint announcement on protecting domestic energy customers during the COVID-19 crisis.ⁱ

However, despite these commendable steps, vulnerable energy consumers have faced several specific, and potentially unequal, challenges when interacting with the energy market during the crisis.

We published a short paper in April exploring this. Entitled *Addressing the impacts of COVID-19 on vulnerable energy consumers*ⁱⁱ, it highlighted:

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- a lack of awareness of the support that could be provided by their supplier, and the need for information to be disseminated via more channels, in more languages and formats;
- challenges in accessing support, including as a result of information being difficult to find online, an emphasis placed on customers to get in touch with their supplier and ask for assistance, and suppliers limiting interaction with customers on the phone or only taking 'emergency calls' when the classification of what constitutes an 'emergency call' was unclear; *and*
- variation in support provided, depending on which energy supplier you were contracted with.

These challenges have impacted many consumers with vulnerable socio-economic circumstances; including, for example, those who pay for their energy before they use it via prepayment meters (PPMs).

Wales has a high proportion of consumers using PPMs: 18% for electricity and 18% for gas (which, for gas, is the highest proportion in GB)ⁱⁱⁱ. It is very often those on the lowest incomes who are supplied via PPMs and NEA is concerned that some suppliers have not been able to accept vending values low enough to be affordable for those facing financial difficulties, or provided accessible means to top-up for those who have been unable to do so themselves and do not have family or peer networks to rely on, which may have then left them without supply.

Utility debt and COVID-19

Further, the COVID-19 outbreak has had a significant impact on household finances, especially for those that already struggle with the costs of essential services.

Ofgem has recently shown that over half of consumers say they are using more energy than normal for the time of year, rising to 75% in households with children.^{iv}

This increased usage, paired with significant reductions in income, and inefficient housing (with Wales having the oldest and least efficient housing stock in the UK^v), will likely lead to increased and deeper indebtedness and hardship. For information: A second paper, *The Gathering Storm: Utility Debt and COVID-19^{vi}*, explores the issue of building debt in more detail.

Citizens Advice has recently reported that nearly 300,000 people in Wales have fallen behind on one or more household bill – such as gas and electricity – as a result of the outbreak^{vii}.

This is of particular concern as we approach winter. Analysis by the Energy and Climate Change Intelligence Unit (ECIU) has demonstrated that were the coronavirus lockdown to be continued or re-imposed during winter months, families in cold, leaky homes in Great Britain would face heating bills elevated on average to £124 per month, compared with £76 per month for those in well-insulated homes – a difference of £49 (£48.70) per month^{viii}.

Debt adversely affects people's health, wealth and well-being. Given the well-established links between living in a cold home and respiratory illness, like coronavirus, it is imperative that people are enabled to live in warm, dry homes and that efforts to tackle fuel poverty in Wales are joined up to actively support a long-term and continuous preventative approach to improving winter health and well-being.

According to Public Health Wales, cold and damp, mouldy homes are associated with a 30-50% increase in respiratory problems.^{ix} The negative effects of cold weather disproportionately affect some populations, relating to individual factors (such as age, chronic diseases and health behaviours) and social, economic and environmental factors (such as deprivation, cold housing and fuel poverty). And average daily emergency hospital admissions (for all diagnoses) in Wales historically peak in winter and are highest for the most deprived households.^x

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Conversely, warm homes enable immune systems to better fight off viruses, improve the likelihood of people with viruses only suffering 'mild' symptoms, and help improve the recovery process. Ensuring that householders can keep their homes warm is essential to preparing for what could be an incredibly difficult winter, from a household and national resilience perspective.

The Welsh Government has committed to developing a new Fuel Poverty Strategy which is expected in September. The Welsh Government has recently responded^{xi} to recommendations made by the Climate Change, Environment and Rural Affairs Committee following their inquiry into fuel poverty in Wales^{xii}. It has indicated its acceptance of all of the Committee's recommendations and, in particular, that it is committed to developing and consulting on stretching, meaningful targets which if adopted will be subject to continuous monitoring, review and reporting^{xiii}. We would welcome sharing our views on the key commitments NEA Cymru would like to see reflected in the consultation and final strategy to renew the Welsh Government's commitment to end fuel poverty and rejuvenate efforts by a range of key stakeholders around this crucial cause.

We hope that you find the information presented here (and in the linked reports) to be useful to your inquiry. [REDACTED]

Yours sincerely,



[REDACTED]
Head of NEA Cymru

ⁱ Please see the BEIS agreement with energy suppliers:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/873960/Supplier_Agreement_19.3.2020.pdf

ⁱⁱ Please see <https://www.nea.org.uk/wp-content/uploads/2020/04/Addressing-the-impacts-of-COVID-19-for-vulnerable-customers-020420.pdf>

ⁱⁱⁱ See Ofgem's *Vulnerable consumers in the energy market: 2019* report:

https://www.ofgem.gov.uk/system/files/docs/2019/09/vulnerable_consumers_in_the_energy_market_2019_final.pdf

^{iv} See tables 38 and 39 of the Covid-19 Omnibus Data Tables April 2020: <https://www.ofgem.gov.uk/publications-and-updates/what-are-consumers-experiences-energy-during-covid-19-emergency>

^v Of the 4 UK nations, Wales has the oldest housing stock and the lowest proportion of dwellings with an EPC rating of band C or above. See Welsh Housing Conditions Survey 2017-18: Energy Efficiency of Dwellings:

<https://gov.wales/sites/default/files/statistics-and-research/2019-10/welsh-housing-conditions-survey-energy-efficiency-dwellings-april-2017-march-2018-795.pdf>

^{vi} See <https://www.nea.org.uk/wp-content/uploads/2020/06/The-Gathering-Storm-Utility-Debt-and-Covid-19-June-2020.pdf>

^{vii} See <https://www.citizensadvice.org.uk/cymraeg/amdanom-ni/policy/policy-research-topics/citizens-advice-cymru-wales-policy-research/facing-the-cliff-edge-protecting-people-in-wales-from-the-financial-consequences-of-covid-19/>

^{viii} See: <https://eciu.net/news-and-events/press-releases/2020/energy-bills-for-families-in-leakiest-homes-to-surge-during-winter-lockdown>

^{ix} Ruse and Garlick, 2018

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^x From a presentation given to the Wales Cross Party Group for Fuel Poverty and Energy Efficiency by Public Health Wales on 23rd July 2020.

^{xi} To view the Welsh Government response visit: <https://senedd.wales/laid%20documents/gen-ld13227/gen-ld13227%20-e.pdf?platform=hootsuite>.

^{xii} For more information visit: <https://business.senedd.wales/mgIssueHistoryHome.aspx?Ild=25969>.

^{xiii} On the 1st July, the Welsh Government also issued a [written statement](#) indicating that they will release further plans on enhancing energy efficiency in Wales in September. This announcement is also expected to contain the consultation on the new fuel poverty strategy for Wales.

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