

National Assembly for Wales

Environment and Sustainability Committee

EEFP 06

Inquiry into Energy Efficiency and Fuel Poverty

Response from: Fuel Poverty Coalition Cymru



Fuel Poverty Coalition Cymru

The Fuel Poverty Coalition Cymru was established in 2009 and brings together more than 50 organisations who want to see an end to fuel poverty. The Coalition is led by Citizens Advice Cymru and National Energy Action Cymru and a steering group composed of: Age Cymru, Care and Repair Cymru, Children in Wales, Community Housing Cymru, Cynnal Cymru, North Wales Energy Advice Centre, End Child Poverty Network, Friends of the Earth Cymru, Leonard Cheshire Disability, Oxfam Cymru, Warm Wales and Shelter Cymru.

Fuel Poverty Coalition Cymru – Key Calls for action

The Fuel Poverty Coalition Cymru focuses on opportunities to tackle fuel poverty through the devolved policy areas of the Welsh Government, as well as supporting the work of the End Fuel Poverty Coalition in Wales.

Housing, environmental policy, health, social care, education, and advice services can all play a role in helping people make their fuel bills affordable and keep their homes warm.

The FPCC will campaign for change and use its combined expertise to advise the Welsh Government on how to deliver the best support possible to struggling households.

Five Key Calls

The Coalition has identified five key areas where the Welsh Government could build on its existing work to deliver the urgent support Welsh households need to cope with ever increasing energy bills.

1.) Delivering Energy Efficient Homes

Too many customers are paying more than they need to for energy, either because they live in homes that leak warmth and are hard to heat, or by not using the energy they pay for as efficiently as possible.

Key Call # 1

Drive up the energy efficiency of homes in Wales through the introduction of minimum standards in the private rented sector, and legislating to ensure tenants can secure their rights as energy consumers.

2.)Improving health through warmer homes

The impact that living in a cold, damp home can have on an individual's health and wellbeing is well established. So it is important health and social care services work closely with housing, advice services, and other third sector organisations to ensure that this is prevented. By helping people with their energy bills and securing affordable warmth in the home –could cut costs to health and social care services and ensure better health and wellbeing outcomes for citizens.

Key Call # 2

Ensure NHS and social care staff are aware of how a cold home may harm a person's health or recovery from treatment, and empower them to make referrals to appropriate sources of advice and support.

3.)Ensuring crisis support

Whilst prevention is the most ideal route to avoiding fuel poverty, we cannot overlook the fact that cold winters can push vulnerable customers to crisis point. Some households will continue to need immediate help to avoid disconnection, or endangering their health by turning by turning the heating off because they are worried about fuel bills

Key Call # 3

Tackle excess winter deaths and cold related illness by developing a cold weather plan to deliver crisis support and funding for emergency heating during severe weather.

4.)Empowering Consumers

The Energy market is characterised by complexity, and mistrust. Customers should not feel powerless in the face of a big energy bill they cannot afford. They should know their rights, know where to go for help,

and know how to shop around for a better energy deal and switch suppliers.

Key Call # 4

Empower consumers through funding for information and advice services around energy efficiency, income maximisation, and how to get the best deal as an energy customer.

5.) A strategic approach to Fuel Poverty

The Welsh Government's 2010 Fuel Poverty Strategy is now out of date and many of the mechanisms referenced within it are no longer applicable. Targets detailed in the Strategy to eradicate fuel poverty for vulnerable households (by 2010) and social housing (by 2012) remain unmet, and more evidence is needed on progress made towards eradicating fuel poverty in Wales by 2018.

Key Call # 5

Establish a credible baseline to measure progress towards clear targets on tackling fuel poverty based on regularly updated evidence. Data should be used to ensure Nest and Arbed are being targeted at those who need help most.

Background

Yearly above inflation increases in energy bills are hitting consumers hard at a time when income from wages and benefits are not increasing at the same pace. Energy companies, operating in a recession-proof industry, are unwilling to let their profits take a hit, so costs are passed on to customers who are already struggling.

The figures are worrying:

- Nearly a third (30%) of households in Wales were estimated to be in fuel poverty in 2012 and this number will increase with the 2013 autumn energy price rises¹.
- One in five bill payers was struggling with bills in 2013 compared to one in eight in 2012².
- One in six bill payers in Wales had cut back on food to cope with energy bills, with one in five cutting back on other essentials like clothing³.

¹ <http://wales.gov.uk/newsroom/environmentandcountryside/2013/130430fuel/?lang=en>

² Consumer Futures 'Cutting Back: The impact of the cost of energy of Welsh households' (2013)

³ Ibid

- Half of bill payers simply turn the heating down and put their health at risk to avoid running up a big bill⁴.

Organisations within the Fuel Poverty Coalition Cymru work closely with consumers in vulnerable situations every day. We see first-hand how they are struggling to keep up with their energy bills, and avoid debt.

Context

The Fuel Poverty Coalition Cymru recognises that key policy levers affecting fuel poverty are not devolved. UK Government energy efficiency schemes, like ECO and Green Deal, present opportunities to help consumers, reduce bills and avoid fuel debt. Welsh households should be able to access all the support available to them from both governments.

There remains much that the Welsh Government can do, within its devolved powers, to help those in fuel poverty. Nest and Arbed have already delivered welcome relief to many households across Wales. However the FPCC believes that the Welsh Government has additional opportunities to address Fuel Poverty through its wider work.

⁴ Ibid



Fuel Poverty Coalition Cymru

Housing (Wales) Bill – Proposed Amendments - May 2014

The Fuel Poverty Coalition Cymru (FPCC) welcomes the Housing (Wales) Bill's overall aims to help Wales meet the key housing challenges of supply, quality, affordability and homelessness. Coalition members deal regularly with households in Wales for whom a lack of access to good quality housing stock severely impacts on their finances, and health.

The FPCC remains hugely supportive of the Welsh Government's significant investment in its energy efficiency programmes Nest and Arbed, and the additional £70m funding available to attract Energy Company Obligation (ECO) funding to Wales.

The Housing (Wales) Bill presents an opportunity to build on this investment, by strengthening tenants' rights to information, and driving greater take-up of energy efficiency measures above and beyond the minimum requirements of the UK Energy Act 2011.

Summary of proposed amendments to the Housing (Wales) Bill

1. Include compliance with existing energy efficiency regulations as a condition of being a licensed landlord
2. Include compliance with all law relating to housing and tenancy as a requirement of the 'fit & proper person test' for being a landlord
3. Ensuring private rented sector tenants have access to information about the energy efficiency rating on the register of landlords and their properties

4. Introduce a responsibility for landlords to assist tenants in their applications for energy efficiency grants and support (such as Nest, Arbed, and ECO funding)
5. Include standards relating to energy efficiency obligations within the Code of Practice for registered landlords

[Specific drafts of these amendments can be found in the appendix to this briefing.]

Why should the Housing (Wales) Bill address energy efficiency?

An increasing number of Welsh households are actively struggling to pay their energy bills - more than one in five households (22 per cent) in March 2013 compared to one in eight (13 per cent) in June 2012¹. There is an urgency to tackling fuel poverty, as adults and children continue to experience ill health in cold homes each winter, and households struggle with ever-increasing costs of energy alongside myriad other financial pressures. It is estimated that poor housing costs the NHS in Wales around £67 million per year in treatment costs. The full cost to Welsh society of poor housing, which includes poorer educational attainment and life chances, is estimated to be around £168 million per year.²

Ofgem has recently recommended a full market inquiry into the energy industry by the Competition and Markets Authority. Done right, this should increase transparency and drive down bills through increased competition. However the investigation will take considerable time, and additional reforms of the energy market are likely to be deferred until it is complete.

The Housing (Wales) Bill provides a clear legislative opportunity to drive up energy efficiency standards, and thereby help people reduce their fuel bills, and keep warmer in winter.

Amendment 1: Licensing conditions and Energy Efficiency

The Domestic Energy Efficiency Regulations arising from S.43 of the Energy Act 2011, will introduce an energy efficiency target for landlords. The UK Government has indicated that this will be an Energy Performance Certificate (EPC) rating of 'E' or better by 2018.

In addition, Section 46 of the Act provides that regulations must be made which provide that landlords must not unreasonably refuse a request by a tenant for consent to make energy efficiency improvements. These regulations must come into force by 1 April 2016 and will be called the "tenants' energy efficiency improvements regulations".

¹ Consumer Futures 'Cutting Back: the impact of the cost of energy on households in Wales' (2013)

² BRE Trust and Shelter Cymru, 'The Cost of Poor Housing in Wales' (2011)

FPCC proposes that compliance with these regulations should be made a condition of becoming a licenced landlord. This would introduce no new duties for landlords, but would require them to be aware of and meet their existing obligations, and prevent non-compliant properties from entering the market.

Amendment 2: the ‘Fit and Proper person’ test

In the context of the ‘fit and proper person’ test, the Bill currently requires that the local authority must ‘have regard’ to any evidence that a person has failed to comply with any provision of the law relating to housing or landlord and tenant. This appears to mostly cover past compliance.

FPCC proposes a provision be included that ensures licensed landlords’ current properties are compliant with the relevant provision of housing law. This would further underpin the regulations around energy efficiency standards, and ensure that properties are also ‘fit and proper’.

Amendment 3: Access to information for tenants

In introducing a national register of landlords and their properties, the Bill provides a welcome opportunity for transparency and informed choice for tenants.

FPCC proposes that the register should also include information about the EPC rating of a property – which landlords are already required to have. This would help prospective tenants estimate the cost of living in a property.

Amendment 4: Requirement to support tenants’ applications for home energy efficiency improvements

There are three major sources of funding for tenants in Wales to improve home energy efficiency at no cost to them or their landlord. The Welsh Government’s Nest and Arbed schemes, and the supplier-led Energy Company Obligation (ECO) funded through customers’ bills.

From 2018, private rental properties will have to meet a minimum EPC rating under the Energy Act 2011. The Act states that the required energy efficiency improvements will include those that can be financed by the Green Deal and ECO; however, the Act also gives the Government powers to specify further financing mechanisms in the forthcoming Domestic Energy Efficiency Regulations.. It is therefore important that landlords are aware of energy efficiency schemes available, and are encouraged to support tenants in accessing funding from these schemes, if the tenant wishes to do so. At the same time, landlords must meet their existing responsibilities to fund any

works required to rectify hazards relating to extreme cold under the Home Health and Safety Rating System (HHSRS).

FPCC proposes a new section of the Housing (Wales) Bill which introduces a duty on landlords to support their tenants in making an application for funding or measures from government or supplier backed energy efficiency schemes.

This support would include taking all reasonable steps to provide any information about the property required to support the application, and not unreasonably refusing permission for energy efficiency measures to be installed.

Alongside this new duty, information on the value of energy efficiency, how to support tenants in fuel poverty, and landlords' existing statutory obligations should form part of the training to be a licenced landlord.

Amendment 5: the Code of Practice

Section 28 of the Housing (Wales) Bill provides for the Welsh Ministers to issue a code of practice that sets standards relating to managing rental properties. "Managing a rental property" is defined by section 2(3) and includes: s.2(3)(c)(ii) as "... undertaking activities relating to- (ii) the discharge of any obligation of the landlord in respect of the property."

Therefore the Code of Practice can, and should, include standards relating to landlords' existing energy efficiency improvement obligations, as outlined above.

FPCC proposes that the Bill require Welsh Ministers to include standards relating to landlords' energy efficiency improvement obligations within the Code of Practice.

Conclusion

The Welsh Government is already showing clear leadership on fuel poverty, by recognising that energy inefficiency is one of its key causes and introducing measures to address it.

The Housing (Wales) Bill could help lift more households out of fuel poverty by driving greater compliance with Domestic Energy Efficiency Regulations, incentivising landlords to install measures earlier than legally required, and promoting awareness amongst tenants of their rights and landlords' responsibilities.

The FPCC urges the Welsh Government to seize this opportunity to take legislative action to meet fuel poverty targets, and make a real difference to people's lives across Wales.

The Fuel Poverty Coalition Cymru (FPCC) campaigns to raise awareness of Fuel Poverty across Wales, and to advise on opportunities to tackle fuel poverty through the devolved powers and policies of the Welsh Government.

To discuss matters within this paper please contact

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Appendix: Draft amendments to the Housing (Wales) Bill proposed by the Fuel Poverty Coalition Cymru

Amendments 1: Licensing conditions and Energy Efficiency

Section 14 provides conditions that licence holders will be subject to.

A new sub-section 14 (3) should be inserted that reads:

“A licence must be granted subject to a condition that the licence holder complies with any provision of the law relating to housing or landlord and tenant.”

In addition to the above proposed new subsection 14 (3), an alternative subsection 14 (3) or additional subsection 14 (4) should be inserted that reads:

“A licence must be granted subject to a condition that the licence holder complies with:

- (a) The Domestic Energy Efficiency Regulations, and*
- (b) The Tenants’ Energy Efficiency Improvements Regulations”*

Amendment 2: the ‘Fit and Proper person’ test

In deciding whether to grant a licence, the local authority must be satisfied that the applicant is a fit and proper person as provided by section 11.

Subsections 1 and 2 read with subsection 3 (c) requires that the local authority must have regard to any evidence that a person has failed to comply with any provision of the law relating to housing or landlord and tenant. It seems that these provisions are more relevant to any historic failures to comply with any relevant provision of the law.

Section 11 as it stands only requires local authorities to have regard to any failure to comply and thus will allow landlords currently breaking any legal provision relating to housing or landlord and tenant to become a licensee.

Therefore, there should also be a provision included that ensures that licensees are currently compliant with the relevant provision of the law, otherwise there could be the undesirable situation where a licence is granted to a person that is failing to abide by housing or landlord and tenant law.

A requirement should be inserted that requires that a person is currently compliant with any provision of the law relating to housing or landlord and tenant and if not that they are in the process of rectifying any such failures.

A new section 11 (7) should be inserted that reads:

“A person will not be deemed a fit and proper person to be licensed if at the time of submitting an application for a licence they are not in compliance with any provision of the law relating to housing or landlord and tenant, unless –

- (a) at the time of submitting their application they are in the process of rectifying any such non-compliance, and*

(b) will become compliant within a reasonable period not exceeding 45 days."

Amendment 3: Access to information for tenants

Schedule 1, paragraph 1 provides the information that must be contained on the register in relation to the landlord. Paragraph 1(C) provides that the register must contain the address of each property let by the landlord in the local authority area.

Sub-paragraph should be inserted under a new subparagraph 1 (d), which reads:

*"In relation to each property named under sub-paragraph 1 (c):
(i) the energy performance rating of that property."*

Persons must be able to access the information required to be contained under the above proposed new paragraph.

Paragraph 3(1) as it currently stands provides that: "A local authority must provide the information in sub-paragraph (2) to a person who requests it, if that person provides the authority with the address of a rental property which is on the register."

A new sub-paragraph 3 (2) (c) should be inserted that reads:

"the energy performance rating of the property;"

Amendment 4: Requirement to support tenants' applications for home energy efficiency improvements

This new section is designed to encourage and help landlords to make home energy efficiency improvements by making them become aware of the various funding options available at no cost to them.

It will not impose an obligation to carry out any work – beyond that contained within the Energy Act 2011. Instead it will further address the issue of landlords being unaware of the support and assistance available to them and their tenants, and of their legal obligations.

An element of the training which licensees are to receive under section 12 should help landlords in this area.

A new section 31 should be inserted which reads:

*"(1) A landlord must consider from information readily available to him, any support or assistance available from any schemes, grants or otherwise for the purpose of making home energy efficiency improvements to a rental property.
(2) A landlord must inform the tenant of his considerations made under subsection (1) and whether any support or assistance may be available for the purpose of home energy efficiency improvements in relation to the rental property.
(3) The Welsh Ministers may provide guidance on the implementation of this section under any guidance published by virtue of section 29.*

(4) The Welsh Ministers may set standards in any code of practice under section 28 in relation to a landlord's obligations under this section including standards relating to training.

(5) The landlord must carry out the considerations required under subsection (1) at least every 5 years."

Amendment 5: Code of Practice

Section 28 of the Bill provides for the Welsh Ministers to issue a code of practice that sets standards relating to "managing rental properties". "Managing a rental property" is defined by section 2(3) and includes: s.2(3)(c)(ii) "... undertaking activities relating to- (ii) the discharge of any obligation of the landlord in respect of the property." Ergo, the code can include standards relating to energy efficiency improvement obligations.

A new subsection 28 (3) should be inserted that reads:

"Standards under subsection (1) should be set in relation to obligations to make energy efficiency improvements in private rented properties."