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**Chartered
Institute of
Housing**
Cymru

Fuel poverty

CIH Cymru inquiry response

The Chartered Institute of Housing (CIH) is the independent voice for housing and the home of professional standards. Our goal is simple – to provide housing professionals with the advice, support and knowledge they need to be brilliant. CIH is a registered charity and not-for-profit organisation. This means that the money we make is put back into the organisation and funds the activities we carry out to support the housing sector. We have a diverse membership of people who work in both the public and private sectors, in 20 countries on five continents across the world. Further information is available at: www.cih.org

In Wales, we aim to provide a professional and impartial voice for housing across all sectors to emphasise the particular context of housing in Wales and to work with organisations to identify housing solutions.

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General Comments

CIH Cymru welcomes the opportunity to provide information to the Climate Change, Environment and Rural Affairs Committee as it undertakes an inquiry into fuel poverty in Wales.

Our response is informed by feedback from our members, our knowledge of the housing industry and expertise from our policy and practice teams.

CIH Cymru supports the development of Welsh policies, practices and legislation that aim to address the key housing challenges we face, to improve standards and supply, promote community cohesion, tackle poverty and promote equality. We promote a *one housing system* approach that:

- places the delivery of additional affordable housing at the top of national, regional and local strategies as a primary method of tackling the housing crisis;
- secures investment to ensure the high and sustainable quality of all homes in a sustainable framework;
- improves standards and develops the consumer voice within the private rented sector
- promotes the concept of housing led regeneration to capture the added value that housing brings in terms of economic, social and environmental outcomes;
- recognises that meeting the housing needs of our communities is a key aspect of tackling inequality and poverty;
- ensures that that there are properly resourced support services in place to prevent homelessness and protect the most vulnerable;
- uses current and potential legislative and financial powers to intervene in housing markets and benefit schemes;
- promotes consumer rights & tenant involvement;
- and supports the continued professional development of housing practitioners.

1. Introduction

- 1.1 Fuel poverty continues to be a substantial challenge in Wales having a wide-ranging impact on individuals and communities. Housing professionals and the housing sector more broadly are in an influential position in addressing the impact and working to reduce and eradicate fuel poverty. Significant progress has been achieved through working toward the Welsh Housing Quality Standard in addressing the fuel efficiency of current homes and the Innovative Housing Programme as a means to test new ways to reduce the carbon footprint of delivering and maintaining newer forms of housing.
- 1.2 Added to this, the affordable housing review recommendations focus heavily in some areas on the standards current and new homes should seek to achieve linking to modern methods of construction and innovative technologies, it is timely to reflect and consider how best to make further progress in this area.

2. The scale and impacts of fuel poverty in Wales

- 2.1 The Welsh Government most recent statistic in this area reflect that:
 - 155,000 households were living in fuel poverty. This is equivalent to 12% of all households in Wales.
 - Households living in the private rented sector were more likely to be fuel poor with 20% of these households living in fuel poverty.
 - 50% of those living in fuel poverty were single person households without children.
 - Households living in older properties are more likely to be fuel poor. 20% of households living in pre-1919 dwellings were fuel poor.
 - 21% of households living in properties with uninsulated solid walls were fuel poor and 39% of people living in properties that do not have central heating were fuel poor.
 - 43% of households living in properties with poorer energy efficiency (EPC Bands F and G) were fuel poor compared to 5% of households living in properties in bands B to C.
- 2.2 Whilst these figures are clearly significant and reflect the importance of maintaining and accelerating momentum in this area, the percentage of people living in severe fuel poverty has fallen to 2 per cent of all households, having been at around 5 per cent of all households in 2008.
- 2.3 Despite this, fuel poverty is one of the driving forces perpetuating the difficult decisions individuals and families in these circumstances have to make between heating, eating or paying rent.

3. Why the Welsh Government failed to meet its statutory target of eradicating fuel poverty in Wales by 2018.

- 3.1 We welcomed the ambition by the Welsh Government to eradicate fuel poverty by 2018. We believe that a combination of factors has led to this not being achieved. Poverty levels, generally speaking, have remained static in Wales at around 24 per cent of the Welsh population, despite good progress in reducing unemployment. It is clear that given the stubbornness of these figures the economic impetus required to begin turning the tide on issues like fuel poverty (and other related areas such as food poverty) has not been consistently present.
- 3.2 Our members report that since the introduction of Universal Credit, increasing numbers of tenants are at risk of struggling with their finances. Anecdotally, this can be caused by a number of factors including initial delays in payments, sanctions reducing payments and delays in accepting supporting evidence sometimes required when making a complex claim.
- 3.3 Whilst these material aspects clearly have some influence over people's ability to afford to heat their home efficiently, there is also the physical infrastructure to consider. The Welsh Housing Conditions Survey reports that Wales has some of the oldest housing stock in Europe. Whilst it is therefore a challenge across all housing tenures for homes to be made more energy efficient, we are concerned that private landlords who are largely smaller businesses, may not be able to leverage the investment required to upgrade their homes at the pace, scale and to the standard required without considerable technical support and expertise to draw from, in addition to financial support.

4. How Welsh Government action to date has helped to combat fuel poverty, in particular, the impact of the Warm Homes Programme (including Nest and Arbed) and the Welsh Housing Quality Standard.

- 4.1 We support the call within the [The Better Homes, Better Wales Better World](#) to ensure all schemes mentioned are re-appraised in the context of zero-carbon and gain a greater understanding of households/circumstances that are prioritised.
- 4.2 The Welsh Housing Quality Standard has been a significant programme of work for the social housing sector in Wales – substantially increasing the quality and efficiency of older homes in Wales whilst increasing employment opportunities and supporting local contractors.
- 4.3 Compliance with the Welsh Housing Quality Standard has continued to increase with 91 per cent of all social homes now complying with the standard in all social housing intended to be achieved by December 2020. Levels of compliance is higher for housing associations at 99 per cent, including acceptable fails compared to 77 per cent for local authority homes.
- 4.4 According to the latest analysis on the energy efficiency of homes in Wales, gathered through the Welsh Housing Conditions Survey, social housing is by some margin, the most efficient form of tenure with 50 per cent of home achieving EPC rating band C

or above. This is compared to around 25 per cent for homes in the private rented sector and those that are owner occupied. This difference is clear evidence of the impact achieved through activity in bringing homes in line with the WHQS.

5. How the Welsh Government's successor to the fuel poverty strategy (due for consultation in Autumn 2019) should differ from its 2010 strategy.

- 5.1 Measurement of fuel poverty:** We support calls by a number of organisations working this area, including the Energy Saving Trust to re-consider the definition of fuel poverty in Wales, mirroring the approach now taken in Scotland. The current definition considers anyone who spends over ten per cent of their income on heating their home as 'fuel poor'. The Scottish model is more refined in its approach considering people to be in fuel poverty who are on both low incomes and spend a high proportion of their income on heating their home.
- 5.2 Links to decarbonisation:** We believe the increasing the quality and efficiency of our existing (in addition to new) homes should be a main area of focus for the future. [The Better Homes, Better Wales Better World](#) report calls for a 30-year decarbonisation plan and a long-term approach supported on a cross-party basis. We wholeheartedly support this approach and believe there are additional opportunities to learn from practice delivered through the Welsh Government's Innovative Housing Programme to increase quality, consistency and economies of scale.
- 5.3** The Welsh Government has committed to undertaking modelling for social housing and those homes in fuel poverty to bring these homes up to standard by 2025; it seems sensible that this costing should be linked with how activity is prioritised within any new strategy.
- 5.4 Clear links with the affordable housing review:** The affordable housing review has set the tone for the next evolution of providing affordable housing in Wales. We believe that any strategy linked to this area should show an awareness of and sensibly link to relevant aspects of the review's implementation. In the context of fuel poverty, we feel these areas should include:
- Housing standards and DQR being utilised across section 106 agreements for affordable housing
 - Accelerating the use and impact of modern methods of construction to meet immediate housing demand with homes that are energy efficient and high quality
 - Prioritising social homes and those in fuel poverty for investment in the immediate 10-year period in relation to retrofitting and improvement activity
 - The future of the dowry and major repairs allowance for stock transfer housing associations and stock-retaining local authorities

6. **What steps the Welsh Government should take to ensure that new-build homes, as well as existing homes, are highly energy efficient to prevent them causing fuel poverty in the future.**
- 6.1 Many of our members have voiced concerns over the decarbonisation targets for existing homes, calling for greater clarity on what financial and technical support will be available to social housing providers in ensuring older homes can achieve such a high efficiency rating. There is a need to carefully consider how the financial outlay associated with this work will be supported with [The Better Homes, Better Wales Better World](#) report suggesting that annually the cost of decarbonising homes in Wales could be around £0.5 billion - £1 billion.
- 6.2 We believe that there should be a recognition within affordable housing targets set by the Welsh Government of the resource and time implications involved in working towards decarbonisation targets whilst also delivering more high quality affordable housing at pace without the current benefits of economies, reliable supply chains able to cope with demand that offer value for money over and above financial considerations. There needs to be tolerance in relation to the time required to realise these benefit as well as the implications for the social housing sector investing considerable financial and staff resources in delivering new affordable home and upgrading existing homes at pace in tandem.