CONSULTATION RESPONSE

Comisiynydd Pobl Hŷn Cymru
Older People's Commissioner for Wales

Senedd Equality and Social Justice Committee Consultation: Fuel Poverty in Wales

The Older People's Commissioner for Wales (OPCW) welcomes the opportunity to respond to the Senedd Equality and Social Justice Committee's consultation on Fuel Poverty in Wales.

Introduction

Fuel poverty is an issue that affects a significant number of older people across Wales. The true extent of older people affected is hard to assess due to a lack of recent data. Projections are based on 2008 Living in Wales Survey and the 2017-18 Wales Housing Conditions Survey: as of 1 October 2021, 22% of single pensioner households, and 13% of pensioner couple households in Wales were in fuel poverty.[1]

Older people have contacted the Commissioner to raise a range of issues connected with fuel poverty such as living in older, damp properties that are hard to heat; living off grid and relying on oil or LPG heating and also the difficulties in understanding energy bills, especially when receiving estimates. This causes considerable hardship, frustration and distress to older people who experience these problems.

The Commissioner has also heard from many older people about the impact that the UK Government's decision to restrict the Winter Fuel Allowance to only those in receipt of Pension Credit will have this winter. This decision is likely to mean the number of older people in fuel poverty and severe fuel poverty will increase, with significant harm to physical and mental health and wellbeing as a result.

The Welsh Government's Tackling Fuel Poverty Plan "Tackling fuel poverty 2021 to 2035"[2] was published in March 2021 to address fuel poverty in Wales and to support those "struggling to meet the cost of their domestic energy needs". The Commissioner's office responded to the consultation on the Plan, stating that the timescale for change was too broad and calling for a target to eradicate fuel poverty amongst older people by 2026. There remains a noticeable lack of interim targets in the plan. It is essential that interim targets are introduced in order to concentrate action on this issue. The context of fuel poverty has changed significantly and rapidly since the original plan was first published.

[1] Welsh Government (2023) Fuel poverty modelled estimates for Wales. (June 2023). Available at: https://www.gov.wales/fuel-poverty-interactive-dashboard
[2] Welsh Government Tackling fuel poverty 2021 to 2035 A plan to support people struggling to meet the cost of their domestic energy needs.Available at: https://www.gov.wales/sites/default/files/pdf-versions/2021/12/4/1638465219/tackling-fuel-poverty-2021-2035.pdf

Is there an accurate picture of fuel poverty in Wales?

The consultation notes the reliance on the 2008 Living in Wales Survey and the 2017-18 Wales Housing Conditions Survey. This does not therefore provide an accurate picture of fuel poverty in Wales, as the surveys are based on data that are out of date. Many factors have affected household income and living costs since then, such as inflation, changes in employment patterns, and the impact of COVID-19 and Brexit. These factors influence fuel poverty, making any older data less relevant and reliable.

Since 2021, there has been a significant increase in energy costs and energy debt. Likewise, the UK Government's decision to restrict Winter Fuel Allowance Payments to only those older people in receipt of Pension Credit will not have been taken into account.

However, Wales has also made strides in retrofitting homes with better insulation, more efficient heating systems, and other measures that reduce energy usage. This would not be captured fully by surveys conducted several years ago.

A more accurate picture of fuel poverty in Wales is needed, especially as Wales has the oldest housing stock in the UK,[3] meaning many houses are poorly insulated, leading to increased energy costs and fuel poverty. Fuel poverty results in cold homes, which contributes to excess winter mortality and to a range of symptomatic illness. Older people are likely to be disproportionately affected by changes in temperature caused by colder weather. 75% of excess winter deaths are people aged 75 and above.[4] The average older person supported by Care and Repair (a charity that helps older people to live independently through repairs, adaptations and home maintenance) spends 19% of their income on utilities over the winter. In the winter of 2022/23, clients who engaged with Care and Repair's fuel poverty and energy advice service were spending on average 25% of their income on utilities.

Cold weather and living in a cold home can affect and exacerbate respiratory and circulatory conditions, cardiovascular disease and accidental injury.[5] Research also indicates a link between cold home temperatures and poorer mental health. Wales's old housing stock and poor energy efficiency leads to significant costs for NHS Wales: in 2019, Public Health Wales estimated that the impact of excess cold increases the costs to the health service associated with poor quality housing by around £41M, bringing the total to nearly £100M a year.[6] Going without food or not eating enough over time leads to malnutrition, which increases the risk of frailty, increasing GP visits, hospital admissions and the length of stay in hospital.[7]

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[3] Welsh Housing Conditions Survey (headline results): April 2017 to March 2018. Available at: https://www.gov.wales/welsh-housing-conditions-survey-headline-results-april-2017-march-2018

[4] Care and Repair (2024) Older people in Wales: Poverty in Winter. Available at: careandrepair.org.uk/winter-report/

[5] Public Health England/UCL Institute of Health Equity (2014), Local action on health inequalities: Fuel poverty and cold home-related health problems, p. 4. Available at: Briefing7_Fuel_poverty_health_inequalities.pdf (publishing.service.gov.uk)

[6] S, Garrett H, Woodfine L, Watkins G, Woodham A. (2019). The full cost of poor housing in Wales, Building Research Establishment Ltd, Public Health Wales, Welsh Government. Available at: The_Cost_of_Poor_Housing_report_English_final2-1.pdf (phwwhocc.co.uk)

[7] UK Government (2017), Impact assessment: Helping older people maintain a healthy diet: A review of what works. Available at: Helping older people maintain a healthy diet: A review of what works - GOV.UK (www.gov.uk)

Impact of changes to the eligibility criteria for the Winter Fuel Payment on fuel poverty in Wales

The decision to restrict Winter Fuel Allowance payments, worth up to £300 per year, to only those older people in receipt of Pension Credit will have a serious negative effect on some of the poorest older people across Wales, pushing more into fuel poverty. All those who are entitled to Pension Credit, but do not currently claim, will now also miss out on Winter Fuel Allowance. This is concerning, as it will impact thousands of older people across Wales, in a period when energy debts are rising.

Around 50,000 eligible households in Wales do not claim the Pension Credit they are entitled to, meaning that around £117 million is left unclaimed rather than reaching those who need it most.[8] The changes by the UK Government to eligibility for Winter Fuel Allowance will only increase the amount of entitlements left unclaimed in Wales.

Wales has proportionately more older people than other parts of the UK and so the impact of the change in eligibility criteria will be felt significantly in Wales. People over 60 make up 28.2% of the population of Wales, compared to 24.7% of England and 24.9% of the UK as a whole [9] The Department for Work and Pensions estimate that 33% of eligible single older men, 33% of eligible single older women and 31% of eligible couples do not claim the Pension Credit to which they are entitled.

Pension Credit also operates on a 'cliff edge' whereby someone's income determines that they are either entitled or not entitled to support – there is no taper. This means that someone who is not eligible for Pension Credit as a result of being over the qualification threshold by even a few pence misses out on all the other support that is unlocked, which now includes Winter Fuel Allowance.

The tight timescale for the changes is also a cause for concern. The policy change was announced on 29 July with w/c 16 September 2024 used as the qualifying week for Winter Fuel Allowance payments. Although Pension Credit payments can be backdated, meaning applications by 21 December 2024 can still qualify for Winter Fuel Allowance, this is still a very tight timescale for applications to be made by eligible older people who do not currently claim. Older people will also have up to £600 less this winter compared to last year in UK Government support with their heating bills, because the cost-of-living payments brought in temporarily by the previous UK Government have now stopped.

Data from the June 2024 ONS Public opinions and social trends survey also showed that older people (70+) were more likely to say the cost of energy bills has increased (53%) than younger age groups and that they were using less gas and electricity to combat this [10] The National Survey for Wales has recently reported that 25% of 65-74 year olds and 17% of those aged over 75 say they sometimes or always struggle to pay bills.[11]

Older people have contacted the Commissioner with concerns about the Winter Fuel Allowance change in eligibility criteria, for example: "I am upset and appalled by the announcement… that Winter Fuel payments are to be scrapped for pensioners except for those on benefits. As a

[8] Independent Age (2019) https://www.independentage.org/sites/default/files/2019-07/Credit%20where%20its%20due%20report_0.pdf
[9]StatsWales (2024) National level population estimates by year, age and UK country. Available at: https://statswales.gov.wales/Catalogue/Population-and-Migration/Population/Estimates/nationallevelpopulationestimates-by-year-age-ukcountry
[10] ONS (2024) https://www.ons.gov.uk/releases/publicopinionsandsocialtrendsgreatbritainjune2024
[11] Welsh Government (2023) National Survey for Wales April 2022 to March 2023 https://gov.wales/national-survey-walesresults-viewer

pensioner who worked all my life and saved money for my retirement, I am not entitled to any means funded benefits. However, in past years the WFP has been a lifeline in helping me to pay for even the minimum amount of heat (three hours a day at 15°). I live in a rural area and so my home is dependent upon LPG fuel which is very expensive."

Other older people have contacted the Commissioner stating that the Winter Fuel payments have been a lifeline to pay for even the minimum amount of heat. One older person explained how she had cut out a meal a day in an attempt to be able to afford to heat her home. Individuals have also told of the impact on people who are more susceptible to the cold as a result of heart conditions and taking blood thinning medication, for example. The withdrawal of the payment at such short notice has created anxiety.

Warm Homes Programme

The Welsh Government's Policy Statement of June 2023 provided a useful overview of the purpose and approach of the new Warm Homes Programme.[12] Changes to the eligibility criteria for support with energy efficiency measures under the new scheme are welcome. The move from qualification being based on receipt of means tested benefits to a low-income threshold instead, for example, is positive. However, while the need to prioritise dwellings with an Energy Performance Certificate (EPC) rating of E and below is understandable, older people living in homes with a higher EPC rating than E may still experience ill health as a result of fuel poverty and living in cold homes. It is helpful that individuals with a recognised health condition (such as a chronic respiratory, circulatory or mental health condition) living in a household with an EPC of D will also be eligible.

Likewise, the change to allow more than one application per household, meaning that if a household supported by a previous Warm Homes scheme intervention remains in fuel poverty and meets the eligibility criteria, they may apply for additional support, is also a beneficial development.

The prioritisation of low carbon technologies where it makes sense to do so, alongside ensuring that the Warm Homes Programme has some flexibility to support the most vulnerable in society in exceptional circumstances is reasonable.

However, in practice, this flexibility does not seem to take into account the reality of much of Wales's housing stock and the circumstances of many older people living in fuel poverty. Low carbon options can be limited for older housing stock. Such homes can be harder to retrofit and more expensive to upgrade. Warm Homes guidance no longer mentions boiler repair or replacement as an option for the free home energy efficiency improvements available.[13]

Given the climate emergency and the need to transition to Net Zero, the Welsh Government's statement that 'Long-term investment in fossil fuel heating systems will be permitted only exceptionally under the new Warm Homes Programme' is understandable.[14] The example given in the Policy Statement of prioritising energy-efficient gas boilers where moving from fossil fuels to an electric heating system would cause a significant increase in running costs is pragmatic.

[12] Welsh Government (2023) New Warm Homes Programme: policy statement, New Warm Homes Programme: policy statement [HTML] | GOV.WALES
[13] See Nest Guidance: Get free home energy efficiency improvements from Nest | GOV.WALES
[14] Welsh Government (2023) New Warm Homes Programme: policy statement, New Warm Homes Programme: policy statement [HTML] | GOV.WALES

The Commissioner is therefore extremely concerned to understand that for 2024-25, even in a 'crisis' situation where a household does not have an operational heating and hot water system and an individual is eligible for support under the Warm Homes Programme, there is an additional set of eligibility criteria that need to be met before boiler repairs can be undertaken. These criteria for the most part mirror Ofgem's rules for installing involuntary prepayment meters.[15] This would limit boiler repair support in Wales under the Warm Homes Programme to:

i) households with occupants aged 75 years and over or

ii) households with children aged under 2 years old or

iii) households with occupants with severe health issues including those with a medical dependency on a warm home – one of the existing health conditions. If a household qualifies for Nest via a health condition, they are eligible for this crisis route or

iv) households with occupants with terminal illness.

While the Commissioner accepts that the Welsh Government's intention is to monitor the situation, it is completely unacceptable for any eligible household to lack a functioning heating and hot water system and for no action to be taken if low carbon solutions are not yet viable or appropriate.

Boiler repairs (or replacements in necessary circumstances) should be available to all eligible applicants without working heating or hot water where low carbon heating is not yet viable/appropriate, irrespective of age and health.

It is disappointing that boiler repairs, and even replacements, may still be the most appropriate solution in many more cases than would be desirable as Wales seeks to transition to Net Zero. Nevertheless, the alternative of leaving people without heating and hot water indefinitely should not be seen as any sort of viable or acceptable option, especially as winter approaches.

The Welsh Government should urgently clarify and publicise that boiler repairs and replacements are still a permitted activity under the Warm Homes Programme. This is especially the case given the UK Government's decision to restrict Winter Fuel Allowance payments to only older people in receipt of Pension Credit, the impact of which is discussed above.

Particularly in colder months, the priority has to be on ensuring that the homes of vulnerable people, many of whom will be older people, are warm, safe and energy efficient. Cold homes present a significant threat to the health of older people. Preparation to make homes low carbon ready is rightly an important aspect of the Warm Homes Programme but the main initial focus must be measures to ensure homes are warm, safe, energy efficient and protect the health of all who live in them. No eligible person should be left in a crisis situation without an operational heating and hot water system.

Other concerns with the Warm Homes Programme include the scale of the scheme (particularly given rising energy prices and the cost-of-living crisis), the overall levels of funding provided to undertake activity, and the processes for monitoring, evaluation, and reporting on progress. There is a need to monitor and record requests from people who did not receive assistance when they were eligible to do so, as well as people who do not fall within the eligibility criteria to understand if changes are needed. Some households may be left unsupported as the eligibility criteria for the programme may not capture all those in need.

[15] See Ofgem (2023), New rules for installing involuntary prepayment meters. Available at: New rules for installing involuntary prepayment meters | Ofgem

Effectiveness of other support

The support available to households in or at risk of fuel poverty includes the Welsh Government Discretionary Assistance Fund (DAF) and support via the Fuel Bank Foundation. There is no longer a specific Winter Fuel payment available from the Welsh Government.

The numbers of older people using the DAF are low in proportion to other age groups. The eligibility criteria for qualifying for payments are narrow, for example 'be in extreme financial hardship, for example you've lost your job, applied for benefits and waiting for your first payment or have no money to buy food, gas and electricity'.[16] This rules out older people who need support as a result of fuel poverty but who are not in absolute crisis. The latest DAF figures (June 2024)[17] show 810 people between 69 and 69 years old in receipt of support via this avenue, while the numbers for people aged over 70 were even lower, with only 160 payments. This is in contrast to 2,235 people aged 50-59.

Welsh Government co-operation with UK Government on fuel poverty

The UK Government announced that it would extend the Household Support Fund in England to help struggling households with bills and essential costs over the winter, with associated Barnett consequentials for Wales.[18] It is vital that some of the additional financial resources available are used to specifically support older people struggling as a result of the changes to Winter Fuel Allowance. Additional funding should not simply be added to existing support channels such as DAF where it is unlikely to reach all older people who need it.

Overall, the picture of how the Welsh Government and the UK Government will work together on addressing fuel poverty is still emerging. There may be future opportunities. For example, the UK Government has introduced the Great British Energy Bill where one of the stated objectives is 'improvements in energy efficiency'. What this might mean for Wales over the years ahead is not yet clear. More detail is needed on how the Welsh Government and UK Government plan to tackle fuel poverty.

Conclusion

Fuel poverty is a serious issue that adversely affects the health and wellbeing of a significant number of older people across Wales. The impact of the restriction of Winter Fuel Allowance payments in 2024-25 is likely to push more older people into fuel poverty. The Commissioner would like to highlight the following areas:

[16] Guidance on the Discretionary Assistance Fund (DAF). Available at: https://www.gov.wales/discretionary-assistance-fund-daf/eligibility

[17] Discretionary Assistance Fund by Age - Monthly data (April 2023 Onwards). Available at: https://statswales.gov.wales/Catalogue/Community-Safety-and-Social-Inclusion/discretionary-assistance-fund/discretionaryassistancefund-by-age-monthly

[18] Can be seen at: https://www.gov.uk/government/news/government-support-extended-to-help-struggling-households-with-bills-and-essential-costs-over-winter

- The need for the Welsh Government's Warm Homes Scheme to achieve a better balance between the transition to Net Zero and putting in place effective measures to make homes warm, safe and energy efficient in the shorter term. This must include the provision of boiler repairs and replacements when this is the best available option and no eligible household should be left without heating or hot water.
- Clarity must be provided to all those involved in the Warm Homes Programme, including referring agencies and the public, about the full range of permitted support measures.
- Better, reliable and more up to date data on fuel poverty in Wales should be collected and published which allows the experiences of different groups of citizens to be easily understood. Ideally, this would include five year age bands to be able to assess the experiences of different groups of older people. The biennial review of performance towards 2035 objectives, which was a commitment in the "Tackling fuel poverty 2021 to 2035" plan, must be published on time in future.
- The development and introduction of interim energy efficiency-based targets to address fuel poverty should be undertaken by the Welsh Government and put in place by the end of the current Senedd term in 2025.
- Specific support for older people experiencing fuel poverty (or greater fuel poverty) as a result of the restriction of Winter Fuel Allowance should be put in place urgently by the Welsh Government, with ongoing funding identified in the Welsh Government's draft budget for 2025-26.

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