

OFGEM Energy Redress Consultation

Written evidence submitted by Care & Repair Cymru: April 2021

Introduction to Care & Repair

1. Care & Repair Cymru is Wales' Older People's Housing Champion. Our aim is to ensure that all older people in Wales can live independently in safe, warm, accessible homes. We are the national body for Care & Repair in Wales, representing 13 independent agencies operating in every county offering a wide range of home improvement services, tailored to client's needs and local circumstances. Last year we supported over 47,000 older people across Wales, carried out over 17,000 adaptations in the home to help prevent trips and falls, whilst delivering £14.5 million's worth of repair and improvement work to improve the health, safety, and warmth in people's homes.ⁱ
2. Care & Repair works with older people in the private housing sector, owner occupiers and private tenants. A third of our clients live alone, a third have a disability and two thirds are over 74 years old.
3. We have recently launched our Energy Redress funded 70+ Cymru project. 70+ Cymru is a pan-Wales project which addresses fuel poverty and energy efficiency. The project aims to help those over 70 heat their homes to over 70°F.

Types of Projects:

1. Do you consider the funding split between the Main Fund, Innovation Fund and Decarbonisation Fund to be appropriate?

Main fund:

It is pertinent to see the distinction between the three funds. From our experience supporting some of Wales' most vulnerable older people, we believe it is particularly important that 70% of Redress funds are designated specifically to support people in vulnerable situations.

Despite positive attempts to end fuel poverty in Wales, the statutory targets have not been met. Action must be taken now to further protect the 155,000 households in Wales still living in fuel poverty, 130,000 of whom are classed as vulnerable.ⁱⁱ

Still, our agencies witness the difficulties older people face in keeping warm, safe and well. Fuel poverty is often part of a more complex situation. Many Care & Repair clients struggle to manage regular home maintenance, even without the added pressure of winter heating bills or structural repairs to make energy efficiency improvements.

Before the Covid-19 pandemic, older people were already spending between 70-90% of their time at home.ⁱⁱⁱ Due to lockdown periods, self-isolation and the call to shield, older people have spent more time at home than before. During this time, housing and health inequalities have been exacerbated: poor housing conditions lead to increased risk of respiratory and circulatory problems from living in cold, damp homes, as well as loneliness and isolation. It is

more critical than ever that a significant proportion of Redress funds are reserved to support those in vulnerable situations.

Care & Repair Cymru provides services to a network of Care & Repair Agencies across Wales. Our services to Agencies include representation on policy responses and effective national lobbying; agency support and development; leadership and support to agency boards. Through our agencies we listen to the needs and desires of older people. We evidence and evaluate those needs; we articulate this information to policy makers in Welsh Government on the national stage. Our advocacy work helps inform Welsh Government thinking about Housing Policy for older people, and wider Health and Social Care policy for older people. In 2019 / 20 we helped more than thirty thousand people^{iv} in Wales to live safely and independently at home.

Innovation and Decarbonisation funds

We recently launched our Energy Redress funded 70+ Cymru project. 70+ Cymru is a pan-Wales project which addresses fuel poverty and energy efficiency. The project aims to help those aged over 70 to heat their homes to over 70°F. We are working to resolve the negative impact that poorly heated homes have on the independence, health, and wellbeing of older people in Wales. 70+ Cymru targets technical services, tailored home improvement solutions and holistic casework to owner occupiers and private tenants. The project also provides financial assessment, advice and support on home energy saving techniques.

When people we support are living in or very near to fuel poverty, we can work with them to change energy use behaviours, we can deliver technical solutions to improve structural energy efficiency, we can maximise their income and access a range of funding to improve heating and warmth. However, we struggle to deliver further support to people to modify their homes in line with the national commitment to reduce carbon emissions to zero by 2050 (sooner in Wales^v).

Wales has some of the oldest housing stock in Europe, with 32% built before 1919. These older houses were not built with energy efficiency in mind. Where people live in older housing stock, but have no entitlement to benefits, their struggle is greater. Owner occupiers and people who privately rent their homes are excluded from many great low-carbon initiatives happening across the country.

This is especially true of rural fuel poor households where fewer households have access to the gas grid, and therefore rely on more expensive and polluting methods of heating their home, such as liquid, solid fuel, and even electric heaters. Rural Wales tends to have a higher proportion of older people, and a higher incidence of fuel poverty (14%) than urban areas (10%)^{vi}. The additional costs of heating rural homes means that these households cannot save to make upgrades to the thermal efficiency of their homes. Future schemes aimed at assisting decarbonisation should consider the greater cost of rural homes in making energy efficiency improvements.

Local Authorities and Registered Social Landlords benefit from Government funded initiatives to retrofit their housing stock. Our energy suppliers are working towards the national zero carbon commitment, their licences depend on it^{vii}.

With the above points in mind, we suggest that it would be a bold and progressive move to merge two funds to become one Innovative Decarbonisation fund, open to all energy consumers.

2. Do you consider the proportionate funding split between vulnerable consumers and all energy consumers to be appropriate? i.e. 70% to vulnerable consumers and a total of 30% to all energy consumers.

It is an appropriate split. However, there needs to be a specific commitment to include consumers in vulnerable situations when awarding the innovation and decarbonisation funds (see 15-19^{viii}). Such a commitment could promote synergy and cooperation between community focused initiatives and suppliers in receipt of Network Innovation Funding^{ix} (for example). More importantly, it could help push us to address, question and start to resolve the challenge around accessible low carbon lifestyle for those living in poverty.

If OFGEM was to consider merging the Innovation and Decarbonisation Funds into one Innovative Decarbonisation fund: we would like to see fifty per cent of grant holders actively target people in vulnerable situations.

3. Should a fuel voucher fund remain a permanent feature of the overall Energy Redress Scheme, so that it can react quickly to specific crises?

Yes, absolutely. The negative impacts of the last twelve months will be felt well into 2022, these impacts will further compound challenges that the main fund was set up to address.

People not considered 'vulnerable' in the past who have experienced reductions in their income, changes to their social life and subsequent increases in their fuel bills over the winter of 2020/2021 will be hardest hit. For example, before Covid restrictions, many older people were employed in retirement, many volunteered, enjoyed busy social lives, and participated in their local communities. Covid restrictions have found people spending more time at home, using more energy for longer periods every day.

Additionally, our Home energy Officers are already seeing further challenges, due to COVID restrictions, which we believe will exacerbate numbers of people living in fuel poverty this year. Some examples:

Inaccessible meters: Clients who have difficulty accessing their meters have had to rely on estimated bills. We envisage that low estimated bills will significantly impact outgoings as meter readers get back on the road and generate 'actual' bills.

SMART meters: Meters are set too far away from the hub or are situated behind structures that prevent communication with the hub. Engineers have not been able to attend properties to examine and rectify issues due to COVID restrictions. Those clients have not had reliable energy bills over the winter, and we expect them to see high bills as a result.

Prepayment meters: Older people who have been asked to shield may have felt uncomfortable or unable to leave their home to top up their prepayment meter due to shielding.

4. If a fuel voucher fund is set up, what type of consumer should be eligible to apply for these vouchers? e.g. vulnerable consumers, pre-payment meter consumers

Fuel vouchers should be available to all consumers who are in vulnerable situations, particularly those living in fuel poverty, who may or may not be using pre-payment meters.

Voucher distribution bids to the fund could include mandatory descriptions of: employee and volunteer training; client assessment criteria and eligibility criteria that the charity will employ when distributing fuel vouchers.

If charity applicants set out their proposed eligibility criteria in their bids, charities rather than the funder could be responsive to local need. Such schemes could focus on regional and local community needs and not be limited to income, benefit receipts, tenure, and home ownership.

Some of our clients, (who are all either living in private rented accommodation or owner occupiers) may not meet standard eligibility criteria for voucher schemes though their need is as great as those who do.

Case Study 1:

Mrs X is 92 and lives alone. She relies on electric storage heaters for heating. Last summer (2020) Mrs X received a grant to have solar panels installed. However, the solar panels were not registered with any energy company so not connected to the energy grid. Our client could not benefit from any “buy back” tariffs. Due to Covid restrictions her energy company would not fit a SMART meter. Without a SMART meter her panels could not be registered. Over winter and currently, Mrs X relies on storage heaters - also fitted by the solar panel company. The storage heater and temperature times were set by the installer. Mrs X did not receive an explanation how to change the heaters’ settings. As a result, Mrs X’s house has been colder than before the installation and she must use secondary heating to keep her house warm.

At Care & Repair we always work with people to help them improve their situations while living independently and safely at home. In 2019 /20 our agencies helped 47,965 people across Wales. Over that time, we sourced an additional £8,052,292 in unclaimed benefits for our clients. One in three people who are eligible for pension credit do not claim it, for reasons such as lack of awareness, or even stigma around receiving a benefit.^x We include these statistics to illustrate that many older people do not claim benefits without specialist support or assistance from organisations like Care & Repair. Those people who are entitled to but do not claim state benefits would not meet standard eligibility criteria regardless of circumstance.

Widening the eligibility scope to other organisations

5. What are your views on expanding the applicant scope beyond charities and organisations that partner with charities? If you think the scope should be expanded, do you have any suggestions for how eligibility should be defined? (e.g. what legal structures/status should qualify? Should there be other qualifying criteria?)

Registered Social Landlords and Local Authorities can and do access many sources of funding that are restricted to social housing providers, or difficult for third sectors to access. For example, Welsh Government’s Optimised Retrofit Programme (ORP) is designed to tackle fuel poverty and make social housing more energy efficient^{xi}. The ORP is a much-needed initiative but is closed to third sector organisations and charities.

Likewise, when it comes to assistance for owner-occupiers, the policy gap is huge and, thanks to the pandemic, many homeowners are at crisis point.

The Energy Redress Fund appears to stand alone by providing funding that charities can access. Our experience demonstrates that, as a charity, we bring different and unique perspectives. We can develop and offer new, agile, flexible, and innovative services quickly in response to local need.

If the Redress fund organisational scope is expanded, we fear that the fund would become dominated by larger Local Authorities (LAs) and Registered Social Landlords (RSLs). LAs and RSLs have focused resources to write and submit bids. Naturally, such bids would focus on estate-based work for social housing tenants (many past and present grants have been skewed towards this approach already), and charities would lose out to the detriment of our beneficiaries.

We are not arguing against the good services that LAs and RSLs deliver. However, we believe that widening the organisational scope of the Redress Fund would impact people made vulnerable by fuel poverty who do not live in social housing – our beneficiaries and those of other charities delivering work on the ground to improve lives.

Experience of charities applying to the Energy Redress Scheme (this section is for charities which have applied to the Redress Scheme only)

6. How did you find the application process?

The pre-clearance process was very good – thorough and reassuring. Redress delivered a series of talks prior to the application; these were very useful. Staff members were very approachable and helpful.

Our colleague who developed the bid found the proforma word count restrictive. The limits set made it difficult to explain complex ideas and the reasons underpinning those ideas.

One of the templates was tricky to navigate and use. For example, it was difficult to add each person and their individual salary / costs when their proposed roles differed.

7. Did you have a good understanding of the eligibility criteria?

Yes, to an extent. It would be useful to see further clarification on what could and could not be funded.

It would have been helpful to discuss our bid specifically in relation to Wales' policy framework.

8. Do you have any feedback on what would have made the process better?

Yes. Overall, the process was very positive, and the team were on hand to help.

We experienced some inconsistency over numbers / key performance indicators which we found confusing. The support we received before and during the application process reinforced that applicants should not get too dragged down in numbers and that the funder would be flexible. The advice we received was that applications would be considered on the overall benefits projects could deliver to people, in line with Redress Fund priorities.

Once our application was submitted, there was a specific focus on KPIs and numbers which our bid writer found confusing. Some written clarity around what is expected in this instance would be very useful, for consideration before submission.

Other feedback

9. Should we consider any other areas regarding the Energy Redress Scheme? If so, please provide an outline explanation of your suggested area(s). If possible, please outline any associated benefits and costs with your suggestion(s).

Despite the many economic and social restrictions that have operated in the UK over the last year, private rental prices are increasing^{xii}, with higher increases in Wales than any other UK nation^{xiii}. The ONS Index of Private Housing Rental Prices for Wales shows the highest increases in 2020 were in July, October, November and December, and January in 2021.

Wales has a higher proportion of owner-occupied households than the rest of the UK, a lower proportion of households in the social rented sector and increasing numbers in the private rented sector^{xiv}. Additionally, households in the private rented sector are getting older^{xv}.

The current social and economic focus on retrofitting social housing and funding local authority schemes (such as Local Authority ECO flex in Wales) is positive. However, owner occupiers and private renters are either excluded or often fail to meet regional eligibility criteria for financial support. When people are struggling to meet their basic needs or are concerned about heating their homes and anxious about priority debts, our first duty is to help them improve their immediate financial and social situation. We can rarely deliver that support together with long term, low carbon energy solutions. We need to be able to deliver a whole person, whole house service; we need to tackle fuel poverty and energy inefficiency in a climate-friendly way. Energy Redress can be the mechanism for change in taking this holistic approach.

We propose that Energy Redress allocates funds to projects that can explore this dilemma to deliver robust recommendations to industry and government.

We are delighted that we will be able to deliver an impact report during and following the life of our 70+ Cymru project. Our Home Energy Officers are just weeks into their role and are already making beneficial differences to our clients' lives. Along the way we will encounter many older people negatively impacted by their aged housing structures. At Care & Repair Cymru, we do not want to passively accept that our fuel poor clients have limited redress to low carbon energy options. We would like the opportunity to explore, research and deliver realistic yet innovative answers - we would like to work with specialists, with other organisations and with industry, on technical and policy focused solutions. We can do this if we can access additional, energy specific funding which encourages research and development project delivery.

10. Do you have any other general comments or feedback you would like to provide?

We are very happy with the support and encouragement we receive from our Energy Redress Development Officer, [\[name redacted\]](#), thank you!

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- ⁱ For more information, please see Care & Repair Cymru's 2019/20 Annual Report. Available at: https://www.careandrepair.org.uk/files/9716/0130/8166/Annual_Report_19.20_E...pdf
- ⁱⁱ Welsh Government Statistical Bulletin, 2019. 'Fuel Poverty Estimates for Wales: 2018'. Available at: <https://gov.wales/sites/default/files/statistics-and-research/2019-09/fuel-poverty-estimates-wales-2018-020.pdf>
- ⁱⁱⁱ Quoted in 'Housing for Older People in Wales: An Evidence Review', Public Policy Institute for Wales, June 2015. Available at: <http://www.ageingwellinwales.com/Libraries/Documents/Housing-for-Older-People-in-Wales-Evidence-Review.pdf> p.3
- ^{iv} [Annual_Report_19.20_E...pdf](https://www.careandrepair.org.uk/files/9716/0130/8166/Annual_Report_19.20_E...pdf) (careandrepair.org.uk)
- ^v [Wales commits to net zero by 2050, but sets out ambitions to get there sooner | GOV.WALES](https://gov.wales/sites/default/files/statistics-and-research/2019-08/fuel-poverty-estimates-wales-2018-937_0.pdf)
- ^{vi} https://gov.wales/sites/default/files/statistics-and-research/2019-08/fuel-poverty-estimates-wales-2018-937_0.pdf p.16
- ^{vii} [Renewables Obligation](https://www.ofgem.gov.uk/energy-suppliers/renewables-obligation) Energy suppliers | Ofgem
- ^{viii} [authority guidance on voluntary redress amended november 2020.pdf](https://www.ofgem.gov.uk/energy-suppliers/authority-guidance-on-voluntary-redress-amended-november-2020) (ofgem.gov.uk)
- ^{ix} [Network innovation](https://www.ofgem.gov.uk/energy-suppliers/network-innovation) | Ofgem
- ^x <https://www.moneyadvice.service.gov.uk/en/articles/pension-credit>
- ^{xi} Welsh Government Optimised Retrofit Programme [£9.5 million programme to reduce housing's carbon footprint | GOV.WALES](https://gov.wales/sites/default/files/statistics-and-research/2019-08/fuel-poverty-estimates-wales-2018-937_0.pdf)
- ^{xii} [Index of Private Housing Rental Prices, UK: monthly estimates - Office for National Statistics \(ons.gov.uk\)](https://www.ons.gov.uk/housing/rental-prices)
- ^{xiii} [Index of Private Housing Rental Prices, UK - Office for National Statistics \(ons.gov.uk\)](https://www.ons.gov.uk/housing/rental-prices)
- ^{xiv} [UK private rented sector - Office for National Statistics \(ons.gov.uk\)](https://www.ons.gov.uk/housing/private-rented-sector)
- ^{xv} "Households in the private rented sector are getting older; between 2007 and 2017, the proportion of household reference persons aged 45 to 54 increased from 11% to 16%" [UK private rented sector - Office for National Statistics \(ons.gov.uk\)](https://www.ons.gov.uk/housing/private-rented-sector)