

## **REGULATORY APPRAISAL**

### **ENERGY CONSERVATION, WALES**

#### **THE HOME ENERGY EFFICIENCY SCHEMES (WALES) REGULATIONS 2007**

##### **Background**

1. Eligibility for the Home Energy Efficiency Scheme is based on beneficiaries being in receipt of one of a range of benefits, while the provision of heating systems and the maximum grant is linked to an even more defined eligibility criteria, based on benefit dependency and limited to pensioners, the chronically sick and disabled and lone parent households.
2. The Home Energy Efficiency Schemes (Wales) Regulations 2000 set out the schemes for providing grants to persons on low incomes who have children, or are elderly, disabled or in poor health as well as setting out who is eligible to receive grant, determination by the Assembly of the categories of works and the maximum levels of grants available, the purposes for which grants may be approved and the method of applying for grants. The Schemes are HEES, which generally supplies insulation measures along with gas and electric storage heaters, and HEES Plus, which provides insulation measures and central heating systems.

##### **Purpose and intended effect of the measure**

3. These Regulations revoke and re-enact with amendments The Home Energy Efficiency Schemes (Wales) Regulations 2000. They enable the Home Energy Efficiency Schemes (HEES) in Wales to be updated by extending the measures available and the client groups who qualify to receive assistance under the Scheme.
4. The revised Regulations alter the list of persons eligible to apply for a HEES Plus grant to include those in receipt of State Pension Credit. They also refer to "partner" in place of "spouse" and Regulation 5(8) provides that "partner" includes civil partner. This will bring the Home Energy Efficiency Scheme into line with the Civil Partnership Act 2004.
5. The Home Energy Efficiency Schemes' eligibility criteria are based on applicants being in receipt of certain passport benefits. The Working Tax Credit and Child Tax Credit are eligible benefits that both have an income criteria associated with them, which is set by HM Revenue and Tax. Eligible income levels have been re-valued and these Regulations will update the permissible income levels.
6. The main client groups for the Schemes are those on low income who are likely to be fuel poor (those spending more than 10% of their income on keeping warm). It is recognised that one of the most vulnerable groups are those 80 and over. The Regulations will remove any qualifying criteria, apart from age, from this group. This will mean that all those 80 and over will be able to benefit from heating and insulation measures.
7. With the continuing success of HEES it has been recognised that some households will be harder to reach (primarily those in rural locations that do not

have access to mains gas) and more expensive to treat than had previously been the case as HEES would previously have only been able to provide relatively 'cheap' heating solutions such as storage heaters, while the Scheme is now able to provide oil and coal central heating, which are intrinsically more expensive. In relation to these 'hard to heat' households the Schemes are only able to offer a limited number of heating solutions. The intent of the Regulations is to extend the measures available to include coal central heating so that further heating options can be considered for those households. The Regulations will also enable consideration to be given to how renewable energy technology can be best introduced into the Scheme

### **Risk Assessment**

8. If income levels for the Tax Credits are not updated there is a possibility that the Schemes could be open to challenge. In addition, the Scheme would not be in line with the Civil Partnership Act 2004 and clients 80 and over not in receipt of passport benefits would be disadvantaged as they would not qualify for grants available under the Schemes.

### **Options**

#### Option 1 – Do Nothing

9. If the Regulations were not made it is possible that the Schemes would be open to challenge as it would not comply with changes in the tax credit thresholds and would not be in line with the Civil Partnership Act 2004. It would also treat those 80 and over not in receipt of a passport benefit unfairly, as they would be denied access to the Schemes. Failure to implement this measure would prevent the Schemes delivering against a public commitment given in the Assembly's budget agreement for 2005-06.

#### Option 2 – Make the Legislation

10. These Regulations would allow the Schemes to be updated and be more effective in assisting fuel poor low income households.

### **Benefits**

11. If the Regulations are implemented the Schemes will treat those in receipt of Working Tax Credit or Child Tax Credit consistently with other passport benefit assistance mechanisms through the uprating of income limits. Those 80 and over who would otherwise be excluded from the Schemes will be able to receive the same assistance that those in receipt of passport benefits will receive. Those households that are considered to be 'hard to heat' (those not on the mains gas network and predominately with solid wall houses) will be able to apply for an alternative central heating system that may be suitable for their individual circumstances when previously the Schemes may not have been able to offer them a suitable solution. This supports the Welsh Assembly Government's target of reaching vulnerable fuel poor households by 2010.

### **Costs**

12. There will be no additional financial implications for the Assembly, nor are there cost implications for any others. Any costs relating to these Regulations will be met from existing Home Energy Efficiency Schemes resources from within the

Social Justice and Regeneration Main Expenditure Group and any associated administration costs will be met from within the Social Justice and Regeneration Delegated Running Costs budget.

## **Consultation**

### With Stakeholders

13. The Regulations were subject to an eight week public consultation from 6 November 2006 to 29 December 2006. Stakeholders, including Members of the Social Justice and Regeneration Committee, Assembly Members and partner organisations were invited to comment on the draft Regulations and the draft Regulatory Appraisal. A copy of the consultation package was also published on the Welsh Assembly Government's website. A list of consultees is attached at Annex A.

14. Twelve responses were received to the consultation, details of which are attached at Annex B. A number of the comments received dealt with matters outside the remit of the consultation and the Welsh Assembly Government – those that related more generally to the scope and remit of the Scheme, such as how assistance could be provided for houses with solid walls will be considered in the future as a part of ongoing work that is being undertaken to consider how solutions such as renewable technologies can be used to help in these circumstances. Of the points raised that specifically related to the consultation, two responses indicated that they did not support the inclusion of solid fuel into the Scheme as it was not seen as a measure that supported the Assembly's more general duty to reduce carbon emissions/support sustainability. While seven respondents indicated their support for the inclusion of solid fuel as it offered greater choice to householders. This a view also held by the Welsh Assembly Government especially for households who are not on the mains gas network and who might otherwise be unable to receive assistance from the Scheme. The remainder of the comments received were fully supportive of the proposed changes.

### With Subject Committee

15. These Regulations were notified to the Social Justice and Regeneration Committee, via the list of forthcoming legislation, on 21 September 2006 (SJR(2)-12-06(p.3), Annex 1). The Regulations were not identified for detailed scrutiny. The Committee were also notified of the intention to make revised Schemes Regulations in the Fuel Poverty paper on 9 February 2006 (SJR(2) 03-06 (p.2)) and the Minister's reports to Committee on 21 September 2006 and 19 October 2006 (SJR (2) 12-06 (p.1) and SJR(2) 14-06 (p.2), respectively). In addition, all Assembly Members were advised of the consultation by way of Ministerial letter on 6 November 2006, which enclosed a copy of the proposed draft Regulations.

## **Review**

16. The effectiveness of the Regulations will be monitored via feedback from stakeholders as part of the ongoing policy process. Ongoing monitoring and review will include partnership and stakeholder meetings, customer satisfaction surveys and general enquiries from the public.

**Summary**

17. The proposals here provide for Regulations that update the Home Energy Efficiency Schemes and provide greater access to the Schemes than at present.

## **ANNEX A**

Organisation / Group

WLGA / FPAG

EST / FPAG

NEA / FPAG

British Gas / FPAG

Age Concern Cymru

EAGA / FPAG

CAB / FPAG

Care & Repair Cymru / FPAG

NPHS / FPAG

Solid Fuel Association / FPAG

Swansea University / FPAG

Energy Watch / FPAG

Scottish Power / FPAG

Energy Watch / FPAG

Warm Wales / FPAG

Dewi Sant Housing Association / FPAG

AEA Technology

Age Concern Cymru

AMDEA

Association for the Conservation of Energy

Association of Directors of Social Services

Awel Aman Tawe

BEAMA

BRE

British Energy Efficiency Federation (BEEF)

British Gas Trading

British Poverty Federation

British Wind Energy Association

BRUFMA

Builders' Merchants Federation

Carbon Trust Wales

Cardiff Chamber of Commerce, Trade & Industry

Cardiff University

Care & Repair Cymru

Careers Wales

Careers Wales West

Careers Wales Mid Glamorgan and Powys

Careers Wales Cardiff & Vale

Careers Wales North East

Careers Wales Gwent

Careers Wales North West

CBS

Centre for Alternative Technology

Centre for Sustainable Energy

Chartered Institute of Environmental Health

Chartered Institute of Housing in Wales

Child Poverty Action Group

CIGA

Combined Heat and Power Association

Communities Scotland

Confederation of British Industry (Wales)  
CORGI  
UK Centre for Economic and Environmental  
Development  
Council of Mortgage Lenders  
Sustainable Development Commission  
Dearle and Henderson Energy  
Defra  
Department for Social Development  
Draughtproofing Advisory Association  
DTI  
Dulas Limited  
ecodyfi  
EDF Energy  
Enact Energy  
Energy Action Scotland  
Energy Efficiency Partnership for Homes  
Energy Saving Trust  
Energy Wales Ltd  
Energywatch  
Environment Agency  
Environmental Change Institute  
Eurisol UK  
Excel Industries Ltd  
Federation of Small Businesses  
FFORWM  
Filsol Solar Ltd  
Further Education Funding Council for Wales  
Gas Forum  
Glass and Glazing Federation  
Heating and Ventilation Contractors Association  
Heating Hotwater Industry Council  
Heatking  
Help the Aged  
HETAS  
Housing Corporation  
IDHE  
Impetus Consulting  
InstaGroup  
Institute of Welsh Affairs  
Insulated Render and Cladding Association  
IPHE  
Kingspan Insulation Ltd  
Knauf Insulation  
Lighting Industry Federation  
Mould Growth Consultants  
NASEG  
National Association of Loft Insulation Contractors  
National Consumer Council  
National Council of Women  
National Energy Action  
National Energy Services  
National Federation of Residential Landlords  
National Grid Transco

National Insulation Association  
National Landlords Association  
National Right to Fuel Campaign  
NCIA  
North Wales Economic Forum  
Novacraft  
npower  
Ofgem  
OFTEC  
Opus Energy Ltd  
Paynes Insulation  
Powergen  
Public Utilities Reform Group  
RIS Insulation  
RNIB Cymru  
Rockwool  
Royal College of GPs  
Royal College of Nursing  
RSPB Cymru  
Scottish & Southern Energy  
Scottish Executive  
Scottish Power  
Severn Wye Energy Agency  
Society of British Gas Industries  
Solar Energy Alliance  
Solar Trade Association  
Solartwin  
Solid Fuel Association  
South Wales Energy Agency  
Sunwarm  
Swansea EEAC  
TACMA  
Tai Pawb  
Telecom Plus Plc  
The Energy Retail Association  
TIMSA  
Tower Colliery  
UNISON  
UWIC  
Wales Council for Voluntary Action  
Job Centre Plus  
Wales Pensioners Group  
Wales TUC  
Welsh Biofuels  
Welsh Consumer Council  
West Wales Eco Centre  
Woman's Institute

LA  
HA  
TPAS  
Welsh Federation of Housing Associations  
WLGA

HECA Forum  
EEP

Eaga Partnership  
HEES installers  
HEES advisory group

Name of Organisation	Comments <span style="float: right;">ANNEX B</span>
Flintshire County Council	More radiators to be provided when central heating is installed
	Priority given to households whose central heating breaks down
	Do not support the introduction of coal central heating
	Supports the incorporation of renewable energy technologies into the Scheme
	Concerned about those who are fuel poor e.g pensioners, but do not qualify for assistance
Age Concern Swansea	Welcomes proposed changes
	Inclusion of Civil Partnership Act make Regulation more inclusive
	Increases in Working Tax Credit threshold will increase number eligible for assistance under the Scheme.
	Welcome change to make Scheme 'free' to those 80 and over, would like to see this age limit lowered.
	Inclusion of solid fuel will provide greater choice and is to be welcomed.
Rockwool	Supports the Scheme and the proposed amendments to the Regulations
Higher Education Funding Council for Wales	No comment
Energy Saving Trust	Strongly supports the proposal to include renewable technologies
Age Concern Cymru	Welcomes move to bring Regulation in line with the Civil Partnership Act 2004
	Agree that changes to both Working Tax Credit and Child Tax credit need to be reflected in the Regulations
	Welcomes move to drop eligibility criteria for those 80 and over. Would like to see the Scheme extended to target those households with a low energy efficiency rating rather than being benefit or allowance orientated.
	Do not feel that the introduction of coal to the Scheme is the best way of assisting those households off the gas network.
	Welcomes the incorporation of renewable energy technologies into the Scheme
	Greater integration and cross-referral between HEES, EEC and local initiatives to maximise provision of assistance
	Solid wall properties should have insulation measures made available.
	Special payment made to fuel poor who cannot benefit from HEES measures to assist with high fuel bills.
	Seren Group
Welcomes increased Tax Credit threshold	
Welcomes relaxation of eligibility criteria for those 80 and over	
Supportive of the introduction of coal and general provision of renewable energy	
Care and Repair Cymru	Welcomes all of the proposed changes
National Energy Action (NEA) Cymru	Welcomes measures outlined in consultation
	Concerned about rising energy prices and calls for Social Tariffs to be introduced
	Would welcome increased activity on benefit take-up and income maximisation

	Seeks extension of Winter Fuel Payment
End Child Poverty Network Cymru	Generally welcome proposals
	Would welcome increased activity on benefit take-up and income maximisation
	Concerned about rising energy price rises and calls for Social Tariffs to be introduced
	Call for the extension of Cold Weather Payments
	Concerned about use of pre-payment meters
Welsh Local Government Association (WLGA)	Support proposal to bring Regulations in line with Civil Partnership Act 2004
	Welcomes increased Tax Credit threshold – would like to see thresholds raised further
	Welcomes relaxation of eligibility criteria for those 80 and over
	Supportive of the introduction of coal and general provision of renewable energy
	Solid wall properties should have insulation measures made available
Cardiff Community Housing Association	Regulations should specify whether or not timber from renewable sources would be included within stated definition
	Information on financial and other sources of assistance should be rationalised and promoted to increase take up.