

Department for Social Development

DEES II

***A NEW FUEL POVERTY
PROGRAMME FOR WARMER
HEALTHIER HOMES IN
NORTHERN IRELAND***

July 2000

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MINISTERIAL FOREWORD

I am particularly keen to ensure that we do our utmost to tackle the problem of “fuel poverty” and the “fuel poor”. There are people who cannot afford to heat their homes properly and who, as a result, may suffer from cold related illnesses and may, indeed, feel excluded from the rest of society.

That such a situation should prevail as we enter a new millennium is unacceptable. What is of particular concern is that it is the most vulnerable in our society who are often caught in the fuel poverty trap. The very young, the elderly and the disabled are most at risk.

To address the problem I am issuing this consultation paper setting out new arrangements for a revised Domestic Energy Efficiency Scheme. This will concentrate on reaching people in the private rented and owner occupied sectors, provide a broader range of energy efficiency measures, including improvements in heating standards where necessary and give priority to those most at risk, recognising the link between fuel poverty and health.

Details of our plans are set out in the paper. I would encourage everyone to lend their support to our efforts to tackle this serious issue and to respond positively to our proposals.

NIGEL DODDS MLA
Minister for Social Development

FUEL POVERTY: DOMESTIC ENERGY EFFICIENCY

SCHEME II

1.0 EXECUTIVE SUMMARY

- 1.1 The commonly applied definition of a fuel poor household is one, which needs to spend in excess of 10% of income on fuel to maintain a satisfactory heating regime. Based on this definition it is estimated that there are likely to be at least 170,000 such households in Northern Ireland at risk of fuel poverty.
- 1.2 The principal effects of fuel poverty are health related, with children, the elderly, the sick and the disabled most at risk. Cold homes are thought to exacerbate existing illnesses such as asthma and reduce resistance to respiratory infections. In addition, households also suffer from opportunity loss, caused by having to use a larger portion of income to keep warm than other households. This has adverse effects on the social well being of individuals and on the overall quality of life for both them and their communities. It is generally recognised that fuel poverty is a contributory factor to social exclusion.
- 1.3 The proposals in this consultation paper set out a strategy for building on the achievements of DEES. The objective is to strengthen the scheme by broadening the kinds of assistance, which the scheme offers, and targeting those households most vulnerable to cold related ill health. In developing its proposals for the new NI scheme, the Department has taken account of fuel poverty schemes planned for England, Scotland and Wales. Following this consultation exercise more detailed work may be necessary to develop the NI scheme further.
- 1.4 The new Domestic Energy Efficiency Scheme will be called DEES II and provide a package of measures for households in receipt of an income or disability based benefit. These will be adapted to the specific characteristics of the property. To meet the cost of this wider package of measures, it is proposed to increase the present grant maximum from £315 to £750. For an

average three-bedroom semi detached property, this means that heating costs could be reduced by up to £600 per annum depending on the energy efficiency of the property prior to improvement. (Para. 8.6)

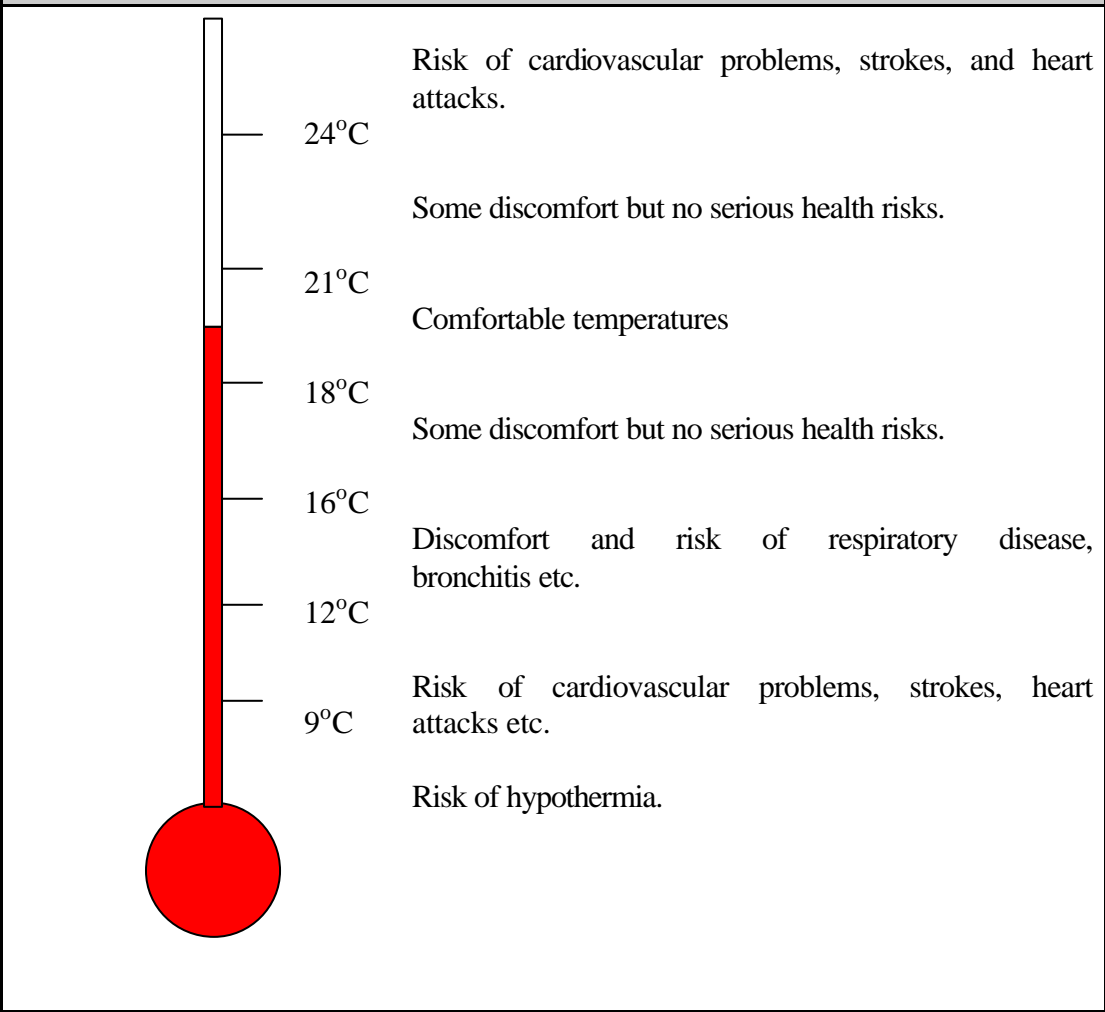
- 1.5 The over-60s have the worst health risks, are least likely to move out of fuel poverty through increased income and are the most likely to live in dwellings with the lowest energy efficiency. To reflect this, the Department proposes additional assistance for over 60s households in receipt of an income-based benefit. Rather than £750, the overall grant maximum will be increased up to £2,000 to cover improvements to both insulation and heating standards of the dwelling. This would provide extra funding to meet the cost of, for example, converting (to oil or gas) an existing central heating system or installing a new efficient oil or gas central heating system for the first time. Comments are sought on the practicality of this approach. (Para. 8.8)
- 1.6 The present materials only grant of £251.20 will be discontinued, due to poor take up. This will allow the scheme to concentrate resources on those households most in need of assistance. (Para 8.10)
- 1.7 One particularly vulnerable group is households situated in isolated rural locations. An objective of the new scheme will be to target these households to ensure that they receive the full range of benefits on offer. The Department is considering giving this group special status and increasing the grant maximum from £750 to £1000. Suggestions on how to take this forward would be welcome. (Para. 8.17)
- 1.8 The Northern Ireland Housing Executive and Housing Associations are responsible for the maintenance and improvement including the energy efficiency of their stock. It is proposed therefore to cease the practice of households in the public sector qualifying for assistance under the scheme. Instead agreement will be reached with the Housing Executive and Housing Associations to have in place a mechanism, which ensures tenants, are not disadvantaged should their homes require the installation of energy efficiency measures. (Para. 8.16)

- 1.9 Against this background, the Department believes that the focus of DEES II should be directed at those households in the private rented and owner occupied sectors, which respectively contain the largest proportion and largest numbers of fuel poor. Accordingly, the new scheme will concentrate resources in this area. (Para. 8.15 and Para 8.16)
- 1.10 In the private rented sector, the Department is anxious to ensure that work funded under DEES II does not lead to landlords increasing rents. Clearly, this would be unacceptable given the Department's objective and the fact that the work is funded under a Government programme. It would therefore welcome suggestions on how best to address the issue. (Para. 8.12 and 8.13)
- 1.11 The move to DEES II and the task of assessing the needs for each property in the private rented and owner occupied sectors will be more complex than the present arrangements. The Department proposes that this operation will become part of the scheme management task, with an increased emphasis on the development and use of effective referral networks involving housing agencies, the health and social service trusts and other bodies and local groups, including home improvement agencies eg Fold Housing Association and Shelter. The development of such links will help promote joined up service delivery. (Para. 9.2 and 9.3)
- 1.12 It is proposed that one scheme management contract be let for DEES II. Para. 9.7)
- 1.13 To maintain the present high quality standards under DEES II, it is the Department's intention to ask the Housing Executive to be responsible for all quality assurance aspects of the new scheme including the setting of standards and the monitoring of performance. This will be in addition to the responsibility that will rest with the single scheme manager for performance monitoring. (Para. 9.10)
- 1.14 Comments are invited on these proposals by 29 September 2000 or earlier. These should be sent to the address shown in section 10. It is the Department's aim to have the new programme in place by next year.

2.0 EFFECTS OF COLD HOMES

- 2.1 The adverse effects of cold homes on health have been well documented. Research has shown that cold homes are associated with winter mortality, ill health and impaired quality of life.
- 2.2 The evidence that temperature contributes to winter mortality is strong. There are more deaths in colder winters (and in colder spells within winters) and there are known physiological mechanisms by which temperature affects the major causes of death. Typically 30,000 more people die in winter in the UK than would be expected given the average death rate for the year. Those aged 60 years and over form the vast majority of the excess winter deaths. In NI the figure is about 600. Although this excess mortality is caused by both exposure to outdoor conditions as well as cold homes, it is much higher in the UK than in other countries, such as the Scandinavians, where winter outdoor conditions are more severe but homes are more energy efficient.
- 2.3 There is considerable evidence that a cold indoor environment increases the likelihood of ill health. Respiratory illness (e.g. influenza, pneumonia, bronchitis), heart attacks and strokes are exacerbated by the cold. Domestic accidents, which can have a fatal outcome, are more common in winter. In elderly people, complications of a limb fracture and the effects of prolonged immobility during recovery are particularly marked. In addition, cold and damp conditions in homes can promote the growth of fungi and house dust mites, which have been linked with respiratory conditions such as asthma. Table A summarises the effects at a range of temperatures. In general, it is thought that deaths and incidences of ill health could be reduced if living room temperatures were at least 16°C.

Table A: Room temperatures and associated health risks



2.4 Although the risks of cold-related ill health apply to all people, the elderly, children, and the chronically sick and disabled are especially vulnerable. People in these higher risk groups are found in more than half of all households. Because they are likely to be at home for most, if not all the day, their homes can be assumed to require heating for longer periods than the average.

2.5 In addition to the ill health caused by cold temperatures, the fuel poor also suffer from opportunity loss caused by having to use a larger portion of income to keep warm than other households. This has adverse effects on the

social well being and the overall quality of life for both individual households as well as communities.

2.6 As the relationship between fuel poverty and health is complex, it has proved difficult to estimate the costs of fuel poverty to the Health Service. Nevertheless the links between fuel poverty and health are widely recognised.

2.7 The publication “Well Into 2000”- *A Positive Agenda for Health and Wellbeing* recognises that there are unacceptable inequalities in health and quality of life between different social groups. It demonstrates a firm Government commitment to:-

- ensuring that all its policies in Northern Ireland make their full contribution to improving people’s health, wellbeing and quality of life;
- using public money well and targeting it accurately at the most pressing health and social needs.

3.0 **SCALE OF FUEL POVERTY IN NORTHERN IRELAND**

Definition of Fuel Poverty

- 3.1 A fuel poor household is commonly defined as one which needs to spend more than 10% of household income to achieve a satisfactory heating regime (21°C in the living room and 18°C in the other occupied rooms). The term expenditure on fuel refers to household expenditure on fuel for domestic heating, cooking, lighting and appliances.

Estimated Number of Households in Fuel Poverty

- 3.2 As the 1996 Northern Ireland House Condition Survey did not collect data on disposable income and expenditure on fuel, there is no direct estimate of the number of Northern Ireland households in fuel poverty. The best available figure is the number of households actually spending 10% or more of their disposable income on fuel, lighting and power. Based on 3 years data from the Northern Ireland Family Expenditure Survey, this amounts to 28% of households (168,000).
- 3.3 The 2002 House Condition Survey will provide a more robust figure for Northern Ireland in due course.
- 3.4 The main reasons for the high percentage of households in Northern Ireland in fuel poverty are: -
- higher fuel costs (on average Northern Ireland households spend £15.82 per week on fuel, lighting and power, compared with £12.30 in England);
 - lower incomes (average Northern Ireland weekly disposable household income is £281, compared with £352 in England);

- higher proportion of occupied dwellings with a SAP* rating of less than 20 (12%), compared with 8% in England;
- higher dependency on benefits (almost a third of Northern Ireland's over – 65's are in receipt of Attendance Allowance with only 13% in Great Britain).

* SAP = Standard Assessment Procedure (See Section 5)

Fuel Poverty and Tenure

- 3.5 The problem of fuel poverty also varies by tenure. According to the 1996 English and Northern Ireland House Condition Surveys the private rented sector has the lowest average SAP rating in both England (36) and Northern Ireland (27). Similarly, the private rented sector contains the largest proportion of dwellings with SAP ratings of less than 20, 33% in Northern Ireland compared with 21% in England. In the owner occupied sector 11% of Northern Ireland's dwellings have SAP ratings of less than 20 compared to England which has 7%. In Northern Ireland's public housing sector because of the new build and maintenance policies of Northern Ireland's social landlords the energy efficiency of the housing stock is generally good with average SAP ratings of 40.
- 3.6 Low income has an obvious effect on the ability of households to spend enough on keeping warm. However, it is the combination of low income with poor energy efficiency that results in fuel poverty. The highest concentration of fuel poverty in energy inefficient housing in Northern Ireland is in the private residential sector. Some 145,000 households are estimated to be effected and may be eligible for assistance under the new scheme.

4.0 **CURRENT ASSISTANCE PROGRAMMES**

4.1 Current programmes to meet the challenge of fuel poverty focus on low income and poor home energy efficiency. They can be characterised as either providing payments to help households more easily meet their heating costs or else housing improvement programmes to improve the energy efficiency of properties through loft insulation and other measures. The main programmes are described below with a number of others listed at Annex A.

Social Security Provision

4.2 Payments are made automatically from the Social Fund to vulnerable people who are most likely to be at risk from the cold. This is done without the need for a claim. There are two separate regulated schemes - Cold Weather and Winter Fuel.

Cold Weather Payments

4.3 Cold Weather Payments provide extra help towards heating expenses to pensioners, the disabled and families with young children who are out of work and receiving Income Support or income-based Jobseeker's Allowance when there is a spell of cold weather in their local area. A payment of £8.50 is made where the average temperature over any seven day period is recorded as, or forecast to be, 0°C (freezing point) or below at a specified weather station linked to the person's postcode.

Winter Fuel Payments

4.4 Winter Fuel Payments were introduced in January 1998, with the objective of providing extra help towards the heaviest winter fuel bill. The scheme assists 170,000 pensioner households in Northern Ireland.

4.5 Initially, during each of the first two winters of the scheme, every eligible pensioner household received £20 but the poorest - those receiving Income Support - received £50.

- 4.6 In the last Budget statement it was announced that every eligible pensioner household would receive £150 to help them over the winter period. This represents a significant increase on earlier amounts paid.

VAT

- 4.7 The level of VAT on fuel has been reduced to 5%, at an estimated annual cost of £450 million, with a benefit to a typical consumer of a reduction in their energy bills by £16.50.
- 4.8 The Spring 1998 Budget reduced VAT from 17.5% to 5% for the installation of energy efficiency materials carried out under grant schemes. This reduction in VAT will release about £150,000 for DEES and allow an extra 1,000 jobs to be undertaken each year. In this year's Budget (Spring 2000), VAT was reduced to 5% for the installation energy saving materials in all homes including grant funded central heating systems in the homes of the less well off.

Property Improvement Programmes

Domestic Energy Efficiency Scheme (DEES)

- 4.9 The current spend on DEES is £2.88 million per year. DEES is discussed in more detail in the following section.

Housing Investment Programme

- 4.10 The Northern Ireland Housing Executive is the single, comprehensive regional housing authority in Northern Ireland and is responsible for maintaining and improving its own housing stock. This is done through revenue (for routine repair and maintenance) and capital expenditure (for modernisation and improvement). The revenue programmes are financed partly by rental income and partly by a grant from the Department towards the difference between rental income and approved revenue expenditure. The capital programmes are financed by borrowing from Government and by capital receipts mainly from sales of houses to sitting tenants, land sales and from mortgage redemptions. Within its revenue programmes the Housing Executive also provides house

renovation grants to the private sector which are funded directly by the Department.

- 4.11 Decisions about the composition of its revenue and capital programmes are a matter for the Housing Executive to determine in accordance with the needs and priorities identified in its Corporate/Business plans.
- 4.12 In the coming year the Housing Executive will be spending around £36m on maintenance and improvements, which will include energy efficiency and heating measures.

5.0 **THE CURRENT DOMESTIC ENERGY EFFICIENCY SCHEME (DEES)**

5.1 DEES is the main grant programme to improve the energy efficiency of the homes of those vulnerable to cold homes. Grants are given for home energy efficiency improvements for people in receipt of a qualifying income or disability benefit. A grant is available to those not on benefit but who are aged 60 or over throughout Northern Ireland. The Housing Executive oversees the scheme on the Department's behalf. The scheme offers loft and pipe insulation, draught proofing of external doors and windows, insulation of any hot water tank or cylinder and advice on saving energy.

5.2 The present scheme operates on the basis of a single national manager who is responsible for appointing contractors, referred to as Registered Installers, in specific geographical areas. In addition to appointing and managing the Registered Installers, the scheme manager's main tasks are the geographical allocation of grant funds, setting and monitoring quality standards for work carried out and processing the payment of grants. Each Registered Installer is responsible for marketing the scheme in the appointed area, agreeing the measure to be provided with eligible households and then carrying out the work. The permission of the property owner is required for any work carried out under the Scheme.

Achievements of DEES

5.3 Particular benefits the scheme has brought are: -

- Some 90,000 public and private sector homes have been improved through DEES since it began in January 1995.
- Warmer, well-insulated homes can result in lower fuel bills and therefore a lower demand for energy. Research indicates that on average DEES measures save approximately 20% on an annual fuel bill, which equates to around £70 per annum.

- A high set of standards in terms of efficiency and quality of service and workmanship in an industry sector where customer satisfaction remains a significant quality issue. EAGA Ltd, the scheme manager, monitors a 5% sample of all DEES installations each year, which means it visits about 1,000 homes every 12 months. The most recent figures held show a 70% pass rate for jobs inspected by EAGA in 1999/00. This is the primary pass rate. The work by installers is over 95% compliant with EAGA's Technical Specification (those jobs, which do fail, fail on very few points).
- Monitoring processes which ensures the most effective utilisation of the DEES funding, maximises customer satisfaction and provides management information on the standards of work carried out.
- Properties gaining an average of 4 SAP points. (Because SAP is a logarithmic scale, the gain of an increase of this magnitude is proportionally greater the lower the starting point.).

NOTE

The Standard Assessment Procedure (SAP) is a standard rating for estimating the energy efficiency performance of dwellings. It is normally described as ranging from 0 (highly inefficient) to 100 (highly efficient). Thus the higher the SAP score the more energy efficient the dwelling. The average SAP rating for NI has risen from 27 in 1991 to 41 in 1996. This is due mainly to the number of households, which have switched their main heat source from solid fuel to oil and to a rise in the incidence of all forms of dwelling insulation. (Source: Northern Ireland House Condition Survey 1996).

Limitations of the Scheme

- 5.4 The review has however, identified certain weaknesses in the scheme. In particular: -

- the scheme is not reaching those living in the private rented sector while being accessed by some that are not fuel poor;
- the measure chosen to be installed in a home has not always been that which gives most energy-saving benefit;
- DEES has a bias towards urban areas, at the expense of more rural locations where properties are more thinly spread, and installer overheads are higher;
- the allocation of funds also relates to the past levels of installer presence and activity, rather than on the degree of fuel poverty in any area;
- installers – through which DEES is marketed – can be argued to have a degree of inbuilt incentive to target large groups of properties, rather than the individual households in greatest need. This has arguably contributed to a skewing of the scheme to the social rented sectors, which are most easily accessed;
- the limitation of one measure per household and the grant ceiling of £315 under DEES mean that households may continue to suffer a significant degree of fuel poverty, even after accessing the grant, albeit to a lesser extent.

Note – EAGA’s March 2000 Report has indicated a gradual shift away from social housing with 48% of DEES claims now being made by the owner occupied and private rented sectors.

6.0 **HOW THE REVIEW WAS CARRIED OUT**

6.1 A UK inter-departmental group of officials was tasked with considering existing policies including the role and operation of HEES (which is similar to DEES), and identifying the way ahead. The work was led by the DETR with the other members of the Group drawn from the Department of Health, the Treasury, Department for Trade and Industry, Department of Social Security, the Welsh Office, Housing Division of the then Department of the Environment for Northern Ireland now the Department for Social Development and the Scottish Office.

6.2 To take forward the thinking of the Group, a series of structured discussions were held with over 60 interested parties in the area. These ranged widely from older persons groups to fuel poverty groups to health and housing representatives as well as local government.

6.3 These discussions were of great value in identifying the achievements of present policies and the future priorities. The main themes that emerged were:-

- energy efficiency improvements were regarded as the long term solution to fuel poverty;
- a need to reach all sectors of housing, particularly the private rented and owner occupied;
- a strong view that while all fuel poor households needed assistance, priority should be given to those most affected, recognising the links between fuel poverty and health;
- the need for the current statutory energy efficiency programmes to provide increased assistance;
- the important role of local bodies in helping identify and reach fuel poor households.

7.0 **PROPOSED WAY AHEAD**

- 7.1 The Department has carefully considered the themes that emerged during the DETR structured discussions and these have informed the development of its proposals.
- 7.2 The current personal assistance programmes do much to help households in need, particularly pensioners thanks to the uprating of the Winter Fuel Payments. Ongoing developments in other areas, such as price reductions in the energy markets, will further help to alleviate the difficulties faced by the fuel poor.
- 7.3 However to make a permanent difference, we need to tackle the other major cause of fuel poverty alongside low income: energy inefficient housing.
- 7.4 We propose to build on the achievements of the current DEES scheme by focusing on those households at greatest risk of ill health, expanding the assistance provided to meet the needs of individual households.
- 7.5 Our ultimate aim will be, through DEES II and other action, to ensure that **the most vulnerable households need no longer risk ill health due to a cold home.**
- 7.6 In Northern Ireland, the need to tackle fuel poverty in a much more strategic and focused way is well recognised. The Domestic Energy Efficiency Scheme (DEES), which is similar to HEES, is now subject to review and will be taken forward in the context of the new devolution arrangements. DEES has always been a separate programme and the proposals that follow relate to Northern Ireland alone.

8.0 THE NEW PROGRAMME

Domestic Energy Efficiency Scheme (DEES) II

8.1 The Department proposes to introduce a new fuel poverty programme with the objective of creating warmer, healthier homes in Northern Ireland. It will be known as DEES II and focus on those households for whom the health risks are the greatest – the elderly, those with children and the disabled or chronically sick. The following will be able to access DEES II:

(a) Households with a child under 16 and in receipt of one or more of the following:

Income Support,

Housing Benefit,

Rate Rebate,

Income Based Jobseeker's Allowance.

(b) Households in receipt of one or more of the following:-

Working Families Tax Credit,

Disabled Persons Tax Credit,

Attendance Allowance,

Disability Living Allowance,

Industrial Injuries Disablement Pension (which includes Constant Attendance Allowance) or

War Disablement Pension (which includes either the Mobility Supplement or Constant Attendance Allowance).

(c) Households in receipt of one or more of the following benefits (which includes a disability premium).

Income Support,

Housing Benefit, or Rate Rebate.

DEES II for the over 60s

- 8.2 We also recognise that **low-income over-60s households** face particular difficulties. Therefore we propose to offer them additional assistance if they are in receipt of one or more of the following:

Income Support;
Housing Benefit;
Rate Rebate; or
Income Based Jobseeker's Allowance.

DEES II Improvement Packages

- 8.3 Discussions have highlighted that the current scheme of providing a few energy efficiency measures per property eg loft insulation and draughtproofing does not provide sufficient assistance for very many households.
- 8.4 We therefore propose that DEES II should provide a more comprehensive package of measures, tailored to the property and drawn from the following list of insulation and heating improvements. It is possible that these measures may not be appropriate for all types of properties, such as those with solid walls.

Insulation Measures

Loft insulation,
Draughtproofing of doors and windows,
Cavity wall insulation,
Hot water tank insulation,
Radiator foils (for dwellings of solid wall construction only)
Compact fluorescent lamps, and
Energy Efficiency Advice

And additionally for the Over 60s.

Funding towards: -

- (a) converting an existing central heating system from solid fuel to a controlled oil or gas appliance; and
- (b) installing a controlled oil or gas central heating system for the first time.

8.5 The individual measures are considered in more detail at Annex B.

New Grant Levels

DEES II

8.6 The present grant maximum is £315 with an average grant paid of around £290 for draughtproofing and loft insulation. In order to allow for the package of work envisaged, we propose to increase the present grant maximum for DEES II to £750. We estimate that the new scheme package will reduce the amount of fuel required by households by £300 to £600 per annum, depending on the energy efficiency of the property prior to improvement.

DEES II for the over 60s

8.7 Whilst many households move out of fuel poverty through increased household income, the over 60s are less likely to do so. They are also more likely to be in the home for longer periods of the day, live in older properties with low energy efficiency and use the most expensive forms of heating. We therefore propose to offer additional assistance to low-income over 60's households.

8.8 For the over 60s, the £750 will be increased up to £2000 depending on the heating condition of the dwelling at the time of the survey. The Department has also been developing partnerships with NI's energy utilities to provide top up grants, which will assist the new insulation and heating programme.

8.9 The increase in the grant maximum will provide for the full insulation of the property with the balance being utilised to improve the heating standards of the dwelling. We estimate that the new scheme for the over 60s will reduce the amount of fuel needed by these households by between £300 and £600

depending on the energy efficiency of the property prior to improvement. However, the occupant availing of the offer to improve the heating standards of their home will increase these savings further.

Materials only grants

- 8.10 Materials only grants are currently provided under the existing DEES scheme in order to cater for those who wish to carry out the measures themselves. This grant is paid towards the cost of loft insulation and draughtproofing. But since the number of such claims each year is very small, we propose to end this provision of materials only grants and instead concentrate on those households most in need.

Previous DEES Grants – A Fresh Start

- 8.11 While past recipients of DEES have had their dwellings improved, it appears likely that help provided may have been insufficient. Therefore we propose that while we will continue to limit assistance under DEES II to one grant per property, receipt of previous DEES grants for an otherwise eligible case will be discounted for this purpose. Nevertheless, as we shift the focus of DEES II to the private sector, it is likely that not many households in this tenure group will have previously received a DEES grant.

Private Landlords

- 8.12 A strong view has emerged that private sector tenants may be reluctant to apply for assistance under DEES II in case the work led to the landlord increasing the rent.
- 8.13 Though it is not possible to determine whether these fears are well founded, the possibility of such increases is clearly unacceptable given that the work is being funded under a statutory programme. Under DEES II, landlords will benefit from a substantial package of improvements to their properties. We would welcome comments and suggestions on how to treat this issue.

The priority sectors for DEES II

- 8.14 Since the inception of DEES it is obvious that the majority of grants have gone to public sector properties whereas the most energy inefficient housing is greatest in the owner occupied sector and most concentrated in private rented properties.
- 8.15 Housing Executive and Housing Associations are responsible for the maintenance and improvement including the energy efficiency of their own stock. In the past the public rented sector has attracted most DEES grants with the work complementing the public landlords' own investment programme. Although these programmes are not directed specifically at fuel poor households, the energy efficiency improvements have helped to deliver reductions in fuel poverty.
- 8.16 Against this background, the Department believes that the focus of DEES II should be on fuel poverty among households in the private rented and owner occupied sectors. The plan is to target those households who have little recourse to any other source of assistance. The practice therefore of households in the public sector qualifying for assistance will cease and arrangements made with the Housing Executive and Housing Associations to put in place a mechanism that will ensure tenants' homes are up to full insulation and heating standards.
- 8.17 DEES has had a tendency in the past to concentrate on urban areas at the expense of more rural locations where properties are more thinly spread and the installers' overheads are higher. An objective of the new scheme will be to target rural owner occupied and private rented dwellings. It will be part of the scheme manager's responsibility to ensure that these households receive the full range of benefits.
- 8.18 In addition, because fuel poverty is known to be concentrated in rural areas the Department is prepared to consider increasing the DEES II maximum grant from £750 to £1000 to cater for households living in dispersed and isolated rural dwellings that may be at risk from extreme fuel poverty. The Department would welcome comments and ideas for taking the proposal forward.

Number of Households Helped by DEES II

- 8.19 The Department aims to introduce the DEES II programme next year with referrals commencing in April 2001 and the installation of actual measures two months later. We estimate that in the lifetime of the new scheme we will need to reach approximately 145,000 households in the private residential sector with some 30,000 over 60s households requiring assistance from the enhanced package of measures. However, these figures will be reassessed with the publication of the 2002 House Condition Survey.
- 8.20 The level of assistance provided to each household will be sufficient to move them out fuel poverty.

9.0 **OPERATION OF THE NEW PROGRAMME**

The Challenges and the Tasks

- 9.1 The successful operation of DEES II involves two key tasks, namely: -
- to reach large numbers of individual owner occupiers and households in the private rented sector,
 - and to identify the packages of improvements appropriate for each individual property, drawn from a comprehensive range of measures, including heating system upgrades.
- 9.2 Both these tasks are substantially different to, and more complex than, the administrative tasks involved in the existing DEES scheme – where marketing has mainly involved public sector stock. In the Department’s view marketing and assessment tasks should now be handled as a scheme management function.
- 9.3 Scheme management will involve the development and use of effective referral networks. These will need to involve and harness the awareness of District Councils, the Health Trusts, and other bodies and local groups, including those such as Home Improvement Agencies, which support and represent elderly and disabled people living at home. Where necessary these will be complemented with specific marketing initiatives.
- 9.4 The scheme management task will involve responsibility for assessing the measures required, agreeing a course of action with the householder and liaising with appropriate contractors to have the work carried out. Essential to this task will be the need to provide clear, independent advice to householders on the best package available to them. Throughout, this will involve sensitivity to the needs of elderly and vulnerable householders, and reassurance throughout the run-up to the work and during the installation period.

Registered Installers

- 9.5 The installers' tasks will change significantly. Their duties will no longer involve marketing or assessing and agreeing with householders the measures to be provided. On the other hand more comprehensive packages of work will be provided for installers with the introduction of cavity wall insulation and heating controls under the new scheme.
- 9.6 Of the 15-installer appointments in NI, this will remain the responsibility of the scheme manager.

The Scheme Manager Function

- 9.7 As well as being a larger and more demanding scheme to manage, DEES II will also require individual assessment and co-ordination of the right packages of improvements and the development of stronger local and regional links, including contact with voluntary groups. To achieve these will require the presence of a network of personnel on the ground. It is proposed that there be one scheme manager for NI.
- 9.8 Placing marketing of the revised scheme in the hands of one overall manager will offer important opportunities for encouraging innovation and the development of best practice for this principal role, while the local links will help promote joined up service delivery.
- 9.9 The scheme manager will retain responsibility for appointing and managing contractors and also for the payment for works carried out. They will set, in agreement with the Northern Ireland Housing Executive (see paragraph 9.10), a number of performance targets as at present, including one relating to the take up of the new scheme across the various housing sectors.

Quality Assurance Monitoring

- 9.10 One of the major achievements of DEES has been to establish high quality standards of workmanship, service and customer satisfaction. This is vital to maintain in future arrangements. It is particularly important for improving confidence and reassurance for the older and vulnerable households, which the

new scheme seeks to serve. At present the responsibility for all quality assurance aspects including the setting of standards and the monitoring of performance rests with the single scheme manager. To ensure those standards are maintained, the Department proposes that the task of quality assurance, setting standards and performance monitoring for the new scheme, will become the responsibility of the Housing Executive. These new duties will complement its managerial responsibility for the statutory scheme. However, this will in no way remove accountability for the scheme's integrity from the scheme manager. It will be the Housing Executive's responsibility to reach agreement with the scheme manager regarding how this important function will be undertaken and controlled.

Energy Efficiency Advice

- 9.11 Under DEES, the take up of energy efficiency advice has been steadily falling despite the acknowledged importance in terms of reducing household bills. The reasons for the lack of take up appear to be linked to low marketing by installers who often do not regard it as cost effective.
- 9.12 With the wider package of measures to be provided under the new scheme, it will be important that appropriate advice is presented to households in order to maximise the benefits. As the scheme manager will be responsible for liaising with householders, the Department proposes that general energy efficiency advice be also provided at the time of the initial meeting.
- 9.13 For the over 60s we are conscious that some form of back up advice service may be also be required, especially with the regard to the operation of heating controls. We are considering how best this may be provided and would welcome suggestions and comments in this regard.

DEES II and HECA

9.14 Achievements in addressing fuel poverty will complement activities aimed at meeting UK global emissions targets. The Housing Executive, as Home Energy Conservation Authority (HECA), has regarded the current Domestic Energy Efficiency Scheme programme as a significant component of its HECA strategy. The information derived from the new scheme will assist the Housing Executive in measuring progress against its strategy. It is proposed that the scheme manager will be responsible for providing the HECAuthority with such data and that it should be freely available.

10.0 **WHAT HAPPENS NEXT**

10.1 Comments are invited on the proposals. They should be sent to:-

Brian Moreland
Housing Policy Branch
Department for Social Development
Clarence Court,
Adelaide Street
BELFAST
BT2 8GB

and should arrive by no later than 29 September 2000. In order to assist the analysis of these comments, respondents are asked to refer to the appropriate paragraph number where relevant. Please note that we reserve the right to make responses publicly available unless you clearly and specifically ask us not to.

Further copies of this document are available from: -

Paula McGarrity
(Address as above)

Telephone 02890 540787; Fax 02890 541117

10.2 The proposals will be reviewed in light of the comments received, with the aim of launching DEES II next year.

OTHER ACTION TO HELP ALLEVIATE FUEL POVERTY

The Home Energy Conservation Act 1995 (HECA)

A1 HECA has served to focus the attention of the Housing Executive, as Energy Conservation Authority, on the energy efficiency of all residential accommodation and on developing an integrated approach towards its own housing and energy efficiency strategies. HECA requires the Housing Executive to prepare an annual energy conservation report which identifies practicable and cost effective measures which will significantly improve the energy efficiency of all residential accommodation in Northern Ireland and to report on progress made in implementing the measures. The Housing Executive developed a strategy in 1996 for making significant progress towards a 34% improvement over a 10 to 15 year period. Tackling fuel poverty through energy efficiency improvements is complementary to the broader aims of HECA. Evidence from the latest Housing Executive progress report suggests that its strategy is working and that a 5% improvement in the energy efficiency of the housing stock has been achieved to date.

The Housing Fitness Standard

A2 The current fitness standard does not take overall energy efficiency into account but it does have regard to the adequacy of heating and ventilation and to any dampness prejudicial to health. The most common reason for unfitness in the private rented sector is damp (45%), which can be caused by poor energy performance. Energy efficiency issues can therefore be assumed, in general, to run in tandem with housing fitness issues. The Fitness Standard in GB is currently under review, and once operational will provide for assessments of energy efficiency. It is hoped that this will encourage uptake of energy efficiency measures by landlords before the new fitness rating system is implemented in Northern Ireland.

Energy Efficiency Levy and Fuel Poverty

- A3 The Regulator has announced an increase in the Energy Efficiency Levy which is paid by domestic customers on their electricity consumption from £1 per annum to £2 per annum and to apply the same measure to natural gas customers though in a different form. It is proposed to use the additional money for reducing the overall energy bill of domestic customers in NI primarily by the implementation of energy efficiency measures in the homes of households which face the greatest difficulty in meeting their energy bills, such as the fuel poor.
- A4 The Department has been working to establish a partnership arrangement with the regulated Utilities - NIE and Phoenix Natural Gas whereby their programmes and DEES II can complement each other providing the fuel poor of NI with a comprehensive package of energy efficiency benefits.

Home Improvement Agencies

- A5 Home Improvement Agencies (HIAs) already provide independent advice and help to assist elderly people, people with disabilities and those on low income to carry out repairs, improvements and adaptations. They are usually small bodies operating on a district wide basis. They provide advice on grants and other sources of funding, finding a suitable builder and ensuring the work is completed satisfactorily, with the emphasis on providing a comprehensive service to help people throughout the whole process of carrying out the work. There are 2 HIAs operating in Northern Ireland. The DEES II scheme manager will need to establish at an early stage the HIA coverage and set up liaison arrangements to ensure that expertise is pooled and that vulnerable households receive a co-ordinated service.

The Building Regulations

- A6 The Building Regulations have been improving the overall average energy performance of the housing and other building stock as it is replaced. The last amendments to the energy provisions came into effect in April 1999 and since then the new dwellings have been achieving average SAP Ratings of between 80

and 90. These Ratings are substantially better than the current average SAP performance of the whole stock of around 41. But the cumulative overall impact of these improvements is slow because the annual housing stock turnover is less than 1%.

A7 In February 1998 the GB Construction Minister Nick Raynsford announced a further comprehensive review of the administrative and technical provisions within the England and Wales Building Regulations that impact or could impact on building energy performance. The aim of this review is to establish the maximum possible contribution that can be made to achieving the Government's CO₂ targets whilst observing proportionality, allowing flexibility for designers, and avoiding unreasonable technical risks or excessive cost. The scope of the review addresses new building work as before and also seeing how the Regulations could impact more on the repair and maintenance of existing buildings and how to influence energy performance in use. The primary goal of the review is CO₂ emissions abatement but there would be a supplementary benefit of more rapidly improving the energy performance of existing dwellings. This will be dependent, however, on whether the suggestions for change that were collected in preliminary consultations in 1998 can be developed into practical amendment proposals. In January 1999 Nick Raynsford announced that detailed development of amendment proposals has begun and that consultations on a first stage of amendments would be conducted later. Northern Ireland is monitoring developments in England and Wales with a view to proposing similar measures in Northern Ireland in due course.

MEASURES TO BE OFFERED UNDER DEES II AND DEES II OVER 60S

B1 DEES II and DEES II for the over 60s will offer qualifying households tailored packages of measures, taking account of the features of the properties. In considering the measures to be included in the two elements of the new scheme, we have taken account of the following factors:-

- the potential fuel bill savings;
- the capital cost of improvements;
- the physical practicability of improvements.

B2 The proposed approach to selecting the package to be offered is designed to be both simple and effective. The main heating and build characteristics of each dwelling are identified and used to identify the relevant package. A check is then carried out on whether any elements of the package are already present. The householder is then offered those elements of the package that are not already present up to the relevant grant maximum.

B3 The alternative approach of carrying out a detailed computerised audit of the property could provide a more accurate picture of the property. However this would require multiple visits to each property with an overall increase in costs. It was also felt unlikely to lead to major differences in the package to be offered.

B4 The individual measures proposed are discussed below.

Insulation Measures

- B5 Some of the insulation measures we are proposing to offer are already available under the current DEES scheme. In these cases, the same quality standards apply, unless otherwise stated.

Loft Insulation

- B6 Loft insulation is a very cost - effective measure that is already available under the present scheme. We propose to insulate those lofts with existing insulation of 80mm or less, to a thickness of 200mm.

Draughtproofing doors and windows

- B7 The effects of draughtproofing windows, doors, and loft hatch are difficult to quantify – they show little savings in energy but do improve the comfort for occupants. We therefore propose to include draughtproofing in DEES II where property characteristics limit the installation of other, more effective measures.

Cavity Wall Insulation

- B8 This is not available under the present scheme, however this type of measure offers significant benefits and once installed, it is effectively forgotten with no requirement for ongoing maintenance.

Hot Water Tank Insulation

- B9 Hot water tank insulation is an extremely cost – effective measure, with a simple payback of less than a year. As the measure is very cheap, we propose to include it in all packages where there is an uninsulated tank, to a thickness of 80mm.

Compact Fluorescent Lamps (CFLs)

- B10 CFLs provide direct energy and fuel cost savings. In addition their long life makes them even more attractive to older or vulnerable people who may find changing bulbs difficult. We propose providing up to 4 CFLs per household to be installed in light fittings, which are used most.

Radiator Foils

- B11 Radiator reflector foils work by both reflecting heat that would otherwise be lost through the wall and encouraging greater convection of heat. These will be fitted to the walls behind radiators in the main living areas of dwellings, which are unable to have their cavities filled with insulation.

Heating System Measures

- B12 While DEES has traditionally only offered insulation measures, fuel bills are in some instances most effectively reduced if the heating system itself is upgraded. This is particularly the case for properties using expensive fuels without effective controls.

Oil and Gas Central Heating for Main Living Areas

- B13. Oil and gas central heating systems, which are properly controlled, offer significant fuel cost reductions. The opportunity therefore to improve heating standards is included within DEES II for the over 60s.
- B14. Solid fuel central heating systems with radiators are used by a number of over 60s. Generally they are expensive to run, less efficient and a contributor to poor air quality. They are also labour intensive, particularly for older people. Increased funding is available for those over 60s who wish to convert to cleaner more efficient forms of heating with controls.
- B15. It is estimated that some 10% of NI households do not have central heating and some elderly people still rely on open coal fires or electric appliances for heat. In such situations over 60s can avail of the maximum grant available to install an efficient oil or gas central heating system for the first time?

- B16. The heating systems proposed will, in the case of gas for example, be condensing boilers with radiators for the main living areas – the living room, bedroom, hall and bathroom. The heating of additional bedrooms was considered but found to increase the fuel cost. As this is likely to be the primary concern for fuel poor households, it was not felt to be an essential element of the installation. Households will be able to have the system extended at a later date themselves.
- B17 The heating systems will include modern controls including a programmer, room thermostat, hot water cylinder, cylinder thermostat, TRVs and a boiler interlock to turn off the boiler when no heat is required.
- B18 In the case of one bedroom flats and other small dwellings where less than 4 radiators are required, it would not be cost effective to install a gas or oil central heating system.