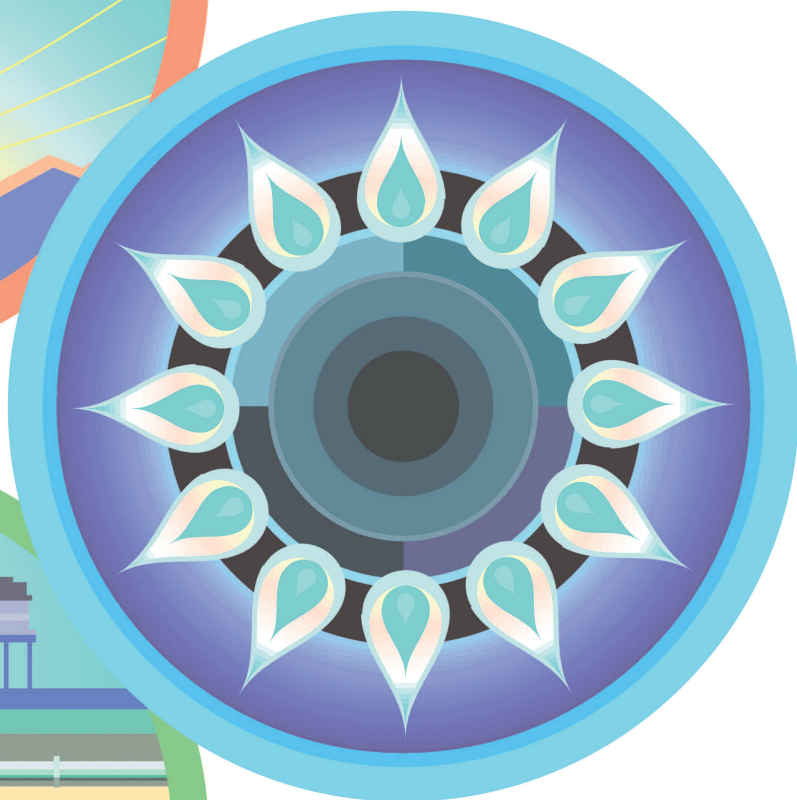


# Tackling Fuel Poverty

## The Inter-Departmental Group's Fourth Annual Report

# 2009



Department for  
**Social  
Development**

[www.dsdni.gov.uk](http://www.dsdni.gov.uk)



## Context

The Inter-Departmental Group on Fuel Poverty (IDGFP) chaired by the Minister for Social Development, Margaret Ritchie MLA, was established as a means of ensuring effective co-ordination of policies and actions to alleviate fuel poverty. The group meets regularly throughout the year and reviews progress being made towards alleviating fuel poverty in Northern Ireland.

The most recent Northern Ireland House Condition Survey carried out in 2006 reported that 226,000 households (34%) were in fuel poverty at that time. This survey is due to report again in 2010 and it is expected that the level of fuel poverty could be between 40% and 45%. During the summer of 2008, fuel prices hit record highs and in the following months the economic downturn left many households with falling levels of income thereby struggling to meet higher energy costs. In May 2008 Minister Ritchie established The Fuel Poverty Task Force in response to the rise in fuel prices. The Task Force was made up of representatives from the IDGFP, The Fuel Poverty Advisory Group, other Government departments and the wider voluntary and energy sectors. The Task Force produced a range of recommendations and the main outcome was the payment of the £150 Household Fuel Payment to over 167,000 vulnerable households in April and May of 2009. This annual report reflects the work carried out across Government departments to tackle fuel poverty in 2009. It also acknowledges and reflects on the work of the Fuel Poverty Advisory Group and the Fuel Poverty Task Force.

A review of the 2004 Fuel Poverty Strategy has commenced and proposals for a new Fuel Poverty Strategy will be presented for public consultation in spring 2010.

## Progress within Departments

The **Department for Social Development (DSD)** has continued to deliver the Warm Homes and the Warm Homes Plus schemes. These are the main programmes for tackling fuel poverty in Northern Ireland through the provision of energy efficiency measures to owner-occupied and private sector homes. The scheme has been extremely successful and hugely popular. Since 2001, over £118 million has been spent on the Warm Homes Scheme making over 71,000 homes warmer. The scheme was subject to a Northern Ireland Audit Office review and subsequent Public Accounts Committee hearing and, following a series of recommendations which were subject to public consultation, changes were made to ensure that resources are targeted at people most in need of help to improve the energy efficiency of their homes. For the first time young families in receipt of Working Tax Credits can now benefit from improvements to the heating systems in their homes and householders aged over 60 continue to benefit from the scheme.

Following a competitive tendering process the new Warm Homes Scheme contract was awarded on 1st July 2009 to H&A Mechanical Services Limited and Bryson Charitable Group as the new scheme managers. Despite budgetary pressures, the fuel poverty budget was increased to £27 million in 2009/10. The Public Service Agreement for 2009/10 is to alleviate fuel poverty in approximately 9,000 households through implementing energy efficiency measures, and the Department is on track to achieve this target.

In addition to Warm Homes, DSD also funds a substantial investment in heating replacement schemes in the public housing stock. The Housing Executive has invested heavily in the energy efficiency of its stock, including a substantial programme of conversion to natural gas. Currently more than 29,000 Housing Executive properties have been converted to natural gas heating. DSD would like to see all public housing stock converted to the cleaner, more efficient, natural gas fuel – where gas is available – and supports the extension of the gas network to more parts of Northern Ireland.

Since April 2008 DSD is building new social homes to a higher standard than ever before. In compliance with the Code for Sustainable Housing, homes are now built to a minimum Code 3 standard which in effect makes them 25% more energy efficient than anything before and therefore reducing the likelihood of a household falling into fuel poverty.

Fuel poverty is not just about energy costs, it is also about low incomes. DSD administered the Household Fuel Payment during April and May 2009. Approximately 167,000 households received £150 to assist with their energy bills.

Alongside the Warm Homes Scheme and heating replacement programmes, DSD also aims to maximise household income through the Social Security Agency's Benefit Uptake campaign. This campaign is one of the Social Security Agency's key priorities and aims to help clients and potential clients claim all of the benefits to which they are entitled. DSD also administers the Winter Fuel Payment which is payable to all persons aged over 60 and will help elderly people meet energy cost during the winter months. Cold Weather Payments were also made to vulnerable householders to assist with their energy bills during periods of particularly cold weather.

The **Social Security Agency's (SSA)** 2008/09 Benefit Uptake Programme targeted 117,659 clients, with the aim of ensuring they were receiving their full benefit entitlement. The programme generated £11.9 million of annual additional benefit (including arrears) for clients through the delivery of three main components:

- Targeted Exercises delivered to 24,829 clients;
- State Pension/State Pension Credit link - 8,171 new State Pension clients were advised of State Pension;
- A one off client focussed exercise targeting 84,659 people (including partners) who were not targeted in earlier programmes, to increase awareness of State Pension Credit. This exercise was carried out prior to the reduction of the backdating period from 12 months to 3 months.

Through the targeted exercises, 5,981 clients sought advice on the Warm Homes Scheme.

The SSA, in conjunction with the Department for Work & Pensions, increased awareness of the Winter Fuel Payment Scheme through an extensive advertising campaign. During 2008/09, over £67 million of Winter Fuel Payments were paid to clients in Northern Ireland.

The **Northern Ireland Housing Executive** has continued throughout 2008/2009 to help with alleviating fuel poverty by:

- Improving the energy efficiency of 2547 of its dwellings;
- Through a Service Level Agreement with NIHE, the NI Energy Agency delivered energy efficiency advice to 60,100 households;
- Providing a Quality Assurance role to DSD's Warm Homes Scheme;
- Providing core funding to National Energy Action;
- Part funding an energy efficiency cash back scheme for owner occupiers along with NIE;
- Part funding a boiler cash back scheme along with Firmus Energy;
- Delivering the Energy Efficiency message to 160 schools throughout NI;
- Delivering an Energy Efficiency marketing campaign including TV and Radio adverts;
- Carrying out a field trial on Solar PV and thermal roof tiles.

The **Department of Health, Social Services & Public Safety (DHSSPS)** is responsible for the regional public health strategy Investing for Health (IFH). The implementation of this strategy is now the responsibility of the new Public Health Agency established on the 1 April 2009. The IFH strategy aims to improve health and reduce health inequalities. Key to the strategy is a focus on the wider determinants of health. One of its objectives is "to offer everyone the opportunity to live and work in a healthy environment and to live in a decent affordable home". A target underpinning this objective relates to lifting households out of Fuel Poverty, house condition is therefore identified as a key priority as cold and damp in housing can cause a number of respiratory diseases, can lead to hypothermia, and may contribute to the excess of winter deaths seen in older people. The Public Health Agency has invested £780,000 in 2009/10 to combat fuel poverty. This investment is over double last year's funding and is indicative of the importance the Agency puts on addressing fuel poverty and reducing its impact on the health and well being of individual householders. The funding has enabled a number of households to receive emergency Keep Well Keep Warm Packs, to get assistance through energy efficiency advice, insulation measures, whole house solutions, awareness raising sessions, and referrals to grant schemes, access to benefits and development and implementation of local action plans for fuel poverty. This investment has levered approximately £1.76 million in energy efficiency grants for householders via the NIE Levy Fund and Warm Homes Scheme. In addition a significant improvement in household income has been generated through benefit maximisation schemes throughout Northern Ireland as part of the Public Health Agency fuel poverty programmes. Additional leverage has also been made available through partnership working including £667,000 from the Department of Agriculture to the PHA, the outcomes of which will be realised in 2010/11.

The **Department of Enterprise, Trade and Investment (DETI)** new Strategic Energy Framework 2010, scheduled to be published in June 2010, will emphasise the importance of a sustainable energy infrastructure and will include challenging 2020 renewable energy targets. Maximising the scope for use of electricity from large scale renewables should help insulate Northern Ireland from the cost fluctuations in fossil fuels in the longer term and should, therefore, help to reduce fuel poverty. The Framework will also recognise the pivotal role energy efficiency plays in maximising the value consumers get from the energy they use.

The DETI Minister also chairs an Inter Departmental Working Group on sustainable energy with the aim of developing a more co-ordinated and holistic approach to sustainable energy issues, including energy efficiency and communication across all the Northern Ireland departments. DETI recently legislated to require electricity and gas suppliers to provide 12 months historical consumption data on energy bills. This should allow customers to be better informed about their energy usage and enable them to make more informed choices about energy use and energy efficiency. DETI is currently carrying out a study into the potential development of a renewable heat market in Northern Ireland. The study is primarily focused on gathering reliable data on renewable heat use in Northern Ireland. Due to the fact that the majority of Northern Ireland heat demand is within the domestic sector and that over 70% of homes are heated using oil, renewable heat may have a role in helping to alleviate fuel poverty in the future. The Single wholesale Electricity Market (SEM) continues to fulfil expectations in promoting competition. It provides a stronger basis for attracting new entrants into the retail market and further development of competition and ultimately giving domestic consumers more choice. Following on from the success of the SEM, the Department is working with Northern Ireland Authority for Utility Regulation (NIAUR) and counterparts in the Republic of Ireland to improve the efficiency of transmission and trading arrangements for natural gas.

The Department has continued to work to ensure the continued roll-out of the natural gas distribution network in towns supplied by the North/West and South/North pipelines to provide enhanced diversity and security of energy supply, and is currently assessing the technical and economic feasibility of extending the natural gas network to the West and remaining areas of the North-West of Northern Ireland to provide additional fuel choice, and reduce emissions. DETI in cooperation with the NIAUR continues to consider how opportunities for gas and electricity customer switching can be increased, with the previous cap on the number of gas prepayment meters having been removed. DETI will seek to maintain ongoing benefits for the consumer from the mutualised Moyle electricity, and Scotland Northern Ireland Pipeline gas interconnectors, and the Belfast gas Transmission Pipeline. DETI continues to work with NIAUR to establish what scope there is for regulatory action, supported in policy terms by the Department, to make tariff changes for those in fuel poverty. A paper entitled 'Assisting with Affordability Concerns for Vulnerable Energy Consumers' issued for public consultation in January 2010.

The **Department of the Environment (DOE)** is successfully implementing and managing the Air Quality Strategy, and in particular, the Local Air Quality Management scheme objectives. DOE has agreed to continue to provide funding to district councils to support them in their obligations and duty to this scheme. DOE is the main conduit for advice from the Committee on Climate Change (CCC), an independent body set up under the UK Climate Change Act 2008. The CCC has provided advice on the fuel poverty implications of targets to reduce emissions associated with climate change.

The **Department of Agriculture and Rural Development (DARD)** developed a Rural Anti-Poverty and Social Exclusion Framework following consultation which identified priorities for intervention to address poverty and social exclusion issues. One of the priorities is rural fuel poverty and during the 08/09 Financial Year DARD spent approximately £380,000 to address fuel poverty issues. This funding was directed towards assisting rural homes through DSD's Warm Homes Scheme and approximately 700 rural homes have benefited. DARD is currently working with DSD and NIE Energy on a project to be completed by

March 2010 to provide insulation for those rural homes in poverty but not eligible to the warm homes scheme and also how to address the 'hard to treat' rural homes that can't avail of more conventional insulation solutions. DARD has contributed £250,000 to this project and will consider opportunities for further support in the 2010/11 financial year subject to the availability of funding.

The **Department for Employment and Learning (DEL)** continues to promote learning and skills, to prepare people for work and to support the economy. DEL is responsible for third level education, training and a range of employment measures. DEL works with various stakeholders to help provide people with the skills they need, and through its network of JobCentres and Jobs and Benefits Offices, provides a wide range of programmes to help people into work. However, the economic downturn has impacted on many employers and employees in Northern Ireland. Towards the end of the reporting period, DEL began adapting its programmes and services to meet changing and increasing demands in order to provide opportunities for people to acquire the skills and knowledge to enable them to better access work, when the economic climate improves.

The NI employment rate has fallen from 69.9% last year and currently sits at 65.7%. Employment levels amongst young people have been particularly hit, down 15% over the year. A consensus is building amongst forecasters, and amongst organisations such as the Organisation for Economic Cooperation and Development (OECD) and the Bank of England, that in economic terms the worst of the recession may be behind us. However, employment is continuing to fall and unemployment to rise, and it is expected that this will persist well into next year. Although NI has not escaped the effects of the global recession, DEL has assisted 26,256 people into employment between April 2008 and March 2009. The number of unemployed people trained on the Bridge to Employment Programme this year was 334, of whom 330 were placed into employment. The total number of learners achieving an Essential Skills qualification over the same period was 12,852.

**Office of the First and Deputy First Minister (OFMDFM)** secured the adoption by the Executive of 'Lifetime Opportunities' as its overarching strategy for tackling Poverty and Social Inclusion in Northern Ireland in line with the statutory requirement under Article 28E of the Northern Ireland Act 1998. In adopting the broad architecture and principles the Executive also established an Executive Sub Committee on Poverty and Social Inclusion which has to date met twice with a third meeting being scheduled in the near future.

The Executive Sub Committee has acknowledged the cross-cutting nature of poverty related issues including those impacting on fuel poverty, have agreed a monitoring and reporting framework by which progress can be gauged and have asked officials in conjunction with colleagues in other departments to identify key priorities in the field of poverty and social inclusion for consideration at their next meeting.

Ministers and the Executive will take decisions on work on implementing of programmes and initiatives in the poverty / social inclusion arena in tandem with wider decisions on public expenditure and competing priorities and taking cognisance of the most effective means by which targeted programmes and initiatives can make a real difference to all and in particular to those in most objective need.

## Northern Ireland Fuel Poverty Advisory Group

The Fuel Poverty Advisory Group in Northern Ireland was set-up almost four years ago and published its fourth annual report "Tackling Fuel Poverty – Facing Uncertainty" which put forward a number of recommendations about addressing fuel poverty. The report acknowledges the progress made and provides a challenge across Government Departments to develop or adjust policy in order to alleviate fuel poverty.

John McMullan served as chair of the FPAG since it was established and was succeeded by Noel Williams in September 2009. The Minister acknowledged the major part that John played in establishing and developing the FPAG and wished Noel well in his chairmanship of the group.

The recommendations and government responses are set out opposite.

\* Copies of the NIFPAG Annual Report are available, in hard copy, from the Department for Social Development on request or an electronic copy is available for download from [www.dsdni.gov.uk/index/hsdiv-housing/fuel\\_poverty/fuel\\_poverty\\_advisory\\_group.htm](http://www.dsdni.gov.uk/index/hsdiv-housing/fuel_poverty/fuel_poverty_advisory_group.htm)

	<b>NIFPAG Recommendations 2009 Annual Report</b>	<b>Government Response</b>
<b>1</b>	<p><b>Social Tariffs.</b> FPAG recommends that work around social tariffs should be further developed. The issue of targeting is allowing the debate to stagnate and this cannot continue. Whilst we are fully aware that fuel poverty in Northern Ireland is rife across many diverse sections of society we have sufficient robust information to establish some form of hierarchy of need.</p>	<p><b>Recommendation accepted.</b> While there is no definition of what constitutes a social tariff it is taken to mean any special payment arrangement devised with a view to benefiting disadvantaged energy consumers. DSD is committed to the principle of a social tariff and will continue to explore the options for the introduction of a social tariff. The Utility Regulator has issued a consultation paper "Assisting Affordability Concerns for Vulnerable Energy Customers" which will open the debate on the introduction of social tariffs in Northern Ireland.</p>
<b>2</b>	<p><b>Cross departmental targets.</b> The causes of fuel poverty, as well as the many detrimental impacts, fall within the remit of a number of departments. FPAG recommends that the Minister advocates for responsibility for fuel poverty to be recognised and embedded across all government departments and the statutory authorities and appropriate structures put in place to ensure that fuel poverty is realistically tackled. The overall fuel poverty targets should be broken down into a series of specific departmental targets. This will ensure greater co-ordination between those who hold policy levers, for example there should be a Northern Ireland wide target to improve average SAP ratings. Cross departmental policy decisions should be supported by research based evidence. In order to progress interdepartmental working FPAG recommends more proactive interaction between Inter Departmental Group (IDG) members and the FPAG, ensuring that the IDG consider FPAG recommendations each year before producing and publishing its report and that FPAG receives regular updates from the IDG.</p>	<p><b>Recommendation accepted.</b> The Inter-Departmental Group on Fuel Poverty (IDGFP) recognises fuel poverty as a cross departmental issue. The new Fuel Poverty Strategy will confirm the cross cutting nature of fuel poverty and will propose closer working. The chair of the FPAG attends each of the IDGFP meetings.</p>
<b>3</b>	<p><b>Energy policy.</b> FPAG recommends that the challenges of climate change, sustainability and fuel poverty be addressed by the Northern Ireland Executive through an integrated policy and strategic framework. Fuel poverty and household emissions can both be reduced by implementing energy efficiency and renewable technology solutions.</p>	<p><b>Recommendation accepted in principle.</b> The new Fuel Poverty Strategy will acknowledge the synergy between fuel poverty, energy and climate change policies and will make proposals for closer working between departments. The new strategy will include proposals on the use of renewable energy in fuel poverty schemes. DETI's new Strategic Energy Framework 2010 recognises the pivotal role energy efficiency plays in maximising the value consumers get from the energy they use. The Framework also includes challenging 2020 renewable energy targets.</p>
<b>4</b>	<p><b>Advice provision.</b> FPAG recommends that overarching connections are made through the provision of advice and awareness-raising on energy efficiency, availability of grants, debt advice, benefit checks and signposting to other sources of help, so that longer term issues are addressed as well as short term crises.</p>	<p><b>Recommendation not accepted.</b> The Warm Homes Scheme is DSD's main tool in the alleviation of fuel poverty and offers energy advice and benefit advice as part of the service.</p>

5	<p><b>Better targeting of winter fuel payments.</b> FPAG recommends that, in preparation for long term fuel price increases, arrangements should be planned, including legislation and joint lobbying with Scotland, Wales and England, if required, to enable swift and targeted payments to the most vulnerable people in the future, and for this to be in the form of energy credits in order to lever a contribution from the energy providers.</p>	<p><b>Recommendation accepted in principle.</b> The Winter Fuel payment is not specifically targeted at people in fuel poverty. DSD is committed to continuing to administer the Winter Fuel Payment on the basis of parity with the rest of the UK.</p>
6	<p><b>Review of Warm Homes</b> FPAG recommends an action to support the new Warm Homes scheme, with regular independent reviews to ensure it is on track to achieve its stated outcomes.</p> <ul style="list-style-type: none"> <li>• Assess the implementation of the new scheme to ensure that the eligibility criteria, including the heating and insulation measures available, are effective in ensuring that vulnerable people are protected.</li> <li>• Ensure that there is enough flexibility within the delivery system to maintain targeting without losing the capacity to respond to high need.</li> </ul>	<p><b>Recommendation accepted.</b> A review of the Warm Homes Scheme has been scheduled for summer of 2010 after the new scheme has been operational for one complete year.</p>
7	<p><b>Dynamic Fuel Poverty Indicator</b> FPAG recommends that a dynamic fuel poverty indicator should be developed to identify levels of fuel poverty and to allow better targeting to ensure that assistance is directed at those most in need.</p>	<p><b>Recommendation accepted in principle.</b> The Northern Ireland House Condition Survey will be carried out more frequently in the future. The latest survey was carried out in 2009 and will report in 2010. The information from the survey will feed into a ready reckoner which has been developed by Building Research Establishment (BRE) to give more up to date information about levels of fuel poverty. The ready reckoner will plot the relationship between energy prices, projected incomes and the level of fuel poverty. Together, this will provide a Northern Ireland fuel poverty indicator.</p>
8	<p><b>Green New Deal</b> FPAG recommends that the Green New Deal be actively pursued as an effective response to fuel poverty, global climate change, the economic downturn and job creation, most in need.</p>	<p><b>Recommendation accepted in principle.</b> Green New Deal proposes to invest in an ambitious programme to cut fossil fuel consumption, help secure the energy supply, build a competitive low carbon community and create new jobs. The proposal is a simple one: investing in an ambitious programme to cut consumption of fossil fuels can create thousands of new jobs help secure our energy supply and build a competitive low-carbon economy. DSD will maintain a close watching brief on the Green New Deal so that proven green technologies for tackling fuel poverty are taken to scale without delay.</p>



Further Information on all the initiatives mentioned in this report can be found at:-

## **Investing for Health**

[www.wellnet-ni.com](http://www.wellnet-ni.com)  
[www.nhssb.n-i.nhs.uk/partnerships/ifhp.php](http://www.nhssb.n-i.nhs.uk/partnerships/ifhp.php)  
[www.shssb.org/partnerships/investing-for-health](http://www.shssb.org/partnerships/investing-for-health)  
[www.westernifh.org](http://www.westernifh.org)

## **Departmental websites**

[www.dardni.gov.uk](http://www.dardni.gov.uk)  
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