



Warmer Healthier Homes

A New Fuel Poverty Strategy for Northern Ireland

March 2011



Department for
**Social
Development**

www.dsdni.gov.uk

General Information

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Fighting Fuel Poverty

Now, more than ever, government needs to exhaust every possibility in an effort to help people in need. Today, more than 44% of people in Northern Ireland live in fuel poverty, a figure more likely to rise than fall. People cannot afford to heat their homes adequately. People need help. This is a serious situation and one which requires a combined effort to tackle.

This strategy sets out our vision for the future

.....a society in which people live in a warm, comfortable home and need not worry about the effect of the cold on their health.

We will.....

- spend more money to improve the energy efficiency of our housing stock - £31 million will be spent this year in energy efficiency improvements;
- bid for extra money from the Social Protection Fund to further help people in need;
- launch a pilot boiler replacement scheme targeting those in greatest need; and,
- push forward on energy brokering and challenge energy suppliers to drive down energy costs.

Ministerial Foreword



I am pleased to present this new Fuel Poverty Strategy for Northern Ireland which covers the Comprehensive Spending Review period 2011 to 2015. This document is the result of a detailed examination of the previous Fuel Poverty Strategy, takes account of wider research and a period of public consultation. The number of responses to the consultation exercise shows clearly the interest in and concern over fuel poverty and the impact it has on vulnerable households.

In this current financial climate, with our economy still in recession and cuts in welfare benefits hitting home, it is crucial we do what can be done to protect vulnerable people, families and households.

The Department for Social Development remains committed to a society where fuel poverty is eradicated and everyone can live in a home which is free of cold and damp. Our hope is of a society in which people live in warm, comfortable homes and where they do not have to worry about the effect of cold on their health.

As the number of people living in fuel poverty in Northern Ireland reaches 44%, and much higher in a number of categories, the actions in this new strategy will attempt to address the three contributors to fuel poverty; income, fuel prices and energy efficiency. While addressing the factors within my Department's control, I also call on energy providers, all government departments and our voluntary sector partners to work together to tackle fuel poverty.

There are demanding days ahead. This is the time to think and act more boldly than before. That is why this strategy takes forward energy brokering, calls for action on the price of oil imports, plans a boiler replacement scheme, argues for a Hardship Fund for those in need, confirms Warm Homes monies and develops a range of other initiatives.

I have identified for the Executive the likely scale of the reductions in support from the Westminster budget through reductions in welfare benefits and tax credits and increases in National insurance costs to Northern Ireland, to be in the region of up to £435 million per annum between 2011 and 2014.

As a consequence the Executive has established the Social Protection Fund to assist those in severe hardship as a result of the economic downturn. The Fund will be administered by OFMdfM. Whilst criteria for the Fund have yet to be identified I have argued that the Fund should be focused on the maintenance of services delivered across Northern Ireland targeted on those in poverty or at risk of poverty.

I have raised serious concerns that the Social Protection Fund has only been resourced by the Executive at £20 million for 2011/12.

The Department for Social Development has already submitted proposals for allocation of the Social Protection Fund that include measures to address the loss of housing benefits, support for mortgage interest and support for families with young children.

I want to thank Joe Kennedy for his support. His efforts through Citizens Energy Corporation in North America demonstrate what leadership can achieve for those in need.

Finally, despite the difficult budget settlement, I have been able to allocate capital funding of £15/15.5/16/16.5 million to the Warm Homes Scheme across the next four years which will be spent on private sector houses. In addition, the Housing Executive is planning to spend £16 million in 2011/12 from its maintenance budget on fuel poverty measures for its own houses - heating adaptations, heating replacements and thermal comfort improvements - and this level of maintenance expenditure is expected to continue in the following three years.

This will allow us to improve the energy efficiency of more homes in both the social and private housing sectors. I know there is more to be done - Government must exhaust its efforts to address fuel poverty.



Alex Attwood MLA
Minister for Social Development



CITIZENS
ENERGY
CORPORATION
a non-profit energy company

Joseph P. Kennedy II
Chairman and President

February 25, 2011

The Honorable Alex Attwood, MLA
SDLP West Belfast
60 Anderstown Road
Belfast BTT 9AN

Dear Assemblyman Attwood:

It's been a while since we've been in touch, but I heard about your work to relieve fuel poverty for the people of Northern Ireland and wanted to offer my congratulations as you launch your latest initiatives.

Your work as Minister of Social Development to provide energy assistance to low-income residents while increasing the energy efficiency of their furnaces and boilers is both good social policy and the morally right thing to do. As you know, I founded Citizens Energy Corporation over 30 years ago to use the profits of successful business ventures in the energy industry to make heating fuel more affordable for the poor. At the same time, we launched energy conservation and energy-efficiency initiatives to reduce fuel consumption and cut down on the emission of harmful greenhouse gases into the atmosphere.

You should take a lot of pride in your efforts to shelter Northern Ireland's most vulnerable families from the high cost of fuel and to make their homes part of the green solution for a more livable planet. Among your many initiatives, the strategy to bundle households and use the buying power of multiple consumers to negotiate bulk-purchasing of gas, electricity and diesel fuel is long overdue.

I look forward to hearing more about your good work.

Please accept my congratulations once again for finding creative ways of making sure that no one is left out in the cold. And, as always, thanks for your support and friendship over the years.

Sincerely,


Joseph P. Kennedy II

*Mr my best friend - your friend
Joe*

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Executive Summary

First and foremost fuel poverty is a subset of poverty.

In Northern Ireland the winter of 2010/2011 brought unprecedented low temperatures and people faced difficult decisions about heating their homes to keep warm and to protect against frozen pipes. Advice to householders to keep heating systems running constantly inevitably meant a greater use of fuel and greater cost. Inability to afford the extra fuel costs to keep heating systems running may well have contributed to frozen and burst pipes. **This severe winter has highlighted the need for more affordable fuel for vulnerable households particularly when faced with very low temperatures.**

The recently published Northern Ireland House Condition Survey 2009 shows that 44% of households in Northern Ireland have to pay more than 10% of their income on energy costs. The World Health Organisation defines a satisfactory heating regime as 21°C in the living room and 18°C in other areas, although householders with specific **needs may require different levels of heating.** **The number of people living in fuel poverty in Northern Ireland far exceeds the numbers in the other regions of Britain;** however, an upward trend is evident in all regions.

This new Fuel Poverty Strategy builds on the work carried out since the last Fuel Poverty Strategy was published in 2004. That strategy was produced at a time of relatively low fuel prices and included a target to eradicate fuel poverty by 2016. **A primary aim of this strategy is to target available resources on those vulnerable households who are most in need of help, but the eradication of fuel poverty must remain as a core goal of our efforts.**

This strategy places significant emphasis on the partnership approach required to tackle fuel poverty and the cross departmental nature of the whole area of poverty. At a time of economic recession, rising unemployment and cuts in welfare expenditure, more and more people are finding it difficult to meet their energy costs. The soaring cost of energy often negates the real work which has been carried out in homes to improve energy efficiency.

This strategy highlights the 3 main factors which impact on fuel poverty:

- **income;**
- **fuel price; and,**
- **energy efficiency;**

and focuses strongly on removing energy inefficiency as a cause of fuel poverty, opens new ground on fuel prices, while exerting influence on other departments and agencies to help tackle prices and low incomes in addition to the Department for Social Development initiatives and interventions.

The strategy identifies 4 key areas for action to tackle fuel poverty in the future

- Targeting of Resources
- Improving Energy Efficiency
- Achieving Affordable Energy
- Building Strong Partnerships

By focusing action on these 4 key areas, this new strategy will target vulnerable people who struggle most to heat their homes and for whom the positive health impacts of a warm home are most evident.

Eradication of fuel poverty must continue to be a main objective. With recession, the current Northern Ireland economic environment, the draft Budget proposals, the aim of eradication of fuel poverty is more uncertain. This strategy proposes methods to ease fuel poverty while holding to the essential value of eradication.





What is fuel poverty and why is a strategy needed?

1. What is fuel poverty?

1.1 First and foremost fuel poverty is a subset of poverty and must be viewed in the context of overall poverty. A household is deemed to be in poverty if its income is less than 60% of median household income. In its annual report on the state of poverty and social exclusion in Britain and Northern Ireland, the Joseph Rowntree Foundation and the New Policy Institute reported that in 2008/2009 13 million people in Britain and Northern Ireland were in poverty. Of these, 5.8 million (44%) of the total were in “deep poverty” (household income at least one third below the poverty line), the highest proportion on record.

1.2 **The 2009 House Condition Survey reported the level of fuel poverty in Northern Ireland as 44% (302,310 households), a 10 percentage point increase from 34% (225,580 households) when the level of fuel poverty was last measured in 2006 by the House Condition Survey.** The Survey reported the rate of fuel poverty in age groups 60 – 74 years as 53% and the rate of fuel poverty in 75 years plus age group was reported as 76%. The Survey also showed that 83% of older people who live alone need to spend more than 10% of their income on energy costs and therefore are living in fuel poverty. This fuel poverty strategy will target assistance at those people most affected by fuel poverty. The broad definition used to measure fuel poverty in Northern Ireland does not adequately reflect the experience of householders who struggle to pay their heating bills and who have to make lifestyle choices about how much to spend on heating their homes.

The Definition

1.3 The 2004 Ending Fuel Poverty Strategy defined fuel poverty as:

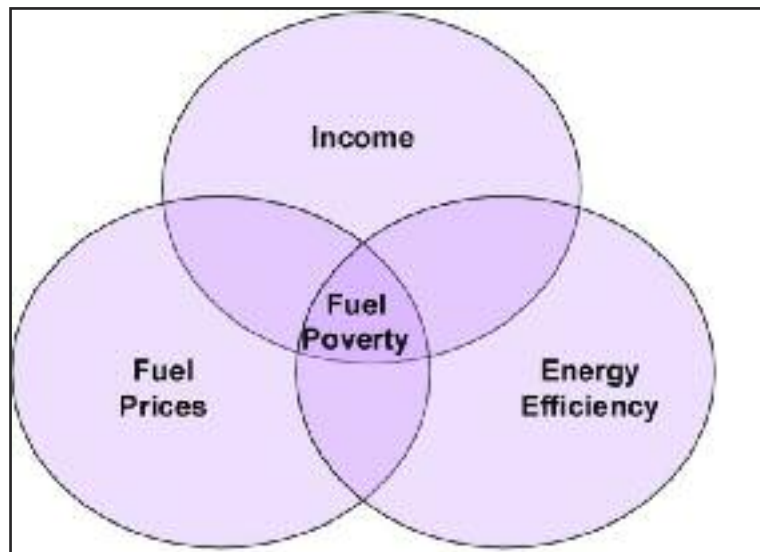
“A household is in fuel poverty if, in order to maintain an acceptable level of temperature throughout the home, the occupants would have to spend more than 10% of their income on all household fuel use.”

1.4 The World Health Organisation defines a satisfactory heating regime as 21°C in the living room and 18°C in other areas, although householders with specific needs may require different levels of heating. This definition of fuel poverty was first proposed by the University of Oxford’s Dr. Brenda Boardman in 1991, and was the primary measurement used to develop the actions to be taken forward under the 2004 Ending Fuel Poverty Strategy. To establish the percentage of income that would generate fuel poverty for households, Dr. Boardman established the median amount of money which families in England were spending on energy costs for their home in 1991 – this was 5% at that time. She therefore set the fuel poverty threshold at anyone who would have to spend more than double that amount (10%) to maintain an acceptable temperature in their home.

1.5 By 2006, however, average domestic expenditure on energy for home use was substantially lower than 5% in all regions of the UK, with the exception of Northern Ireland. Here, the average spend on fuel remained at the level Dr. Boardman first worked with more than 15 years earlier, i.e. 4.9% of household income. It remains the definition used in developing a Fuel Poverty Strategy, and continues to be the basis upon which the Department has drawn in developing this document, Warmer Healthier Homes: A Fuel Poverty Strategy for Northern Ireland. Our new fuel poverty strategy will review the definition to ensure that it remains appropriate and inclusive. In their Comprehensive Spending Review in October 2010 the London Government also announced a review of the fuel poverty definition used in England, and the fuel poverty target. The Scottish Fuel Poverty Forum has stated its intention to look further at the definition and prioritise those experiencing greatest difficulty. **Our review of the definition will be undertaken noting the reviews in the other regions, while accepting that there are particular conditions in Northern Ireland.**

The Causes

1.6 Fuel poverty is complex and the solutions cut across organisational boundaries throughout government and beyond. **However, there are three main factors that contribute to a household being in fuel poverty, namely income, fuel prices and energy efficiency.** While improvements to the energy efficiency of homes help to reduce the risk of fuel poverty, it is important to acknowledge that low income and high fuel prices are the main contributors to fuel poverty.



1.7 The differences in average annual fuel bills across the regions of Northern Ireland and Britain, and the percentage of disposable household income this represents, are considerable. **Households in Northern Ireland spend more than twice as much of their disposable income on energy than households in London and around 60% more than the UK average.** The difference is explained by a number of factors, each of which impact on one of the three primary factors contributing to fuel poverty:

- heat needs are greater because of our latitude and climate and because of the higher proportion of rural households (not sheltered within towns);
- household incomes are lower and we have higher rates of benefit dependency;

- in 2010 average earnings were £356 per week compared to £404 in the UK;
- the unemployment rate in Northern Ireland has risen from 4.1% in August to October 2005 to 7.6% in October 2010 lower than the UK rate (7.9%), the European Union rate (9.6%) and the Republic of Ireland rate (14.1%);
- Northern Ireland has a much higher dependence on oil for domestic heating with 70% of homes using oil to heat their homes;
- energy costs are higher due mainly to our exposure to the volatility of world energy prices, transportation costs associated with our reliance on fossil fuels and our much smaller energy market.

Why is a Fuel Poverty Strategy needed?

1.8 The protection of human health from the detrimental effects of cold and damp living conditions is the primary driver for tackling fuel poverty, both in Northern Ireland and across the world. The Department for Social Development, in conjunction with a range of partners, has been striving to alleviate these detrimental effects through the range of actions outlined in the 2004 Ending Fuel Poverty Strategy, for example, the Warm Homes Scheme, income maximisation for vulnerable groups and the provision of advice on energy matters.

1.9 However, the fuel poverty landscape has altered drastically in the intervening period and, despite a number of successes, the level of fuel poverty in Northern Ireland has been on the increase since 2006.

1.10 **The pattern of increasing levels of fuel poverty from 2006 onwards has been a trend throughout all regions of the UK, with the predominant reason for the increase being rising domestic energy prices.** However, historically, Northern Ireland has always had a higher level of fuel poverty than the rest of the UK, due to relatively low incomes and higher fuel costs in the region. The latest statistics show that this imbalance remains, with 44% of households in Northern Ireland in fuel poverty in 2009. The table below shows the latest fuel poverty figures from the other UK regions.

Annex B sets out some more detailed fuel poverty information from the 2009 Northern Ireland House Condition Survey.

Region	Level of Fuel Poverty
Northern Ireland 2009	44%
Scotland 2009	33%
England 2008	16%
Wales 2008	20%

1.11 This strategy must take account of the three factors contributing to fuel poverty and proposes actions that will reduce energy inefficiency, increase incomes and lessen the impacts of fluctuating domestic energy prices while working within available resources. However, this strategy must also recognise some constraints of the Department for Social Development's aim of tackling what are in reality three very different causes of fuel poverty. Consequently, it will focus directly on the one core contributor where it can make inroads (namely energy efficiency), whilst fostering partnerships that can enhance activities elsewhere, in order to tackle the other two contributors at the same time.

Energy Efficiency

1.12 The energy efficiency of houses is the contributor to fuel poverty where the Department for Social Development can really make an impact. **While this new strategy will address all three primary factors contributing to fuel poverty, a major focus will be on removing energy inefficiency as a cause of fuel poverty.**

1.13 As an example of measures which will be undertaken in the new strategy, the 2009 Home Energy Conservation Report, using data from the 2006 House Condition Survey, commented that **there is considerable scope for improving the energy efficiency of the housing stock through loft and cavity wall insulation and the replacement of old inefficient boilers.** In the late 1980s and early 1990s large numbers of households converted from solid fuel to oil fired central heating because of the relatively low price of oil. At that time newly built homes were also typically fitted with oil fired central heating, so these homes now have boilers over twenty years old. Of the 500,000 homes using oil, around 400,000 are likely to have older boilers. There is scope to replace some of these boilers with more efficient A or B rated oil fired boilers, or convert to gas or bio-mass where appropriate.

Income

1.14 People living in low income households are more at risk of many aspects of disadvantage, including poor local environment and poorer health. The 2009 House Condition Survey shows that the highest rates of fuel poverty are experienced by those **householders on the lowest incomes. The survey shows that 86% of those who have annual household incomes of less than £7,000 are in fuel poverty.** Low income is a major factor in determining fuel poverty and households on low income will remain in fuel poverty unless incomes are dramatically increased. In the present economic climate that seems unlikely to happen so fuel poverty for households on low income will continue to be an issue. Government can have some influence over improving household incomes through:

- promoting investment to create more and enhanced employment opportunities;
- better education to improve employment prospects and earning potential;
- benefit uptake campaigns ensuring the most vulnerable people receive the benefits they are entitled to;
- conducting a research study into the simplification of the pension payments for future pensioners; and,
- creation of a welfare hardship fund as proposed by the Departmental for Social Development in the Budget discussions.

1.15 The Minister for Social Development has identified for the Executive the likely scale of the reductions in support from the Westminster budget through reductions in welfare benefits and tax credits and increases in National insurance costs to Northern Ireland, being in the region of up to £435 million per annum over the between 2011 and 2014. As a consequence the Executive has established the Social Protection Fund to assist those in severe hardship as a result of the economic downturn. The Fund will be administered by OFMdFM. Whilst criteria for the Fund have yet to be identified the Minister for Social Development has argued that the Fund should be focused on the maintenance of services delivered across Northern Ireland targeted on those in poverty or at risk of poverty.

1.16 The Minister has raised his serious concerns that the Social Protection Fund has only been resourced by the Executive at £20million for 2011/12. It is assumed that for the following three years the Fund will have to be resourced from additional revenue streams identified by Ministers coming into operation and delivering new resources for deployment savings the Executive make or from additional resources generated from other sources.

1.17 The Department for Social Development has submitted proposals for allocation of the Social Protection Fund that include measures to address the loss of housing benefits, support for mortgage interest and support for families with young children.

Fuel Prices

1.18 Government influence on fuel prices is uncertain as fuel prices are determined largely by world markets. However, as oil is not regulated government has no control over the fuel which heats 70% of homes in Northern Ireland. The price of oil is driven by speculation and has become a financial investment which can lead to inflated prices. The price is dependant on a number of interrelated factors including current high levels of demand for crude and refined products by major economies coming out of recession.

The UK and Republic of Ireland Governments believe that the regulation of the home heating oil industry is unnecessary due to its competitive nature and the fact that wholesale prices are set internationally. They also believe that regulation would, in fact, impose additional costs on the heating oil sector and consumers. **The Department for Social Development does not agree. It has proposed that the oil industry should be regulated.**

1.19 We believe that vulnerable customers must be protected from fluctuating fuel prices. The Interdepartmental Group on Fuel Poverty will focus on the affordability of fuel and what more can be done to protect vulnerable people from fluctuating fuel prices. At a departmental level, the Department for Social Development has had contact with oil importers and has met with oil distributors on the issue of fuel poverty and how the industry responds. **The Department for Social Development shall force the pace with the industry and believes work can be done to have importers and distributors make a proper contribution to addressing the problem.**

1.20 The Department for Social Development shall seek to meet the oil distributors, at least, every six months on the issues of prices and fuel poverty and to take action as necessary. The Department for Social Development is also meeting the oil importers and will argue to have in place a levy scheme at entry points on each litre of oil, payable by the importers and not passed on to consumers, such levy to be exclusively for fuel poverty interventions. For example, a meeting with BP, which is the single largest importer of oil into Northern Ireland (70% of the total), is scheduled with senior company management. The Department for Social Development and the Minister shall plainly lay out the facts and needs to BP representatives.



Chapter 2

What can we do about fuel poverty?

2.1 Since the Fuel Poverty Strategy was published in 2004, responsibility has been devolved to the Northern Ireland Assembly and the Minister for Social Development is committed to the strategy objectives and to tackling fuel poverty. The Minister has highlighted fuel poverty as a key issue for government and since August 2010 has challenged all stakeholders to play their part in the eradication of fuel poverty.

2.2 **The 2004 Strategy set a target to eradicate fuel poverty by 2016 in all households and in vulnerable households by 2010. That strategy was produced at a time of relatively low fuel prices.** In the current economic climate this target will not be achieved. The target of eradicating fuel poverty in vulnerable households by 2010 has not been met, indeed it has not been met in any of the 4 regions of Britain and Northern Ireland. It is appropriate to review what has worked well since 2004, identify barriers to more effective delivery, and refocus the strategy to tackle fuel poverty in the future, while working towards eradication.

2.3 The issue of eradication of fuel poverty needs to be addressed in the context of low incomes and high energy costs and the Department for Social Development's ability to influence these factors. The 2004 target to eradicate fuel poverty by 2016 will be re-examined. The reasons for this are discussed in the following paragraphs.

2.4 The fuel poverty landscape has changed dramatically since the publication of the 2004 Strategy. The rise in fuel prices, the downturn in the economy and the emerging evidence about climate change are sound reasons to review our approach to tackling fuel poverty in the future.

2.5 "Warmer Healthier Homes: A Fuel Poverty Strategy for Northern Ireland" has therefore drawn its rationale primarily from the available evidence base, including:

- the successes and challenges of the 2004 Ending Fuel Poverty Strategy;
- the changes in the fuel poverty landscape since the Fuel Poverty Strategy was launched in 2004;
- the 2009 House Condition Survey - evidence of increasing fuel poverty;
- Warm Homes Scheme performance information;
- research evidence from fuel poverty experts Dr Brenda Boardman and Professor Christine Liddell;
- the Public Accounts Committee report on the Warm Homes Scheme which resulted in significant changes to the scheme.

The Vision

2.6 The Department's vision will remain as:

"... one of homes that are free from cold and damp, of homes in which people enjoy living, that are healthy and enhance the quality of their occupants' lives. Our vision is of a society in which people live in a warm, comfortable home and need not worry about the effect of the cold on their health."

2.7 Through the strategy, the Department will focus, and lead, the efforts of all partners on eradicating fuel poverty particularly in the most vulnerable households. The Department will focus strongly on removing energy inefficiency as a cause of fuel poverty.



What do others say we should do about fuel poverty?

3.1 Proposals for a new fuel poverty strategy were subject to public consultation from 28 June 2010 to 24 September 2010. Over 50 individuals and organisations responded to the public consultation and these responses were analysed independently by the School of Psychology at the University of Ulster. The findings from the analysis are recorded below.

A fuel poverty index to better target resources

3.2 80% of those who responded felt that the review of the current fuel poverty definition was timely or at least acceptable, but that Northern Ireland should not have a significant departure from the UK definition. The consensus view expressed strong support for the development of a severity index which would be used to target the most severe cases of fuel poverty in the first instance, aiming to assist all in fuel poverty in the longer term. The use of a closely monitored template for implementation was also suggested. While there was strong support for targeting resources to the most vulnerable households, there was some confusion or misunderstanding over the term vulnerable.

Improving energy efficiency

3.3 60% of respondents endorsed the view that energy efficiency should be the aim of the fuel poverty strategy, although to what extent was a bit more controversial. The consensus view is that energy efficiency belongs in the mix of areas to set our aims around, but should not dominate the aims of the strategy. However there were some respondents who did feel this should dominate the Department's delivery.

3.4 There was notable support for a wider sharing of roles and responsibilities, with the Department for Social Development retaining responsibility for energy efficiency and perhaps expanding its remit in this area. There was almost unanimous endorsement of the Warm Homes Scheme, with suggestions for a more holistic system with Warm Homes merging with all other schemes for more efficient planning. Reference was made to expanding the eligibility criteria for Warm Homes, to allow for the increasing rates of fuel poverty in Northern Ireland.

3.5 The Northern Ireland Housing Executive heating replacement scheme was endorsed, and comments made for it to be extended to cover energy advice and whole homes solutions. 80% of those who replied supported the Housing Associations Cosy Homes scheme, but had some concerns around the scale at which it was delivered. They felt social housing tenants do not receive equal treatment in this area.

3.6 There was almost unanimous support for a boiler replacement scheme, with many of the respondents adding to their positive responses by offering suggestions for targeting the scheme effectively. Some examples include targeting areas which do not have a natural gas network and targeting households who do not qualify for the Warm Homes Scheme but who are none the less vulnerable. There was also widespread support for the suggestion that those boilers targeted should be D rated or older as they are the most inefficient.

3.7 There was strong support among the respondents for any boiler replacement scheme to be administered as a grant, with a linkage to other schemes. Warm Homes and local councils were suggested by several as potential managers of such a scheme. There was also support for a boiler replacement scheme to be made available to tenants in the private rented sector, and a moderately strong consensus for a landlord contribution to such a scheme.

3.8 There was much support for the Department aiming towards code 4 and limited support for code 5 in new build programmes.

3.9 Equity Support proposals received more guarded support, with 25% being strongly opposed, citing low take up and administration costs as reasons for their opposition to an exploration of the feasibility of such a scheme.

3.10 Expanding the Energy Performance database was unanimously supported, as respondents felt this would be useful for benchmarking and targeting. There was also a reasonably strong consensus for the proposal to pilot Smart metering and to prioritise the vulnerable in any roll out.

3.11 In relation to the transfer of some of the Home Energy Conservation Powers to local Councils, many respondents welcomed this and pointed out the Councils have existing action plans which these powers would strengthen and ratify.

Achieving affordable energy

3.12 More responses were written on the issue of the benefit update campaign than any other question asked in the consultation. The responses included a call for increased support for agencies that assist with the campaign.

3.13 There was strong support for the promotion of oil stamp savings schemes, with the retention of local models favoured. Some comments were made around the technology used to support the schemes and the need for this to be improved.

3.14 Respondents largely accepted the proposal of a watching brief being adopted by the Department in relation to green technologies, with strong support for a review of proven technologies to enable informed decisions to be made.

3.15 There was a guarded response to the proposal to explore options with partners for the introduction of a social tariff. Concerns were raised around the costs of a tariff being borne by other consumers, thus the extent to which a social tariff would contribute to resolving fuel poverty was thought to be dubious. There were calls for further debate on the subject.

Consolidating partnerships

3.16 There was unanimous agreement that partnerships need to be further consolidated, and support for an inter-ministerial group who would have a co-ordinating role over a new and larger partnership.

3.17 The proposals in relation to energy brokerage were strongly welcomed and comments in relation to such schemes being made accessible to all households in Northern Ireland.

3.18 There was also support for the Department's proposals in relation to a pilot of an area based approach. There were some comments which called for an area based approach to be adopted at once.

Other comments

3.19 Concern was expressed about the replacement of "eradicate fuel poverty" with "alleviate fuel poverty". Responses to the change of wording are firmly bound up in a determination to hold the Department to account in making this change. As a consequence, there are widespread demands for new benchmarks, targets and milestone dates.

3.20 Several contributors listed Strategies that they believed gave opportunities for linkage into a Fuel Poverty Strategy which had either been ignored or under-emphasised. These included the NI Strategic Energy Framework, the Green New Deal, the Sustainable Energy Initiative, and the forthcoming new Child Poverty Strategy.

3.21 Advocates from the disability lobby reminded the Department that Northern Ireland has the highest levels of disability in the UK, and that this should ensure greater emphasis on disabled people as one of the core vulnerable groups. Save The Children NI also recommended that the views of children and young people be incorporated into the forthcoming Fuel Poverty Strategy, since these have been ignored in the consultation document.

3.22 Some concerns were raised about persistently negative remarks in the consultation document concerning heating fuel prices. Accuracy and fairness to all energy suppliers was encouraged. However, other respondents recommended greater emphasis be placed on volatile heating fuel prices, believing this to be the central driver of current escalations in fuel poverty rates for Northern Ireland. Many focused explicitly on oil and the need for control over its price volatility.

3.23 Some respondents commented that consumer behaviour was somewhat absent from the document. Diverse aspects of this were mentioned, including issues related to supporting people who are most in need but in many cases also reluctant to accept assistance; finding better ways of informing people of help that was available to them, and offering a more joined-up approach to customer service were also mentioned; the role that consumers can play in enhancing their own energy efficiency was also raised.

3.24 The report was criticised for being insufficiently innovative or ambitious. Rather than having a greater emphasis on energy efficiency, some respondents felt that the document had become a set of proposals for an Energy Efficiency Strategy, not a Fuel Poverty Strategy. In the same vein, some respondents challenged the assertion that this was a set of proposals for root and branch reform.

3.25 Other key themes expressed included a lack of ownership and co-ordination in the delivery of fuel poverty strategy in the past, with few indicators of how these shortcomings might be resolved going forward. The need for clear targets and milestones was a

recurrent request, and a move away from what was occasionally described as crisis management was advocated.

3.26 Many respondents offered a wide range of data and survey results to augment the Department's evidence base. Much of this is likely to be useful as the proposed strategy is taken forward.

3.27 The Department has welcomed the responses to the consultation and these have been reflected in the **Key Areas for Action**.



What are we going to do about fuel poverty?

Key Areas for Action

4.1 The strategy has identified 4 key areas for action to tackle fuel poverty in the future.

No	Key Areas for Action
	Targeting of Resources
1	To better target the resources available through the development and implementation of a robust mechanism for the measurement and analysis of fuel poverty within Northern Ireland.
	Improving Energy Efficiency
2	To improve the energy efficiency of vulnerable households.
	Achieving Affordable Energy
3	To facilitate the achievement of affordable energy for households in Northern Ireland.
	Building Strong Partnerships
4	To develop and consolidate effective partnership working across organisational and professional boundaries to provide more effective and integrated team working to eradicate fuel poverty.

Key Area 1: Targeting of Resources

To better target the resources available for the development and implementation of a robust mechanism for the measurement and analysis of fuel poverty within Northern Ireland.

4.2 The Department's vision will remain as "one in which homes are free from cold and damp, of homes in which people enjoy living, that are healthy and enhance the quality of people's lives." **In this context, the Department believes that it is essential that resources continue to be targeted at the most vulnerable.** The definition of vulnerable householders will continue to be:

- householders over the age of 60;
- householders who are disabled or chronically ill; and,
- householders with children under the age of 16.

4.3 We firmly believe that those households suffering most from fuel poverty should be assisted first. The Northern Ireland House Condition Survey 2009 shows that the level of fuel poverty in Northern Ireland is now 44% and it will be crucial to focus available resources, in the first instance, on those most affected by fuel poverty. The Department has initiated a project which will provide more up to date statistical information on the levels of fuel poverty. The project will produce a fuel poverty estimate as at the start of 2011 and a fuel price ready reckoner which will allow us to model the effects of fuel price and income fluctuations on levels of fuel poverty in Northern Ireland.

Action 1

We will effectively target available resources towards the most vulnerable households.

Definition of Fuel Poverty

4.4 The definition of fuel poverty has been raised in terms of its fitness for purpose. The definition is now 20 years old, and many experts including its author, Dr Brenda Boardman, consider it timely for review. One of the main difficulties with the definition is that people are either IN or OUT of fuel poverty, which provides little information regarding how much of a household's income is needed to achieve thermal comfort and healthy living conditions.

4.5 The either/or nature of the concept also means that households hovering on the margins of fuel poverty (i.e. "needs to spend 8% to 12% of income in order to maintain a satisfactory heating regime") are prone to movement in and out of fuel poverty with every fluctuation in price or income. Since the majority of Northern Ireland's households are in the 8-12% bracket, this yields an inherently unstable index.

Action 2

By 1 May 2011 an evaluation of the current definition of fuel poverty, including proposals that may ensure it remains appropriate and inclusive, will be completed. This will include dissemination and consultation with key stakeholders (on any revisions that seem indicated).

A Severity Index

4.6 At present, the definition of fuel poverty, using 10% of income on all household fuel use, places 44% of the population of Northern Ireland in fuel poverty. Without diminishing the difficulties experienced by all those people experiencing fuel poverty, we believe it is right that people in the most severe fuel poverty should be helped first. **With energy prices likely to remain high in the future it will be critical to focus available resources in the first instance on those most affected by fuel poverty. We believe that the development of a severity index is required to ensure that resources are best targeted.**

4.7 **We will introduce a severity index as outlined below:**

- households which spend more than 10% of income (including housing benefit) on all household fuel use to maintain a satisfactory heating regime are in **fuel poverty**;
- households which spend more than 15% of income (including housing benefit) on all household fuel use to maintain a satisfactory heating regime are in **severe fuel poverty**; and,
- households which spend more than 20% of income (including housing benefit) on all household fuel use to maintain a satisfactory heating regime are in **extreme fuel poverty**.

4.8 The 2009 House Condition Survey showed that 44% of households were considered to be in fuel poverty. An estimated:

- 22% were in marginal fuel poverty (10% to 15%);
- 11% were in severe fuel poverty (15% to 20%); and,
- 11% were in extreme fuel poverty (over 20%).

The rate of fuel poverty in age groups 60 – 74 years was reported as 53% and the rate of fuel poverty in 75 years plus age group was reported as 76%. The Survey also showed that 83% of older people who live alone need to spend more than 10% of their income on energy costs and therefore are living in fuel poverty.

4.9 In a more targeted Fuel Poverty Strategy, it will be important to consider many different contributors to the likelihood that a household is in fuel poverty. We know that income, energy efficiency of dwelling, and price of fuel are the three main contributors, but we also know that pensioners are more vulnerable to the effects of fuel poverty than are many other householders, and we want to target them in particular.

Action 3

We will begin discussions on implementing a fuel poverty severity index with our core stakeholders, with a view to providing an effective mechanism for the targeting of fuel poverty resources in Northern Ireland by 1 May 2011.

Key Area 2: Improving Energy Efficiency

To improve the energy efficiency of vulnerable households.

4.10 Reducing energy inefficiency has always been at the heart of our efforts to tackle fuel poverty. While the Department remains committed to the eradication of fuel poverty a significant focus of the new strategy will be:

“To reduce fuel poverty in as many vulnerable households as far as practicable by 2016. This will be achieved by working with partners in government and in the wider voluntary and energy sectors to:

- *remove energy inefficiency as a cause of fuel poverty;*
- *maximise incomes through benefit uptake campaigns, a welfare hardship fund and improved employment opportunities; and,*
- *achieve affordable energy prices.”*

4.11 We will continue to support existing energy efficiency improvement schemes and will introduce new schemes to improve the energy efficiency of vulnerable households.

The Warm Homes Scheme

4.12 The Warm Homes Scheme was established in 2001 and was re-launched in 2009 following a Northern Ireland Audit Office report and a subsequent Public Accounts Committee hearing. The key objective of the Scheme is to achieve an average energy efficiency gain of at least 15% in 9,000 fuel poor households per year subject to available resources. The focus of the new Warm Homes Scheme is to target properties where there is no central heating, solid fuel, Economy 7 or Liquid Petroleum Gas heating.

4.13 The House Condition Survey 2009 indicated that more than 45,000 homes throughout Northern Ireland had no central heating, or used solid fuel, Economy 7 or Liquid Petroleum Gas. In addition the survey also suggested that 153,800 homes require wall insulation and over 400,000 dwellings could benefit from loft insulation top ups. These statistics indicate that there is still a substantial volume of work to do to ensure that our housing stock is well insulated.

4.14 The Northern Ireland Housing Executive manages the operation of the Warm Homes Scheme on the Department’s behalf. Using available resources the Department will continue funding the Warm Homes Scheme as our main tool in tackling energy inefficiency in the owner occupied and private rented sector.

Action 4

To achieve an average energy efficiency gain of at least 15% in homes assisted by the Warm Homes Scheme.

Northern Ireland Housing Executive Heating Replacement Scheme

4.15 The Northern Ireland Housing Executive Heating Replacement Scheme is our main tool in tackling fuel poverty in social housing. The scheme provides insulation and replaces inefficient heating system in social housing with modern energy efficient systems. Using available resources the Department will continue with the programme of improving the energy efficiency of our social housing stock.

Action 5

To deliver energy efficiency improvements to vulnerable households in the social rented sector each year through the Northern Ireland Housing Executive Heating Replacement Scheme.



Boiler Replacement Scheme

4.16 The Department will introduce a pilot boiler replacement scheme to replace old inefficient boilers for specific vulnerable householders who do not meet the qualifying criteria for the Warm Homes Scheme.

Background

4.17 A boiler scrappage scheme was launched in England in 2009. It offered £400 cash back for up to 125,000 privately rented or privately owned households, who upgraded their oil or gas boilers. This scheme operated on a “first come first served” basis and was primarily a carbon reduction initiative rather than a fuel poverty one. The scheme attracted considerable media attention and there were calls for a similar scheme to be introduced in Northern Ireland. At that time the Department was considering a boiler replacement scheme as part of its Fuel Poverty Strategy, and that any scheme proposed would have fuel poverty at its core.

4.18 The Department has statutory authority to promote energy efficiency in residential accommodation under the Energy Efficiency (Northern Ireland) Order 1999 (SI 659). This function was transferred from the Department of the Environment to the Department for Social Development under the Departments (Transfer and Assignment of Functions) Order (Northern Ireland) 1999 (SI 481).

4.19 The primary aim of our scheme will be to assist the most vulnerable households, in the highest levels of fuel poverty by improving the energy efficiency of their homes. By replacing older and less efficient boilers we will improve thermal comfort thus providing health related benefits.

Targeting the Most Vulnerable

4.20 The recently published Northern Ireland House Condition Survey 2009 shows the overall rate of fuel poverty in Northern Ireland is now 44%, an increase of 10 percentage points on the 2006 figure. The House Condition Survey shows that the highest rates are being experienced by older people, those pensioners who live alone, with the lowest levels of income as owner occupiers or who are private rented tenants. The following data is taken from the Survey.

- Northern Ireland rate of Fuel Poverty: 44%
- Rate of fuel poverty in age groups 60 – 74 years: 53%
- Rate of fuel poverty in 75 years plus age group: 76%

83% of older people who live alone need to spend more than 10% of their income on energy costs and therefore are living in fuel poverty.

Standard Assessment Procedure (SAP)⁽¹⁾

4.21 The Standard Assessment Procedure (SAP) is the government's standard method of rating the energy efficiency of a dwelling. The 2009 House Condition Survey shows the average SAP rating for homes in Northern Ireland is now 60, higher than elsewhere in the UK. However the SAP ratings in homes occupied by older people are among the worst.

Age Group	Average SAP rating	% of homes
60 - 74	40 - 59	47%
60 - 74	20 - 39	6%
60 - 74	Less than 20	1%
75 plus	40 - 59	37%
75 plus	20 - 39	17%
75 plus	Less than 20	4%

Tenure

4.22 The House Condition Survey also shows that 75% of older people are owner occupiers and 65% of lone older people are also owner occupiers.

Income Levels

4.23 86% of households with an income level of £7,000 or less are experiencing fuel poverty. 52% of households with an income level of between £7,000 and £29,999 are experiencing fuel poverty.

Heating Fuel

4.24 In Northern Ireland approximately 70% of homes use oil as their means of heating. Oil, like all other fuels today, is quite expensive compared to some years ago.

Age Group	Type of Heating	% use
60 - 74	Gas	11%
75 plus	Gas	14%
60 - 74	Oil	75%
75 plus	Oil	63%

(1) The Standard Assessment Procedure (SAP) is the Government's standard method of rating the energy efficiency of a dwelling. SAP rating is on a logarithmic scale and provides a comparative measure of the energy efficiency of dwellings. The lower the score the lower the energy efficiency and the higher the score (up to a maximum of 100) the higher the efficiency.

“D” Rated Boilers

4.25 The Northern Ireland Housing Executive have used data available from the Oil Federation and boiler manufacturers, cross referenced it with available data in the House Conditions Survey and estimate that 100,000 households in Northern Ireland have a “D” rated or older boiler. Practically all of these are in owner occupied dwellings.

Target Group for Boiler Replacement Scheme

4.26 Based on the information and evidence provided in the House Condition Survey 2009, **we will target the boiler replacement scheme at households where:**

- **the owner or tenant is aged 60 years or more;**
- **has an older inefficient boiler, i.e. 15 years or older; and,**
- **receives state pension with rates relief award.**

This scheme will allow for people with a higher SAP rating but with an older boiler to avail of the scheme. Older people with a state pension and an award in respect of their rates will benefit for the first time from a heating scheme.

Key Components of the Scheme

4.27 **Key components are:**

- the scheme will be administered by the Northern Ireland Housing Executive, with supporting legislation, in their role as Home Energy Conservation Authority;
- the scheme will provide a one off payment of up to £1500 towards the cost of buying and installing a boiler;
- the new boiler must be ‘A’ rated, for maximum energy efficiency and installed by a registered installer;
- inefficient boilers over 15 years old will be targeted;
- householders will make an application to the scheme and will provide evidence that they meet the criteria and a quotation for works and proof of age of existing boiler;
- NIHE will quality assure the scheme by carrying out a percentage of post installation inspections;
- the scheme will allow applicants to move from oil boilers to gas and also to wood pellet boilers if appropriate.

Action 6

By summer 2011, to introduce a pilot Boiler Replacement Scheme in Northern Ireland targeted at householders aged over 60.

Code 4⁽²⁾ Sustainable Housing for New Build Properties

4.28 As part of the New Housing Agenda, all new build Social Housing must comply with a minimum rating of level 3 in the Code for Sustainable Homes. In effect this means new social houses built today are 25% more energy efficient than before. From November 2009 the Department has incentivised Housing Associations to go even further than level 3 by increasing the level of subsidy to those Housing Associations who can build to level 4 standards. The Department will also consider how it can encourage Housing Associations to deliver new social housing to level 5 standards.

Action 7

We will deliver more energy efficient housing through the standards set out in the Code for Sustainable Homes. This will include demonstrator projects that will see a number of new homes built to much higher minimum standards, up to 70% more energy efficient than before.

Equity Release Scheme

4.29 In a paper produced in January 2010 entitled: "Can equity release help older homeowners improve their quality of life?" the Joseph Rowntree Foundation highlight three local authorities who are now piloting an equity release scheme which will be independently assessed by the Foundation and a report is planned for publication in autumn 2011.

The pilot schemes are taking place in:

- The Royal Borough of Kensington and Chelsea from November 2009.
- Maidstone Borough Council from January 2010; and
- The London Borough of Islington from January 2010.

4.30 Schemes are also in place in Scotland and we will follow closely the progress of these pilots and we will be keen to discover if the obstacles associated with equity release have been overcome. The assessment report will provide valuable information for any area which may be interested in replicating the scheme.

Action 8

By 31 March 2012 to investigate the economic, social, environmental and regulatory costs, benefits and risks of introducing an Equity Release Scheme for energy efficiency improvements in Northern Ireland by conducting an appropriate feasibility study.

(2) Footnote:- The Code for Sustainable Homes is a voluntary standard designed to improve the overall sustainability of new homes by setting a single framework within which the home building industry can design and build new homes to higher environmental standards. The Code uses a rating system from Level 1 to level 6, with Level 6 being the most sustainable and considered 'zero carbon' status. Sustainability is measured against nine design categories including energy and CO2 emissions, water usage, materials, surface water run off, waste, pollution, health and well being, management and ecology.

Database of Energy Performance Certificates

4.31 We will work with the Department of Finance and Personnel and other departments to develop and expand the database of Energy Performance Certificates that will help lead to more effective targeting of the most energy inefficient housing. Energy Performance Certificates show the energy performance rating of a building. The idea is similar to the well-established energy labels for the sale of white goods such as fridges and washing machines. The purpose is to record the energy efficiency of a property. The certificate will provide a rating of the energy efficiency and carbon emissions of a building from A to G, where A is very efficient and G is very inefficient. The Department of Finance and Personnel is responsible for legislation relating to the energy performance of buildings in Northern Ireland.

4.32 An Energy Performance Certificate for a home has two ratings, actual and potential. The energy efficiency rating is a measure of a home's overall efficiency. The higher the rating, the more energy efficient the home is, and the lower the fuel bills are likely to be. An Energy Performance Certificate must be accompanied by a recommendation report that lists cost effective measures (such as low and zero carbon generating systems) to improve the energy rating of the building.

4.33 Since 30 December 2008 all properties - homes and commercial - when sold, built or rented require an Energy Performance Certificate. While there has been some work done to try and establish a database which holds the details of all Energy Performance Certificates, we believe that one central database, continually updated, will provide an invaluable source of information. The Department believes that every home should have an Energy Performance Certificate which would assist government, including local councils, with targeting of resources.

Action 9

By 31 March 2012, in conjunction with other departments and agencies, to investigate the economic, social, environmental and regulatory costs, benefits and risks of developing and implementing an Energy Performance Certificate Database in Northern Ireland by conducting an appropriate feasibility study.

Smart Meters

4.34 The installation of smart meters in homes is expanding at an unprecedented rate in Europe. The European Union Energy Package, for example, includes a mandate to roll-out smart meters in all Member States with 80% coverage by 2020, and was endorsed by the European Parliament in Spring 2009. Used strategically, meters have the capacity to make energy efficiency both a desired option and an effortless transition for consumers throughout Europe. **We will part fund a project in Northern Ireland which will pilot the use of smart meters.**

Action 10

To pilot, in conjunction with other departments and agencies, the introduction of smart meters within vulnerable households, and to evaluate the pilot by 30 September 2012.

Home Energy Conservation Authority (HECA) Powers to Northern Ireland Local Councils

4.35 The Department proposes to introduce, under the Housing (Amendment) No 2 Bill, a power which will enable local authorities to produce action plans to improve domestic energy efficiency within their local area. Under the Home Energy Conservation Act 1995 the Northern Ireland Housing Executive was designated as Northern Ireland's sole Home Energy Conservation Authority (HECA). The Act requires the Northern Ireland Housing Executive to develop a strategy to significantly improve the energy efficiency of the entire housing stock and to submit annual progress reports thereafter.

4.36 The Housing (Amendment) No. 2 Bill will give District Councils a statutory role in energy conservation. Specifically, the Councils will have the power to produce action plans to improve domestic energy efficiency and will have a duty to provide information as required by the Home Energy Conservation Authority. While the Northern Ireland Housing Executive will retain its current functions, the District Councils will be empowered to bring forward local initiatives.

4.37 To some extent this will formalise what has already been happening on a limited basis with some Councils. The objective is to give Councils scope to be more proactive in developing and promoting energy efficiency measures. The Northern Ireland Housing Executive, as the Home Energy Conservation Authority, will facilitate and co-ordinate these local initiatives. This new role for Councils will link to their responsibilities around improving air quality, sustainable development or where they have developed a policy around fuel poverty.

Action 11

By May 2011, to introduce legislation that will enable local authorities to produce domestic energy efficiency improvement action plans, and the Home Energy Conservation Authority to facilitate and co-ordinate such local initiatives.

Key Area 3: Achieving Affordable Energy

To facilitate the achievement of affordable energy for households in Northern Ireland.

Energy Brokerage

Energy Brokering - People Power

4.38 In the summer of 2008 the Fuel Poverty Task Force recommended that work be done to examine the feasibility of energy brokering in Northern Ireland. At around the same time the Consumer Council, the Northern Ireland Housing Executive and Bryson Charitable Group carried out a study into the feasibility of an energy brokering scheme for Northern Ireland and confirmed that there is scope for the delivery of brokering services in Northern Ireland. This research highlighted good practice brokerage models in Britain, the Netherlands and the United States.

Good Practice Examples from the Report

4.39 Dundee City Council has established Preferred Supplier Arrangements with Scottish and Southern Energy (SSE) for the supply of gas and electricity to empty and newly connected Council properties. The scheme went live in January 2001 and the Council entered into a second, three year contract with SSE in January 2004.

SSE pays a commission payment to the Council for every new customer signed up. A loyalty payment is also made each year that a tenant remains as an SSE customer following the initial signing. The income is used to provide grant funded energy efficiency measures for those in greatest need and a free energy advice service for all tenants. Dundee City Council hopes to expand the service provided to help meet the targets of the Dundee Fuel Poverty Strategy.

4.40 Ebico is a not-for-profit energy supply company established in Great Britain in 1998 with the specific aim of countering the market pressures that increase poverty and heighten social inequity. Ebico works in partnership with Scottish & Southern Energy (SSE) as the licensed supplier which was selected based on its consistently high score in polls of customer service amongst domestic energy suppliers. SSE provides the customer service in terms of connections and billing which is cobranded with Ebico. In addition, Ebico itself provides vulnerable customers with further targeted support.

4.41 WoonEnergie is an organisation based in the Netherlands which acts as an energy broker for housing association tenants. The organisation was established by the Dutch federation of housing associations (Aedes) which was concerned that the competitive energy market was not bringing tangible benefits to social housing tenants. The WoonEnergie concept works with the housing associations offering their tenants cheaper energy and then WoonEnergie takes over the marketing and customer service. The housing association tenants authorise WoonEnergie to act on their behalf in contracting an energy supplier who then invoices tenants directly within the terms of the contract. WoonEnergie is the largest consumer collective in the Netherlands with more than 60,000 households. There are approximately 130 housing associations working together representing more than a quarter of the housing associations in the Netherlands. The energy price is one of the three lowest in the market and the annual benefit to each household is around €60.

Citizens Energy Corporation in the United States of America

4.42 The founder of Citizens Energy Corporation, Joseph P. Kennedy II has served as Chairman and President of the company since 1998 following 12 years of service representing the 8th Congressional District of Massachusetts in the U.S. House of Representatives. Joe Kennedy founded the non-profit Citizens Energy Corporation in 1979 to provide low-cost heating oil to the poor and elderly. In 1979, in response to the energy crisis of the 1970s, Citizens Energy Corporation began entering into purchasing agreements with petroleum-producing nations and negotiating finance, shipping, and refining deals. The goal of these efforts was to sell off refined petroleum products and use the profits from those deals to dramatically reduce the cost of home heating oil for the poor and elderly.

4.43 The Citizens Energy Corporation exists to make life's basic needs more accessible and affordable. The Citizens Energy Oil Heat Program has delivered millions of gallons of discount home heating oil to poor and elderly households in Massachusetts and other cold weather states since 1979. This programme helps protect needy families from volatile heating oil prices, which often leave households having to choose between heating the home and paying for other life essentials, such as food, health care, or clothing.

4.44 Citizens Energy works with thousands of oil heat dealers and local fuel assistance agencies in 23 US states to provide deliveries of home heating oil to those in need. In 2010 the Oil Heat Program provided eligible families with a delivery of 100 gallons of home heating oil. In states like Massachusetts, heating oil prices have increased considerably since 2000, yet the wages for low-income families and individuals have remained stagnant. The federal government provides some help to low-income families struggling to stay warm during the winter through the Low Income Home Energy Assistance Program (LIHEAP), but this assistance historically has reached only about one in five eligible families.

4.45 Citizens Energy argues that low-income families have little choice but to cut back on food, medicine, and other life essentials when their home energy costs rise. They also argue that when the heating bills of poor families rise, studies show they often reduce their spending on food by about the same amount, and that cases of undernourished children increase by about one-third during winter months. The Citizens Energy Oil Heat Program works to provide struggling families with relief when temperatures hit freezing and high heating oil prices force families to make difficult and often unsafe choices.

Severe Winter Weather 2010

4.46 In Northern Ireland the winter of 2010/2011 brought unprecedented low temperatures and people faced difficult decisions about heating their homes to keep warm and to protect against frozen pipes. Advice to householders to keep heating systems running constantly would inevitably mean a greater use of fuel and greater cost. Inability to afford the extra fuel costs to keep heating systems running may well have contributed to frozen and burst pipes. The Housing Executive are carrying out a review to identify what additional measures can be taken to mitigate against the effects of severe weather on heating systems. These measures will include, among other things, frost thermostats on boilers, addition of anti-freeze to the heating system, re-routing the condensate pipe in gas heating systems.

4.47 This severe winter has highlighted the need for more affordable fuel for vulnerable households particularly when faced with very low temperatures. The Department for Social

Development has been discussing the issue of affordable fuel and the potential for energy brokerage with the energy companies and with the oil industry.

New Energy Brokerage Scheme

4.48 The Energy Brokering People Power Report, the American Citizens Energy model and the severe winter weather of 2010 provide a strong evidence base for the need to introduce a brokerage scheme in Northern Ireland. The Department will introduce legislation to support housing providers to broker energy at a competitive rate for their tenants. The Housing Amendment No.2 Bill will give social housing providers the legislative power to broker energy costs for their tenants at a discounted rate. The social housing stock in Northern Ireland comprises approximately 90,000 homes owned by the Northern Ireland Housing Executive and approximately 30,000 homes which are owned by a variety of Housing Associations. The rate of fuel poverty being experienced by tenants in Housing Executive households is now the highest of all tenures, with 57% of these households living in fuel poverty.

4.49 The Northern Ireland Housing Executive is developing a scheme which will broker for fuel for Housing Executive and potentially Housing Association tenants when the legislation is in place. This energy brokerage scheme has the potential to make a significant impact on householder's ability to heat their homes and will, for the first time, provide some control on the price of household fuel. In parallel, the Minister has met the two gas and two electricity suppliers, advised them of the forthcoming scheme and pressed that they respond positively and offer credible discounts. The Minister has also made representations to the Utility Regulator to ensure that any issues which may prevent large numbers of customers from switching energy suppliers are addressed.

Action 12

By 30 June 2011, to introduce an energy brokerage scheme that will enable social housing providers to broker energy costs for their tenants at a competitive rate.

Maximising Incomes

4.50 The downturn in the global and local economy makes increasing household incomes very challenging. The Department is limited in the actions it can take to maximise incomes and other government departments also have limited provision for increasing and maximising incomes. In December 2010 the Minister for Social Development called on the Secretary of State for Work and Pensions in London to consider additional measures to address issues of need in Northern Ireland. The Minister suggested that these measures could include:

- an additional exceptional severe weather payment;
- an adjustment of the time limit for those entitled to receive the Winter Fuel Payment;
- assessment of the areas covered by the cold weather stations; and,
- an adjustment in the temperature at which cold weather payments are paid.

Practical ways of increasing and maximising household incomes are set out in the following paragraphs.

Benefit Uptake

4.51 We are aware that some vulnerable people do not claim their full benefit entitlement. The Department runs an annual Benefit Uptake campaign. The Northern Ireland Audit Office published a report on the Uptake of Benefits by Pensioners on 23 February. The Audit Office acknowledged the efforts made by the Department for Social Development to improve benefit uptake and the importance of removing barriers to preventing claims. The Report recommended that the Department should:

- continue to deliver uptake activities and measure their success;
- obtain better information on the extent of non-uptake;
- start or continue data sharing to identify people with unclaimed entitlement and maintain records of outcomes from data sharing activities; and,
- consider the views of the interdepartmental group on benefit uptake to act as a forum for engaging with the Independent Advisory Sector.

The Warm Homes Scheme also offers a Benefit Entitlement Check to all applicants. **We will work with providers to ensure that benefit uptake is maximised and is targeted at people on low income.**

Automatic Payment of Pension Credit

4.52 In Britain, 2000 pensioners have been selected to automatically receive payments similar to Pension Credit payments for a 12 week period. This started in November 2010. After this research study, customers will be asked to submit an application to receive the benefit on a permanent basis. Several respondents to the Fuel Poverty consultation have called for the automatic payments of Pension Credit as a meaningful way in which incomes can be increased. The Department is monitoring progress of the Britain research study, which does not have Northern Ireland participation due to legal issues.

Action 13

We will continue to deliver a Benefit Uptake campaign and consider by 30 September 2011 the outcomes of the current research study in Britain.

Oil Stamp Saving Schemes

4.53 The Department believes that budgeting for fuel will be a critical tool in tackling fuel poverty in the future. We have collated good practice from several existing fuel stamp saving schemes and we will promote existing oil stamp savings scheme as a model of good practice. Feedback from the consultation suggests that local schemes work well and are the preferred way of delivering stamp savings schemes.

Action 14

By 30 September 2011 we will work with partners to promote existing Oil Stamp Saving Schemes across all council areas.

Achieving affordability through renewable and sustainable sources

4.54 The Department proposes to continue to invest in renewable solutions in areas not covered by the gas network as a viable alternative to oil heating. Whilst we believe that the use of renewable energy should be encouraged as much as possible, we propose to maintain a watching brief on their development, awaiting proven cost effective technologies before committing to large-scale investments. We have invested in some trials of renewable technologies with NIE Energy through the Fuel Poverty Partnership Fund and will make decisions about the future use of renewables in fuel poverty schemes when the evaluations of these trials have been examined. All of the technologies have been proven technically; however, our monitoring will provide evidence of the durability and financial viability of the renewable technologies.

Action 15

By 30 September 2011, to complete an evaluation of the current trials of domestic renewable and sustainable energy technologies to determine if they provide proven cost effective affordable energy solutions that could be rapidly deployed in Northern Ireland.

Social Tariffs

4.55 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. **We are committed to continue to explore options for the introduction of a social tariff.**

4.56 The Utility Regulator issued a consultation paper “Assisting Affordability Concerns for Vulnerable Energy Customers” which opened the debate on the introduction of social tariffs in Northern Ireland. Given the complexity of issues involved, the consultation proposed a three-stage approach to going forward which was supported by respondents to the consultation:

1. The consultation document which presented a set of high-level policy questions that encouraged stakeholders to focus on prior to being able to effectively move forward;
2. A detailed analysis of options to be taken forward by appropriate fuel poverty focused authorities;
3. Implementation of the preferred option, given political policy direction and appropriate legislative tools.

4.57 An analysis of the responses revealed broad consensus on:

- addressing affordable warmth as opposed to just helping with electricity bills;
- inclusion of all home heating fuels, in particular oil which is used by over 70% of households;
- support for an extended statutory remit for the Utility Regulator (primarily in relation to oil regulation);
- the need for energy efficiency advice.

There was less agreement on issues such as:

- who should pay for assistance to poorer consumers;
- targeting assistance;
- amount of assistance;
- mechanisms for collection and disbursement of funds.

4.58 There was widespread agreement that assistance should address affordable warmth, not just help with electricity bills. There was no broad consensus as to who should receive assistance, what mechanisms could be used to identify and assist them or how much any assistance should amount to.

4.59 The Assembly debated the issue of social tariffs on 20 September 2009 and resolved:

“That this Assembly, being mindful of the alarmingly high levels of fuel poverty in Northern Ireland and the negative impact high energy prices have on the fuel poor, calls on the Minister for Social Development to work with her Executive colleagues to obtain an accurate assessment of actual need in respect of fuel poverty; notes that social tariffs could result in higher prices for a significant number of households and businesses; and urges consideration of a range of options to assist people most vulnerable to fuel poverty.”

The debate acknowledged the difficulties associated with the introduction of a social tariff. This does not mean that there is no scope for securing reduced energy prices for vulnerable householders. The Interdepartmental Group on Fuel Poverty will make the exploration of future options for reduced energy prices for vulnerable householders a priority.

Action 16

By 30 September 2011 the Interdepartmental Group on Fuel Poverty will report on the affordability of fuel and what more can be done to protect vulnerable householders from fluctuating fuel prices.

Key Area 4: Building Strong Partnerships

To develop and consolidate effective partnership working across organisational and professional boundaries to provide more effective and integrated team working to eradicate fuel poverty.

4.60 We believe that no one government department or organisation can tackle fuel poverty singlehandedly. The Department for Social Development has the lead responsibility for domestic energy efficiency improvements through:

- The Social Security (Northern Ireland) Order 1990 which gives the Department the legislative responsibility for domestic energy efficiency improvements;
- The Energy Conservation Domestic Energy Efficiency Grants Regulations (Northern Ireland) 2009 which gives the Department the legislative base to deliver the Warm Homes Scheme;
- The Energy Efficiency (Northern Ireland) Order 1999 which also gives the Department the power to promote energy efficiency in residential accommodation.

4.61 Through the Interdepartmental Group on Fuel Poverty other departments also have a significant role to play in the eradication of fuel poverty. There are clear links to other government strategies including the Northern Ireland Strategic Energy Framework, the Green New Deal, the Sustainable Energy Initiative, and the forthcoming new Child Poverty Strategy. Closer working, not only between government departments, but between government and the private and voluntary sectors is vital. There is a strong body of evidence that partnership working is the best way to tackle fuel poverty. We will work with other government departments, the voluntary sector, the energy sector and others who are committed to alleviating fuel poverty.

Green New Deal

4.62 The Northern Ireland Green New Deal Group is a coalition of over 40 organisations and individuals from across public, private and voluntary sectors. The aim of the Green New Deal Group is to lever resources and expertise to sustain and create employment in the construction and renewable energy sectors.

Green New Deal Objectives

4.63 The Northern Ireland Green New Deal Group proposes:

- to assemble funding to enable energy retrofit of 100,000 homes over an initial three year period (as a foundation for treating a total of 500,000 homes over ten years);
- to establish and supervise 'one-stop-shop' mechanisms for customers for sales, finance, installation of measures and after sales service;
- to ensure standards of sales, finance, installation of measures and after-sales service.

4.64 The NI Green New Deal Group has proposed the establishment of a mutual company whose role will be to assemble funding to enable the energy retrofit.

4.65. Green New Deal is preparing a proposal for a pilot scheme for the Newry Low Carbon City Zone. The project aims are to:

- engage with the local community to install energy measures;
- identify a range of existing energy grants;
- develop additional funding resources; and,
- inform the Green New Deal’s proposals for retrofitting the entire housing stock across Northern Ireland over the next ten years.

4.66 The Department for Social Development’s Permanent Secretary chairs an interdepartmental group which is examining the Green New Deal proposal for Northern Ireland and will determine the way forward with the Green New Deal Group. This work is being developed as a matter of urgency.

Building Partnerships

4.67 We propose to give particular focus on consolidating existing partnerships with:

- Interdepartmental Group on Fuel Poverty;
- Fuel Poverty Advisory Group;
- Local Councils and Investing for Health Partnerships;
- National Energy Action (NEA);
- Department of Energy and Climate Change (DECC);
- Energy Saving Trust;
- Green New Deal.

Action 17

To develop and consolidate effective working arrangements across the statutory, voluntary and private sectors to make best use of existing capacity, and to secure increased commitment of all partners to joint working through new and existing partnership mechanisms.

Area Based Approach to Energy Efficiency Improvements

4.68 There has been some support for an area based approach method of targeting help for people in fuel poverty. The Kirklees model has been proposed by some commentators as an example which should be replicated in Northern Ireland. Every home in Kirklees, on a house by house, ward by ward basis suitable for loft and cavity wall insulation was able to receive this work for free. Our approach through the Warm Homes Scheme has been driven by the circumstances of the occupants, targeting available resources at the most vulnerable people, rather than just the condition of the property. The Department will carry out an evaluation of the Kirklees approach to energy efficiency improvements. This evaluation will provide evidence from which we can make decisions about the area based approach and is consistent with our overall evidence based approach to policy making. The Department will also track the Green New Deal pilot in Newry which will test the area based approach.

Action 18

By 31 March 2011 to investigate the economic, social, environmental and regulatory costs, benefits and risks of introducing an area based approach to tackling energy efficiency improvements by evaluating the Kirklees model.

FUEL POVERTY STRATEGY ACTIONS

Key Areas for Action

Key Area 1: Targeting of Resources

To better target the resources available through the development and implementation of a robust mechanism for the measurement and analysis of fuel poverty within Northern Ireland.

Action 1

We will effectively target available resources towards vulnerable households.

Action 2

By 1 May 2011 an evaluation will be completed of the current definition of fuel poverty, including proposals that may ensure it remains fit for purpose, This will include dissemination and consultation with key stakeholders on any revisions that seem indicated.

Action 3

We will begin discussions on implementing a fuel poverty severity index with our core stakeholders, with a view to providing an effective mechanism for the targeting of fuel poverty resources in Northern Ireland by 1 May 2011.

Key Area 2: Improving Energy Efficiency

To improve the energy efficiency of vulnerable households.

Action 4

To achieve an average energy efficiency gain of at least 15% in homes assisted by the Warm Homes Scheme.

Action 5

To deliver energy efficiency improvements to vulnerable households in the social rented sector each year through the Northern Ireland Housing Executive Heating Replacement Scheme.

Action 6

By summer 2011, to introduce a pilot Boiler Replacement Scheme in Northern Ireland targeted at householders aged over 60.

Action 7

We will deliver more energy efficient housing through the standards set out in the Code for Sustainable Homes. This will include demonstrator projects that will see a number of new homes built to much higher minimum standards, up to 70% more energy efficient than ever before.

Action 8

By 31 March 2012, to investigate the economic, social, environmental and regulatory costs, benefits and risks of introducing an Equity Release Scheme for energy efficiency improvements in Northern Ireland by conducting an appropriate feasibility study.

Action 9

By 31 March 2012, in conjunction with other departments and agencies, to investigate the economic, social, environmental and regulatory costs, benefits and risks of developing and implementing an Energy Performance Certificate Database in Northern Ireland by conducting an appropriate feasibility study.

Action 10

To pilot, in conjunction with other departments and agencies, the introduction of smart meters within vulnerable households, and to evaluate the pilot by 30 September 2012.

Action 11

By May 2011, to introduce legislation that will enable local authorities to produce domestic energy efficiency improvement action plans, and the Home Energy Conservation Authority to facilitate and co-ordinate such local initiatives.

Key Area 3: Achieving Affordable Energy

To facilitate the achievement of affordable energy for households in Northern Ireland.

Action 12

By 31 March 2012, to introduce an energy brokerage scheme that will enable social housing providers to broker energy costs for their tenants at a competitive rate.

Action 13

We will continue to deliver a Benefit Uptake campaign and consider by 30 September 2011 the outcomes from the current research in Britain.

Action 14

By 30 September 2011 we will work with partners to promote existing Oil Stamp Saving Schemes across all council areas.

Action 15

By 30 September 2011, to complete an evaluation of the current trials of domestic renewable and sustainable energy technologies implemented through the Fuel Poverty Partnership Fund and the Northern Ireland Housing Executive to determine if they provide proven cost effective affordable energy solutions that could be rapidly deployed in Northern Ireland.

Action 16

By 30 September 2011 the Interdepartmental Group on Fuel Poverty will report on the affordability of fuel and what more can be done to protect vulnerable householders from fluctuating fuel prices.

Key Area 4: Building Partnerships

To develop and consolidate effective partnership working across organisational and professional boundaries to provide more effective and integrated team working to eradicate fuel poverty.

Action 17

To develop and consolidate effective working arrangements across the statutory, voluntary and private sectors to make best use of existing capacity, and to secure increased commitment of all partners to joint working through new and existing partnership mechanisms.

Action 18

By 31 March 2011 to investigate the economic, social, environmental and regulatory costs, benefits and risks of introducing an area based approach to tackling energy efficiency improvements by evaluating the Kirklees model.



Fuel Poverty in Northern Ireland 2009

The Northern Ireland House Condition Survey 2009

The House Condition Survey 2009 provides the latest official data on fuel poverty in Northern Ireland. It showed that:

- the tenure with the highest proportion in fuel poverty in 2009 was the private rented sector (67,770; 54.9%);
- this was closely followed by social rented households, (56,500; 51.4%);
- in the owner occupied sector 38.9% (178,040 households) were in fuel poverty in 2009.

Fuel Poverty and Dwelling Type

There were smaller differences in the rates of fuel poverty when analysed by dwelling type. The rates of fuel poverty were highest in households living in single storey (38%) and terraced (36%) properties and lowest for households in semi-detached (31%) houses and flats/apartments (31%).

Fuel Poverty and Dwelling Age

As with unfitness and the Decent Homes Standard, there was an association between dwelling age and fuel poverty. Households living in older dwellings had higher rates of fuel poverty. Some key findings were:

- more than one-half (63.4%) of households living in dwellings built before 1919 were fuel poor;
- the rate of fuel poverty was slightly less for households living in dwellings built between 1919 and 1944 (58.9%);
- However, the rate of fuel poverty for households living in new post 1980 stock was only 28.3%.

Of all households living in fuel poverty approximately 18.3% lived in dwellings constructed prior to 1919.

Fuel Poverty and Cavity Wall Insulation

Households living in dwellings with full cavity wall insulation (28%) were less likely to be in fuel poverty than households living in dwellings with partial (43%) or without any type of wall insulation (46%).

Fuel Poverty and Loft Insulation

Households with loft insulation were less likely to be in fuel poverty than households with no loft insulation. Insulation plays a key role in improving energy efficiency of homes, according to the Energy Saving Trust around half the heat in a typical home is lost through the walls and loft.

Building Research Establishment (BRE) Factfile 2007

The BRE Domestic Energy Factfile 2007 reports that in Northern Ireland in 2004:

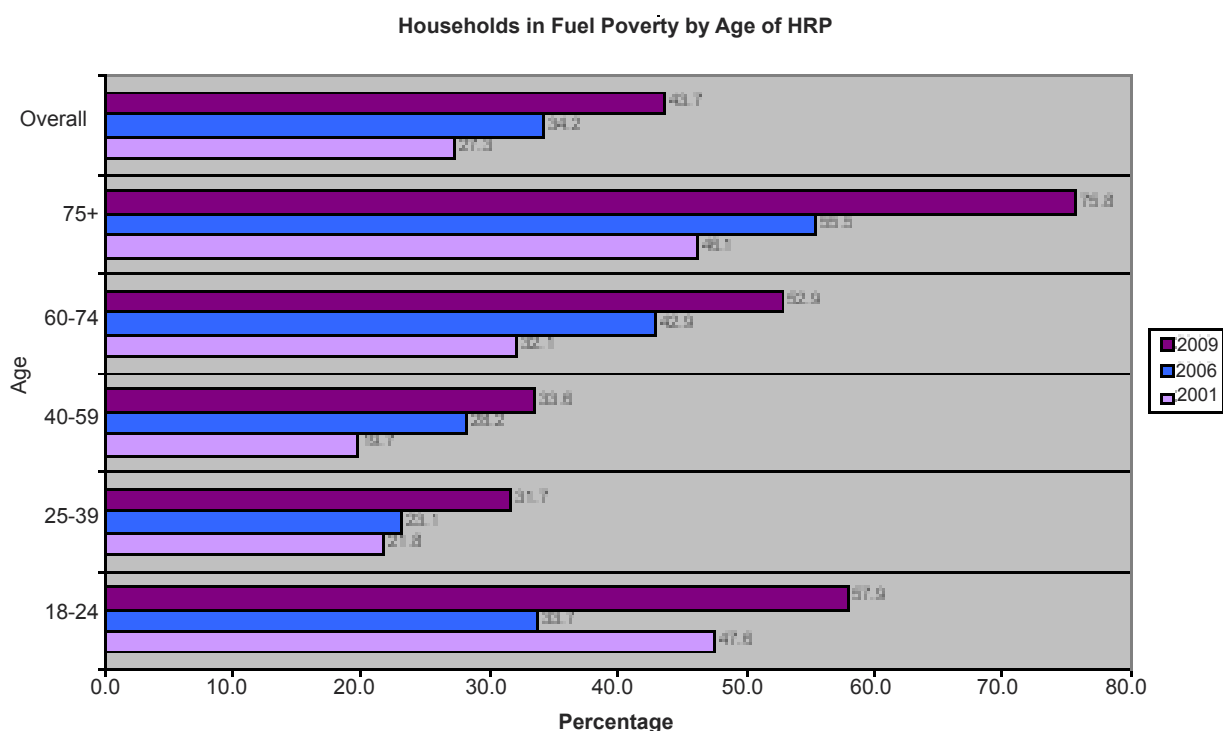
61% of the housing stock was built since 1969, highest percentage in the UK;
 74% of lofts had 100mm or more of insulation, highest percentage in the UK;
 78% had cavity wall insulation, highest in the UK.

Fuel Poverty and Age

The House Condition Survey showed that in 2009 households headed by older people were much more likely to be living in fuel poverty. The survey showed that:

- persons aged between 60 and 74 (52.9%) and 75 plus (75.8%) were more likely to be living in fuel poverty, compared to only 31.7% of reference persons aged between 25 and 39 and 33.6% of those aged between 40 and 59;
- almost half (49%) of all households that were fuel poor were headed by persons aged 60 or more.

HOUSEHOLDS IN FUEL POVERTY AND AGE OF HRP' 2001-2009



Fuel Poverty and Household Type

The 2009 House Condition Survey showed that the rate of fuel poverty varied by household type and was consistent with findings by age. The survey showed that:

- a very high proportion of lone older (83.2%) households were in fuel poverty;
- over half (62.8%) of lone parent households were in fuel poverty, followed by 72.2% of lone adult households;
- households with large numbers of adults (13%) and families (14.2%) were least likely to be in fuel poverty.

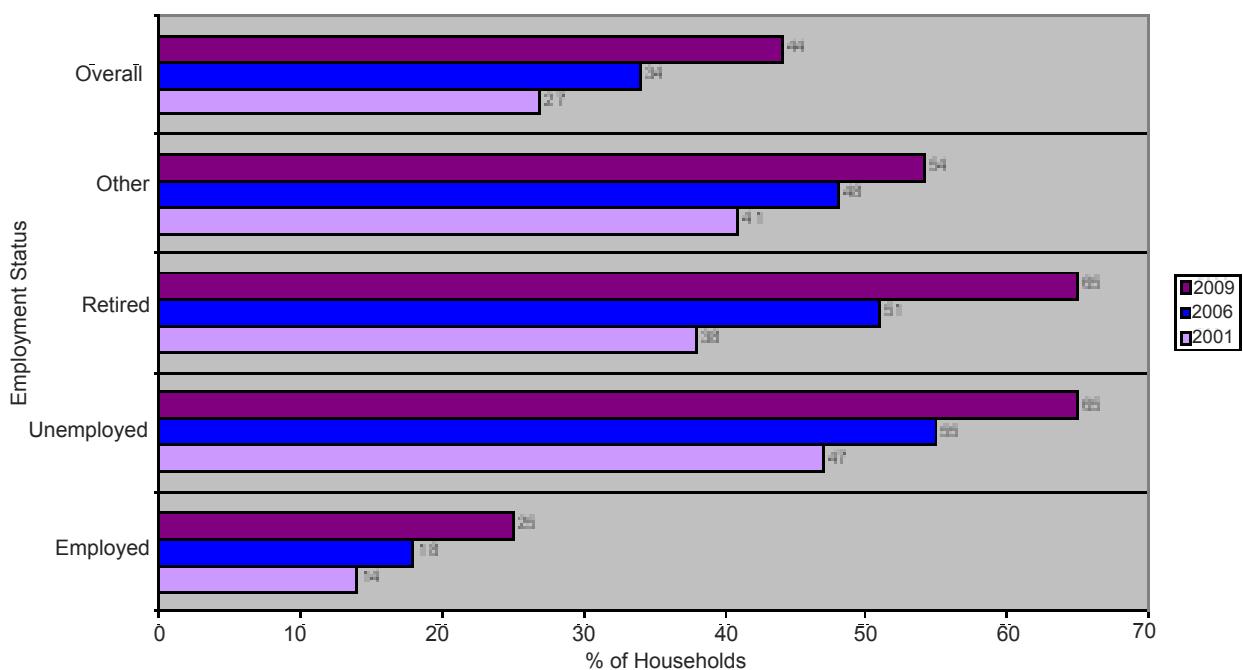
Fuel Poverty and Employment

The 2009 House Condition Survey showed that there was considerable variation in fuel poverty by employment status. The survey showed that:

- more than one-half (65%) of households headed by a person categorized as unemployed were living in fuel poverty;
- the lowest rate of fuel poverty was found in households headed by employed persons (25.3%).

HOUSEHOLDS IN FUEL POVERTY AND EMPLOYMENT STATUS

Households in Fuel Poverty by Employment status



Fuel Poverty and Income

Table 2 below shows the clear relationship between income and fuel poverty. Low income households were much more likely to be living in fuel poverty, the survey showed that:

- in 2009, 86% of households with an annual income of less than £7,000 per annum were in fuel poverty;
- as income increased, the proportion of households in fuel poverty declined. The rate of fuel poverty for households with an annual income of between £7,000 and £29,999 was 52% and only 3% for those with an annual income of £30,000 or more;

FUEL POVERTY AND ANNUAL (GROSS) HOUSEHOLD INCOME

Annual Household Income	% in Fuel Poverty 2009	% in Fuel Poverty 2006	% in Fuel Poverty 2001
Less than £7,000	85.9	75	68
£7,000 and £29,999	52	26	11
£30,000 or more	3	3	Less than 1
Overall FP Rate	44	34	27

Analysis of households in fuel poverty in 2009 shows that considerable progress had been made in reducing fuel poverty in Northern Ireland between 2001 and 2004 (from 27% to 23%) but by 2006 the rate of fuel poverty had increased to 34% and by 2009 to 44%, largely as a result of the very significant increases in the price of fuel.

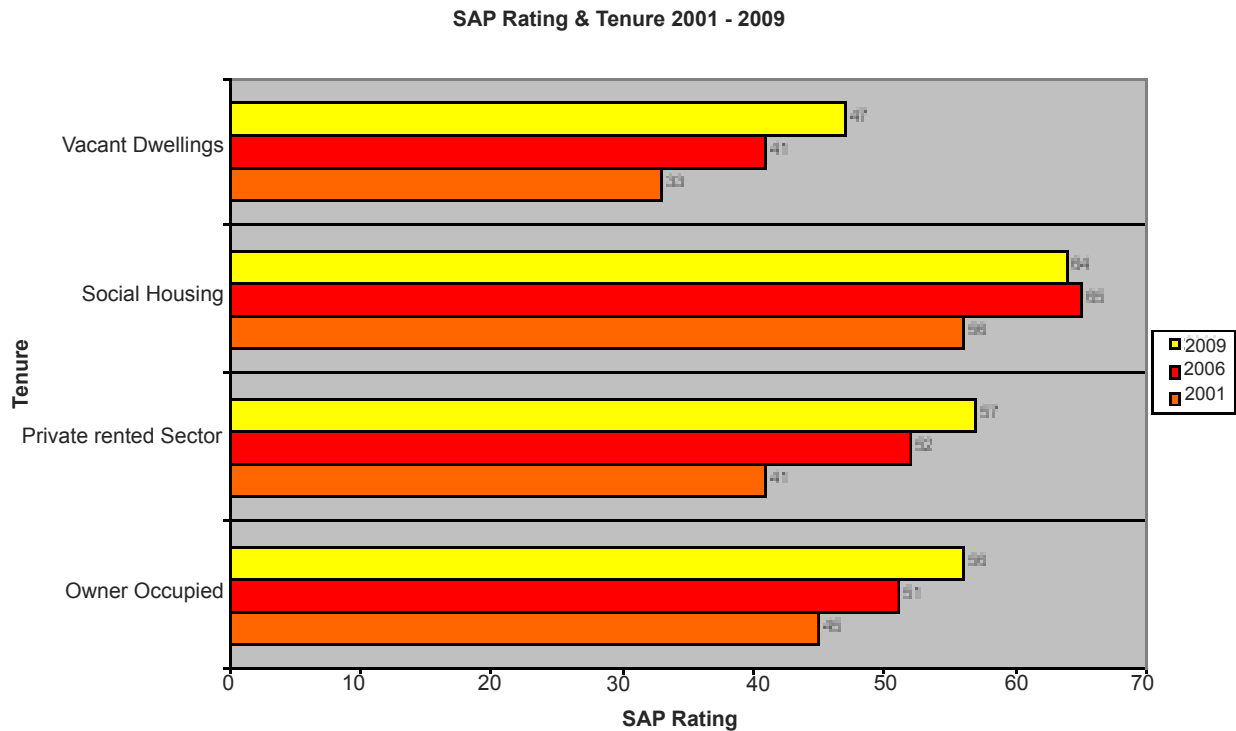
The 2009 survey confirmed that even if the dwelling is given an efficient heating system and is insulated to the highest standards it does not mean that the household will automatically be brought out of fuel poverty. The cost of fuel and low income will remain important determinants of whether a household is still in fuel poverty.

Standard Assessment Procedure (SAP)

The Standard Assessment Procedure (SAP) is the government's standard method of rating the energy efficiency of a dwelling. The SAP rating is on a logarithmic scale and provides a comparative measure of the energy efficiency of dwellings. The lower the score the lower the energy efficiency and the higher the score (up to a maximum of 100) the higher the efficiency.

In 2001, Northern Ireland's dwelling stock had an average SAP rating (SAP05) of 45.5; this had increased to 57 by 2009. This improvement in the energy efficiency of the stock was primarily due to fuel switching from solid fuel and electric to gas and oil, combined with improvements in cavity wall insulation, loft insulation and double-glazing. The estimated average SAP05 figure for England is 52.

SAP05 RATING AND TENURE, 2001- 2009



Climatic Conditions

Large parts of the Northern Ireland population are exposed to climatic conditions that are quite severe by comparison with other parts of the UK. While Northern Ireland experiences a basic climate that is not particularly cold in winter, it is decidedly cool in summer, leading to a longer heating season. Furthermore, 15% of Northern Ireland's households live at altitudes in excess of 100 metres where colder conditions occur.

Rural Population

The population of Northern Ireland is nearly 40% rural, which means that a large part of the population lives outside the warmer sheltered urban areas with reduced individual heating needs. The problems of energy access and cost are similar to those found in peripheral, particularly rural, parts of England. In particular, access to mains gas supplies is limited.

Developing Gas Industry

The gas industry in Northern Ireland is still in the early stages of development. The cost of the gas network infrastructure is recouped from customers and this means that average gas prices (per unit of energy) are higher in Northern Ireland than elsewhere in the UK. On the other hand, domestic electricity prices have, in recent years, been broadly similar to those across the UK.

