



Belfast City Council

Report to:	Health and Environmental Services Committee
Subject:	Consultation Document – A New Fuel Poverty Strategy for Northern Ireland
Date:	8th September, 2010
Reporting Officer:	Suzanne Wylie, Director of Health and Environmental Services, Ext. 3260
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Relevant Background Information

The Department for Social Development (DSD) has sought comments on proposals contained within its new Fuel Poverty Strategy for Northern Ireland. The report reiterates that fuel poverty remains a key priority for the Executive and acknowledges that previous targets to eradicate fuel poverty in vulnerable households have not been met. Importantly, the draft Strategy recognises that the alleviation of fuel poverty cannot be resolved by one government department, particularly in a context of increasing global energy costs.

The draft strategy verifies that Northern Ireland suffers disproportionately from fuel poverty. A number of factors contribute to this situation where annual household fuel bills here are considerably higher than any UK region and annual fuel bills, as a percentage of disposable income are, likewise, far in excess of other regions.

Fuel poverty is affected by 3 factors, namely, income, fuel prices and energy efficiency. The energy inefficiency of houses is recognised as the contributor to fuel poverty where Government has greatest potential for making an impact. The new strategy focuses on removing energy inefficiency as a cause of fuel poverty whilst exerting influence on other departments and agencies to help tackle high fuel prices and low incomes.

Key Issues

The draft strategy acknowledges the need for a strong partnership approach to address fuel poverty. Co-operation is anticipated not only across Government departments but the direct involvement of local Government is also considered.

The draft Council response is attached. It stresses the need for a co-ordinated approach with leadership and delivery responsibilities clearly identified and also supports a key focus on energy efficiency. The benefit of area based approaches is highlighted as of particular relevance to Belfast. The response reflects the overarching impact of fuel poverty in Belfast and takes account of specific Council work on health development, older people, energy efficiency and building regulations, as well as its overall policy on sustainable development and poverty

generally.

Resource Implications

There are no direct resource implications associated with this report. If the conclusions agreed result in greater responsibilities for local authorities in addressing fuel poverty, some re-alignment of council budgets may be required.

Recommendation

The Committee is asked to endorse the attached draft response.

Decision Tracking

Agreed response will be forwarded to DSD by David Cartmill, Departmental Policy Manager, subject to final endorsement by Council.

Document Attached

Draft response to “Warmer, Healthier Homes” – a consultation paper on a new Fuel Poverty Strategy for Northern Ireland.

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Warmer Healthier Homes – A consultation paper on a new Fuel Poverty strategy for N.I.

Thank you for the invitation to comment on the above strategy. Belfast City Council would wish to express its support for the need to continue measures to tackle the issue of Fuel Poverty as a matter of urgency.

We have reviewed the document and have completed the response pro forma as requested. Belfast City Council would, however, wish to emphasise what it regards as key issues.

1. Section 4 – Consolidating Partnerships

Belfast City Council agrees fully that no one government department or organisation can tackle Fuel Poverty single-handedly. The document refers to the Inter-departmental Group on Fuel Poverty and the need for closer working between government departments and the private and voluntary sectors. We would suggest that the means to realise a co-ordinated, strategic approach to address Fuel Poverty should be presented in much greater detail, with leadership and delivery responsibilities clearly identified. It is accepted that DSD can contribute to part of the solution only. Ownership of a revised Fuel Poverty strategy must however be established to ensure proper management and monitoring of actions agreed.

It is Belfast City Council's view that Local Government has an important role to play in such a strategic partnership and we would welcome further discussion as to how optimum arrangements might be brought about. It is only by adopting such a cross-cutting approach that the separate but inter-related factors contributing to Fuel Poverty can be addressed meaningfully.

2 Section 2.16 – Powers to enable local authorities to produce action plans to improve energy efficiency within their local area.

The Council welcomes new powers outlined in the Housing (Amendment) (No 2) Bill which provides opportunity to engage more actively in the fight against fuel poverty at a local level. The powers proposed will enable local authorities to pursue a range duties relating to sustainable development and health development in a more direct and immediate fashion. We would hope that the delay in the establishment of new local authorities will not impede the progress of this Bill through the Assembly.

3. Section 4.5 – An area based approach to energy efficiency improvements.

Belfast City Council is fully supportive of area based approaches in terms of impact and efficiency in addressing fuel poverty. We accept fully that different approaches will be designed and applied in different circumstances. In Belfast we see clear opportunities to adopt area based approaches which have been applied successfully in other contexts (for example, "enveloping") and in other cities. Such approach would be carefully targeted and based on detailed data already in the Council's possession.

WARMER HEALTHIER HOMES

A Consultation Paper on a new Fuel Poverty Strategy for Northern Ireland

Question 1.1 Do you have any evidence which you would submit as part of the examination of the current definition of fuel poverty?

The current definition of fuel poverty provides a useful indicator of the ability of people to heat their homes. Whilst the definition may lend itself to further refinement Belfast City Council would caution against any change that could compromise its use as a barometer of the effectiveness of interventions or the impact of variations in fuel prices over time. It is essential that meaningful and accurate year on year comparisons are available.

Belfast City Council has access to a range of data pertaining to the present definition of fuel poverty and has been working with DETI to produce bespoke maps of energy use in the city. Such evidence would enable area based approaches to fuel poverty discussed later in this response.

Question 1.2 Do you agree with the development of a severity index?

Although people on the margins of fuel poverty may not be as seriously affected as those who are in severe or extreme fuel poverty, as an indicator, fuel poverty identifies anyone whose health and safety may be compromised by an inability to heat their home. Whilst Belfast City Council would agree that a severity index would provide useful and relevant information for targeting purposes it should only be used in that light and should not be promoted as an opportunity to exclude people from assistance.

Question 1.3 Do you agree that resources should be targeted at vulnerable households first?

Very often vulnerable households are in fuel poverty, however, this is not always the case. Ideally interventions to reduce fuel poverty should be targeted at the fuel poor however it is not always practicable to roll out a scheme based on the “worst first” approach. Another option would be to target areas of greatest need, where there is likely to be more people in fuel poverty, and deal with it on a geographical basis, similar to the Warm Zones approach currently being piloted in England.

Question 1.4 Do you agree that a severity index should be used to assist in targeting the most vulnerable?

Whatever approach the Department utilises to reduce fuel poverty it is imperative that mechanisms continue to exist that will allow those in extreme fuel poverty to be dealt with as a priority. The 2006 House Condition Survey (HCS) suggests that only 6% of the fuel poor fall into this category and, although this percentage is likely to demonstrate an increase following the release of the 2009 HCS figures, it should still be possible to target the majority of these homes.

Question 2.1 Do you agree with a consolidation of the fuel poverty strategy around the aim of improved energy efficiency?

Improving energy efficiency is the most effective way of addressing fuel poverty. It is therefore appropriate that this should form the central theme of the fuel poverty strategy. It is important however that the strategy does not focus on energy efficiency to the exclusion of the other two

contributors, namely energy costs and income. Benefit maximisation for example, must be viewed as a central objective in any fuel poverty strategy. Energy costs probably constitute the strand of the definition that lends itself least to intervention. Whilst the utility regulator's responsibilities include gas and electricity they do not include oil which is used by 70% of the people in the province. In January of this year when temperatures dropped to as low as -11°C the average price of 900 litres of oil rose by around £25. This demonstrates how exposed vulnerable people are to unregulated oil prices. Also, vulnerable customers who cannot afford to bulk purchase home heating oil in one transaction are often left with no option but to use 20 litre drums and can end up paying significantly more per litre. An added problem with the 20 litre drums, particularly for the frail or elderly, is the method of transfer into their oil tank. This can present serious health and safety risks. Belfast City Council would therefore recommend that consideration be given within the strategy for the introduction of a regulatory mechanism for fuel oil. Already this year the Chairman of the Council's Health and Environmental Services Committee has written to the office of the First and Deputy First Minister recommending that consideration be given to the introduction of a regulatory mechanism that will provide all the fuel poor, particularly those using oil, with protection from fluctuating and expensive energy costs.

Belfast City Council considers that energy efficiency presents the most tangible and immediate intervention to reduce fuel poverty. We would emphasise the wider benefits of such approaches including contributions to government targets on Climate Change and reduction in CO2 emissions.

Question 2.2 **Do you agree that the Warm Homes Scheme should continue to be our main tool in tackling energy inefficiency in the owner occupied and private rented sector?**

It is difficult to reconcile the increasing levels of fuel poverty with a commitment to endorse a continuation of the Warm Homes Scheme as the main tool for tackling energy inefficiency in the owner occupied and private rented sector. The new focus of targeting properties where there is no central heating, solid fuel, Economy 7 or LPG still fails to guarantee that it is reaching the fuel poor. However, whilst the Council would agree that the Warm Homes Scheme should continue in the absence of any suitable alternative it is strongly recommended that serious consideration is given to looking at potentially new and innovative options, such as area based interventions. We would suggest that further assessment is made regarding the use of Building Regulations as a means to tackle energy inefficiency

Question 2.3 **Do you agree that the warm homes criteria should continue to be used?**

If the Department retains the Warm Homes Scheme as the main tool in tackling energy inefficiency in owner occupied and private rented sector then the scheme must have the capacity to target the poorest people who are living in the worst homes, such as benefit recipients whose home has a low SAP rating. This would ensure that the target is not diluted by inclusion of vulnerable people who are not in fuel poverty and people already living in energy efficient homes.

Question 2.4 **Do you agree that the Northern Ireland Housing Executive heating replacement scheme is an effective tool in tackling energy efficiency in our social housing stock?**

The 2006 HCS indicated that over 40% of Housing Executive households were in fuel poverty. This is significantly higher than the regional average of 34% although it is less than the private rented sector. As social housing is more likely to have a greater percentage of vulnerable individuals in receipt of social benefits it is difficult to deduce a definitive view from this type of information. The imminent publication of the 2009 HCS results however will provide a much more meaningful measure of its effectiveness and the Council would suggest that any decisions around this issue should take into account any new data from the 2009 survey

Question 2.5 **Do you agree that Cosy Homes is the most appropriate way of improving the energy efficiency of existing housing association stock?**

Although the Cosy Homes scheme assists registered Housing Associations to change from inefficient systems, such as Economy 7 and solid fuel, to energy efficient gas or oil it doesn't provide a whole house approach in relation to ensuring an energy efficient home. Also, where an oil fired system is installed under the scheme the occupant will then be reliant on an expensive and unregulated fuel supply. The Council would wish to see guarantees that publicly funded energy efficiency interventions are designed around whole house solutions.

Question 2.6 **Are you in favour of a boiler replacement scheme?**

Boiler replacement schemes should improve energy efficiency and therefore reduce energy costs to the user. This will contribute to a reduction in fuel poverty although, of itself, it does not guarantee that the occupant will move out of fuel poverty. Associated improvements linked to boiler replacement including installation of thermostatic valves, controls and insulation may require a Building Regulation application. If Building Control bodies are required to inspect systems this should be taken into account in the design of financial support schemes for households.

Question 2.7 **Do you agree that the scheme should be targeted at boilers rated at D or worse?**

Yes.

Question 2.8 **Do you agree that the boiler replacement scheme should be administered as a grant?**

Yes. The boiler replacement scheme should be administered as a grant and, as it is targeted at vulnerable people in receipt of one of the qualifying criteria for warm homes, the grant should cover the full cost of installation and any associated inspection (see 2.6).

Question 2.9 **Do you agree that, as in the warm homes scheme, the boiler replacement scheme should be available to people living in privately rented houses?**

Yes. This is particularly relevant as the majority of the fuel poor live in the private rented sector.

Question 2.10 **If so, do you think landlords should make a contribution to the scheme?**

Yes. There should be an obligation on landlords to make a contribution as they are directly benefiting from an improvement to their property. Legislative change may be required to permit enforcement of such a duty

Question 2.11 **Do you agree that the Department should continue to aim towards Code 4 and 5 so that new social housing is built to the highest possible standard?**

The Council would agree that all new social housing should be built to the highest possible standard.

Question 2.12 **Do you agree that the Department should explore the feasibility of an equity release scheme which would allow home owners to carry out energy efficiency improvement to their homes?**

Equity release provides people, who own their property, with the option to free up capital to improve their home. Such schemes however need to be considered locally in the context of falling house prices. The Department should closely examine the effectiveness of the three English pilots and should consult with relevant stakeholders before committing to any such schemes.

Question 2.13 **Do you agree that the Department should work with the Department of Finance and Personnel, other Departments and agencies, to expand the use of the data base of energy performance certificates?**

Yes. Belfast City Council believes that the targeting of energy inefficient dwellings will be the most effective way of reducing fuel poverty. It is therefore essential that appropriate data, and energy performance certificates in particular, is available to inform the identification of both hotspot areas of potential fuel poverty as well as isolated dwellings. The Council is of a view that data administered by the DFP could be further utilised to better inform fuel poverty policy. Local authorities through their environmental health and building control services can play a role with other partners in developing better data sharing, for example, use of information maintained on the energy performance of buildings.

Question 2.14 **Do you agree that the Department's approach to smart meters should prioritise safeguarding the vulnerable?**

The installation of smart meters could provide benefits for the fuel poor by removing the fear of unexpected large fuel bills, based on estimates.

Question 2.15 **Are there any other duties which the Department should pursue in the smart meter domain?**

The Department should consider ultimately installing smart meters in all dwellings. As the public become more aware of air quality issues, including climate change and fuel poverty, there will be greater awareness of the impact of energy consumption. Smart meters would therefore assist householders in more effectively managing their fuel use. This issue should be included for further exploration with energy providers and for possible inclusion in revised building regulations.

Question 2.16 **Do you agree that new powers will enable local authorities to produce action plans to improve domestic energy efficiency within their local area?**

The Council welcomes the powers outlined in the Housing (Amendment) (No.2) Bill relating to the functions of district councils in relation to energy efficiency. In particular, the power to produce action plans to improve energy efficiency in residential accommodation will provide district councils with the *vires* to more actively engage in the fight against fuel poverty and perhaps lead on certain initiatives, such as area based approaches (see Question 4.5). The Council would also hope that any delay in the establishment of the new local authorities would not in any way impede the progress of this Bill through the Assembly.

District Councils already have comprehensive powers for dealing with unfitnes in the private rented sector. However, as a tool for improvement, the fitness standard is of limited value. It could however be used as a means to address fuel poverty in individual dwellings if the standard was changed to the decent homes standard. Alternatively, the Department could

introduce the Housing Health and Safety Rating system (HHSRS), which applies in England and Wales, as a replacement to the fitness standard. This operates on a hazard rating system and includes “Excessive Cold” as a category for consideration. Enforcement options around this HHSRS category could compliment any plans that Councils may produce through the proposed new energy efficiency powers under the Housing (Amendment) (No.2) Bill.

Question 3.1 Do you agree that the Department should continue with its benefit uptake campaign to assist households to increase incomes?

Yes. Benefit maximisation must form a key element of any fuel poverty strategy. The link to fuel poverty from income emphasises the need to ensure that benefit claimants, who are more likely to be in fuel poverty, receive their full entitlement. Sitting alongside the issue of benefit claimants are those people who, over recent years, have amassed significant personal debt. Whilst many of these people will fall outside the definition of fuel poverty they will, *de facto*, be fuel poor in that they will struggle to pay their fuel bills. The health impact for them will be the same as for those in fuel poverty but maximising their incomes will not address the problem for them. Increasing energy efficiency and controlling fuel costs will therefore be the priority for those in severe personal debt.

Question 3.2 Do you agree that the Department should promote oil stamps savings schemes as a model of good practice and work with partners to examine the feasibility of a national scheme?

Yes. Belfast City Council has direct experience of delivering an oil stamps savings scheme over the last 2 years. Over £130,000 of stamps have been sold so far and £80,000 redeemed by the oil companies. There are 48 outlets for the stamps across the city but the scheme is particularly popular in areas of social deprivation. Despite this the average value of the stamps saved on each card is £127. As the Council does not have a *vires* for such a scheme it is delivered under Section 115 of the Local Government Act (NI) 1972. The Housing (Amendment) (No.2) Bill proposes to give District Councils powers to promote energy efficiency in residential accommodation however Belfast City Council has already recommended to the Committee for Social Development an amendment to the draft legislation to include provisions that allow District Councils to assist the management of heating costs in residential accommodation. The Council would therefore wish to reiterate its desire to see this amendment included in the Bill.

The Council self evidently supports oil stamps savings schemes as a model of good practice but believes a national scheme, overseen by the Department, would be more appropriate. The Council would therefore recommend that the Department examines the feasibility of a National scheme.

Question 3.3 Do you agree that the Department should maintain a watching brief on new green technologies, with a view to rapid uptake of proven cost effective technology?

Northern Ireland is 99% dependent on imported fossil fuels and has the highest carbon footprint in the UK. Not only does the use of fossil fuel impact on air quality and climate change it also makes the province particularly vulnerable to rising fuel costs. In light of this therefore improved energy efficiency and the development of new green technologies should be integral to the fuel poverty strategy. The Council would therefore support the Department’s proposal to continue to invest in renewable solutions and would encourage their uptake at the earliest opportunity. Such support is, however, contingent on the expectation that clear procedures are put in place to enable the Department to cooperate with and influence the department(s) with responsibility to promote the use of new green technologies. We would emphasise that government should encourage new technologies to be employed but these should be thoroughly assessed and evaluated, with wider considerations such as the embodied energy of buildings taken into account.

Question 3.4 **Do you agree that the Department should continue to work with partners including the utility regulator and the Department of Enterprise, Trade and Investment to explore options for the possible introduction of a social tariff?**

The concept of social tariffs is attractive however Belfast City Council would be concerned that the development of social tariffs, with a view to benefiting disadvantaged customers, could result in additional costs to others which, in turn, could move some who are not currently fuel poor into fuel poverty. Belfast City Council has already responded to the utility regulators consultation, "Assisting with Affordability Concerns for Vulnerable Energy Consumers".

Question 4.1 **As the Department for Social Development has responsibility for domestic energy efficiency, which is only one component of the fuel poverty equation, do you agree with the emphasis on a partnership approach to tackling all aspects of fuel poverty?**

Yes. The three contributors to fuel poverty namely energy inefficiency, fuel costs and income confirm that there is a need to address the issue across a wide range of departments, statutory agencies and the voluntary and private sectors.

Question 4.2 **Do you agree that the types of partnership listed above encompassed the most important ones?**

Yes. The partnerships identified in the consultation appear to encompass the most important areas however the fuel poverty strategy must provide the framework within which all partnerships are able to dovetail their efforts to meaningfully reduce the numbers in fuel poverty. We would wish to mention specifically the potential roles of the N.I. Building Regulations Advisory Council (who advise on new building regulations) and the Department of Finance and Personnel (who write the regulations) Utilising the range of expertise available will require new and innovative approaches that will maximise the impact of individual partners, possibly through area based approaches. We would reiterate the need to establish clear leadership and delivery roles within the partnerships suggested.

Question 4.3 **Do you agree that the Department should maintain an active monitoring, evaluation, and research programme to support the development of best practice in the delivery of strategy?**

Yes. Evaluating and learning from best practice is essential particularly in light of the failure of the existing strategy to meet its targets and the continuing anticipated increase in people experiencing fuel poverty.

Question 4.4 **Do you agree that the Department should support housing providers to broker energy at a competitive rate for their tenants?**

Increasing fuel costs are probably the largest contributor to the rise in fuel poverty over recent years and therefore any means whereby these costs can be minimised for users are to be welcomed. The Council would therefore support the proposal that social landlords could bulk purchase energy at a discounted price on behalf of tenants. However, as the highest levels of fuel poverty are found in the private rented sector, the Council believes that social housing providers, and the Northern Ireland Housing Executive as the Regional Housing Authority and the Regional Energy Efficiency Authority, should have the power to make discounted fuel prices available to any householder who is deemed to be in social need whether they are the tenant of a social landlord, a private tenant or an owner occupier. Whilst welcoming the principle of brokering competitive energy rates for tenants we would question the practicality of this proposal. Clarity may be provided given further exploration including impact assessments.

Question 4.5 Do you agree that the Department should explore an area based approach to energy efficiency improvements?

When looking at potential fuel poverty existing in 50% of all households in Northern Ireland (pending 2009 HCS results) there is an imperative to consider new approaches to the issue. There is currently considerable interest in an area based approach to energy efficiency as a means of addressing fuel poverty. In its response to the utility regulatory consultation "Assisting with Affordability Concerns for Vulnerable Energy Consumers" Belfast City Council encouraged the concept of targeting energy inefficient houses on a phased basis focusing on those on low incomes or in specific geographical areas.

The onus for delivery of an area based scheme could be placed on the Local Authority as the key point of delivery with a local community partnership to shape the scheme delivery. It should be capable of prioritising those communities where reducing energy bills through energy efficiency measures will alleviate fuel poverty. It can also operate as a one-stop-shop allowing for benefits checks and income maximisation opportunities. Belfast City Council would therefore support the Department's intention to carry out an evaluation of the Kirklees approach to energy efficiency improvements.