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# FUEL POVERTY IN NORTHERN IRELAND

This paper provides a broad overview of fuel poverty in Northern Ireland examining issues such as the definition of fuel poverty, the causes and extent of fuel poverty and key fuel poverty policy developments. The paper also briefly explores the progress made in tackling fuel poverty both in Northern Ireland and other jurisdictions.

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#### INTRODUCTION

- The purpose of this paper is to provide a broad overview of some of the key issues relevant to fuel poverty in Northern Ireland. It is not intended in any way to be an exhaustive account of all relevant issues as fuel poverty is an issue which is complex and multi-dimensional and cuts across many different Government Departments including for example, OFMdFM; Social Development; Enterprise, Trade and Investment; and Health.
- 2. For ease of reference the paper is divided into seven sections with the first section exploring the definition of fuel poverty used in Northern Ireland and across the various other devolved regions. Section two examines some of the main causes of fuel poverty (e.g. rising fuel prices, low income, poor energy efficiency) and highlights the impact of rising fuel price on fuel poverty levels in the UK. The third section of the paper explores the extent of fuel poverty in Northern Ireland and highlights some of the reasons why fuel poverty here is higher than other regions.
- 3. Section four looks briefly at the **impact of fuel poverty on vulnerable groups** such as children and young people, people with disabilities and/or long term illnesses and older people. Finally sections five, six and seven examine some **key fuel poverty developments in Northern Ireland** and the **progress made towards the eradication of fuel poverty** in Northern Ireland and other regions.

#### SECTION ONE: WHAT IS FUEL POVERTY?

4. In broad terms the same definition of fuel poverty has been adopted by both the UK Government and the devolved administrations in Northern Ireland, Scotland and Wales. In Northern Ireland, the definition of fuel poverty is set out in the Northern Ireland Fuel Poverty Strategy, <u>'Ending Fuel Poverty: A Strategy for Northern Ireland</u>', which states that:

#### " 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"

- 5. This definition regards income as that of all household members, net of tax, including all social security benefits, housing benefit, income support for mortgage interest (ISMI) and tax credits. In relation to temperature, the definition of an acceptable level of temperature has been adopted from the World Health Organisation which determines that an acceptable heating regime is 21 degrees Celsius in the living room and 18 degrees Celsius in other occupied rooms<sup>1</sup>.
- 6. The Scottish Government, however, has adopted a variation in what it defines as an acceptable heating regime for older people. Pensioners or people who are sick or disabled in Scotland are deemed to require warmer homes than their counterparts in other jurisdictions. In Scotland, a "satisfactory heating regime" for the main living area in the home for all pensioners aged 60 upwards (and also those who are long-term sick and disabled) is a temperature of 23 degrees Celsius for 16 hours a day, 7 days a week. The Scottish Government maintain that, for a given level of fuel prices, the improvement in energy efficiency and/or

<sup>&</sup>lt;sup>1</sup> Department for Social Development (2004) Ending Fuel Poverty: A Strategy for Northern Ireland, p7. <u>www.dsdni.gov.uk/ending\_fuel\_poverty\_a\_strategy\_for\_ni.pdf</u>

increase in income required to take a pensioner household out of fuel poverty in Scotland is significantly greater than in the rest of the  $UK^2$ .

7. There have been some reservations expressed about the definition of fuel poverty and its potential limitations. For example, in evidence to the Work and Pensions Committee, National Energy Action maintained that:

"The extent of fuel poverty.... is based on the Government's preferred definition of household income which includes Housing Benefit and Income Support for Mortgage Interest. Clearly this definition is flawed. As an illustration, a significant increase in household rent may lead to increased Housing Benefit which, in turn, will be interpreted as higher household income, this despite the fact that the disposable income of the household has not increased by a single pence. This definition of household income, in which 'phantom' resources are imputed to families and individuals has the effect of underestimating the actual numbers of households in fuel poverty"<sup>3</sup>.

8. Furthermore, the Northern Ireland Utility Regulator's Social Action Plan 2009-2014 consultation paper also highlights that:

"..under this definition we find that: (1) a homeless person is not living in fuel poverty; and/or (2) a wealthy or high income household living in a large (and therefore costly to heat) home may be fuel poor, even though such households would not be considered at risk.

This definition also fails to differentiate between those who are only marginally fuel poor and those that are really struggling. A further failing is the fact that no consideration is given to the impact on the wellbeing of those living in households deemed to be fuel poor.

In light of these limitations, there is renewed interest and debate among relevant stakeholders on how to identify and target those most in need"<sup>4</sup>.

9. The definition of 'vulnerable households' is another fundamental component in tackling fuel poverty so that resources and programmes are targeted at those most in need. The Northern Ireland Fuel Poverty Strategy defines a 'vulnerable household' as "one that contains an elderly person, someone living with a disability or long term illness, or a family with one or more children under 16"5. However, recent research by Save the Children argues that in terms of the identified vulnerable groups, older people and people with disabilities have tended to be the primary focus of fuel poverty interventions and that as a consequence children have become a marginalised group in terms of the targeting of resources<sup>6</sup>.

<sup>&</sup>lt;sup>2</sup> Scottish Government (2008) Review of Fuel Poverty in Scotland, p10-11.

www.scotland.gov.uk/Resource/Doc/1125/0060321.doc <sup>3</sup> Memorandum submitted by National Energy Action to the Work and Pensions Committee. May 2009.

www.publications.parliament.uk/pa/cm200809/cmselect/cmworpen/memo/fuel/uc1202.htm <sup>4</sup> Utility Regulator (2009) The Utility Regulator's Social Action Plan, 2009-2014, Consultation

paper, p12. www.niaur.gov.uk/uploads/publications/5\_January\_2009\_SAP.pdf Department for Social Development (2004) Ending Fuel Poverty: A Strategy for Northern Ireland. p8.

<sup>&</sup>lt;sup>6</sup> Liddell, C. (2008) The Impact of Fuel Poverty on Children. Save the Children Policy Briefing. www.savethechildren.org.uk/en/54 7169.htm

#### SECTION TWO: WHAT ARE THE MAIN CAUSES OF FUEL POVERTY?

- 10. Fuel poverty is said to be caused by a combination of three different factors. These are briefly explained below<sup>7</sup>:
  - **Low household income**: where the costs of heating a home form a greater proportion of total income for those on low incomes.
  - Fuel costs: higher fuel prices reduce the affordability of fuel. The prices of different types of fuel can vary considerably, as can the availability of certain types of fuels and heating systems in different areas thereby impact on the ability of consumers to exercise customer choice.
  - **Energy efficiency**: the thermal quality of the home and the efficiency of the heating system determine the amount of energy that must be purchased to adequately heat a home.
- 11. Another related cause of fuel poverty is under-occupation. Families or individuals living in larger homes can experience difficulties in providing an affordable heating system due to the size of the home. These larger homes can have more rooms than the occupant(s) normally use, e.g. a number of unused bedrooms. This is described as under occupation. However, the Northern Ireland Fuel Poverty Strategy highlights that this descriptions should not be read as a judgement on the use of the home. Under occupation can be a particular problem for older householders especially those who live alone<sup>8</sup>.

#### THE IMPACT OF RISING FUEL PRICES ON FUEL POVERTY IN THE UK

12. The rise in fuel poverty levels in the UK has been mostly attributed to rising fuel prices. The 6<sup>th</sup> Annual Progress Report of the UK Fuel Poverty Strategy highlights that in 2006 an estimated 3.5m households in the UK were fuel poor (approximately 14% of all households). As is evidence from Chart 1, fuel poverty in the UK rose between 2005-2006 by around 1 million. In 2006 around 2.75m vulnerable households in the UK were fuel poor which represented an increase from around 2 million the previous year. The report maintains that the increase in fuel poverty since 2004 has largely been caused by fuel price rises although this has been partially offset by factors such as improvements in home energy efficiency<sup>9</sup>.

<sup>&</sup>lt;sup>7</sup> See www.scotland.gov.uk/Topics/Built-Environment/Housing/access/FP

<sup>&</sup>lt;sup>8</sup> Department for Social Development (2004) Ending Fuel Poverty: A Strategy for Northern Ireland, p23-24.

<sup>&</sup>lt;sup>9</sup> Department for Environment, Food and Rural Affairs (2008) The UK Fuel Poverty Strategy.

<sup>6&</sup>lt;sup>th</sup> Annual Progress Report, p44. <u>www.berr.gov.uk/files/file48036.pdf</u>

Chart 1: Fuel Poverty by Country, 1996-2006<sup>10</sup>



13. The effects of rising energy costs are particularly acute in Northern Ireland as the average cost of household energy is higher than other UK regions. As Table 1 demonstrates, in 2006 the average annual fuel bill in Northern Ireland was significantly higher than in other regions.

ible 1. Household Energy obsis in the ort, 2000.			
	Region	Average Annual Fuel Bill, £	Annual fuel bill as a % of disposable income
	UK average	826.30	3.0%
	England	805.00	2.9%
	Wales	868.20	3.7%
	Scotland	895.80	3.4%
	Northern Ireland	1,211.10	4.9%

## Table 1: Household Energy Costs in the UK, 2006.<sup>11</sup>

14. In terms of rising energy prices, the Consumer Council for Northern Ireland highlight that the cost of domestic electricity increased by 36% and the cost of domestic natural gas increased by 19% between January and October 2008<sup>12</sup>. However, there have been a number of recent decreases in energy tariffs in Northern Ireland. In September 2009 NIE Energy announced a 5% decrease in tariffs which represented the second reduction in electricity bills during 2009 following by a 10.8% decrease at the beginning of the year<sup>13</sup>. Phoenix Gas also announced in September a 19% reduction in its tariffs which apply from 1 October 2009<sup>14</sup>. In the same month, Firmus Energy announced that it would also reduce its domestic gas tariff by 17.7% across the ten towns in Northern Ireland in which it operates<sup>15</sup>.

www.niaur.gov.uk/news/view/regulator welcomes further fall in electricity prices <sup>14</sup> Phoenix Natural Gas. News Release. 'Phoenix Supply Keeps Promise and Cuts Prices for

 <sup>&</sup>lt;sup>10</sup> Chart extracted from The UK Fuel Poverty Strategy. 6<sup>th</sup> Annual Progress Report, p44.
 <sup>11</sup> Table extracted from Utility Regulator (2009) The Utility Regulator's Social Action Plan, 2009-2014, Consultation paper, p15.

<sup>&</sup>lt;u>www.niaur.gov.uk/uploads/publications/5\_January\_2009\_SAP.pdf</u>. Original information extracted from information provided by Energy Minister, Malcolm Wickes MP, in response to a Parliamentary Question asked by Jo Swinson MP, on 13 May 2008.

<sup>&</sup>lt;sup>12</sup> The Consumer Council for Northern Ireland, <u>www.consumercouncil.org.uk/key-issues/fuel-poverty/# ftn4</u> <sup>13</sup> Northern Ireland Utility Regulator, Nava Balance, (Data Li

<sup>&</sup>lt;sup>13</sup> Northern Ireland Utility Regulator. News Release. 'Regulator welcomes further fall in electricity prices'. 15 September 2009.

<sup>&</sup>lt;sup>14</sup> Phoenix Natural Gas. News Release. 'Phoenix Supply Keeps Promise and Cuts Prices for the Second Time this year'. 10 September 2009. <u>www.phoenix-natural-</u>

gas.com/news/item/83/phoenix-supply-keeps-promise-and-cuts-prices-for-the-second-timethis-year/

 <sup>&</sup>lt;sup>15</sup> Firmus Energy News Release. 'Firmus Energy slashes natural gas prices'. 15 September 2009. <u>www.firmusenergy.co.uk/news/latest-news/2008/prices\_slashed.htm</u>

#### SECTION THREE: HOW MANY HOUSEHOLDS ARE IN FUEL POVERTY IN NORTHERN IRELAND? HOW DOES THIS COMPARE WITH OTHER REGIONS?

- 15. One of the key objectives of the Northern Ireland House Conditions Survey (NIHCS) is to provide a reliable assessment of fuel poverty in Northern Ireland on a comparable basis to the rest of the UK. The latest available figures for fuel poverty in Northern Ireland are available from the 2006 NIHCS (the 2009 survey is yet to be published). The survey estimates that in 2006, 225,600 households, or approximately 34.2% of all households in Northern Ireland were in fuel poverty<sup>16</sup>. The 2006 NIHCS report maintains 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 34.2% largely due to significant increases in the price of fuel<sup>17</sup>.
- 16. As evident from Table 2, Northern Ireland has the highest rate of fuel poverty in the UK. However, again it should be stressed that these figures are for 2006 and therefore would not reflect the impact of recent fuel prices rises nor the impact of the recession on fuel poverty.

Table 2. Levels of Fuel Foverty (OK 2000)		
	% of households in fuel poverty	Number of households in fuel poverty
Northern Ireland	34%	226,000
England	12%	2,500,000
Scotland	23.5%	543,000
Wales	21%	250,000

#### Table 2: Levels of Fuel Poverty (UK 2006)<sup>18</sup>

17. Within Northern Ireland there are geographical variations in the levels of fuel poverty. As demonstrated in Table 3, in 2006 the Belfast City Council area had the highest number of households in fuel poverty. In terms of the proportion of local households in fuel poverty within a local population, Moyle had the highest rate (45.3%), followed by Larne (43.1%).

 <sup>&</sup>lt;sup>16</sup> Northern Ireland Housing Executive (2007) Northern Ireland House Conditions Survey 2006, p101. <u>www.nihe.gov.uk/index/sp\_home/research-2/house\_condition\_survey.htm</u>
 <sup>17</sup> Ibid, p106.

<sup>&</sup>lt;sup>18</sup> Table extracted from Home Energy Conservation Authority (2008) Home Energy Conservation Report 2008, p8. <u>www.nihe.gov.uk/displayFile?id=14137</u>

No. of households % of fuel poor in % of households with			% of households within
Council Area	in fuel poverty	Northern Ireland	council in fuel poverty
Antrim	4,130	1.8	23.6
Ards	11,700	5.2	39.5
Armagh	6,850	3.0	37.1
Ballymena	7,530	3.3	34.8
Ballymoney	4,000	1.8	35.2
Banbridge	5,370	2.4	31.1
Belfast	43,940	19.5	38.5
Carrickfergus	4,700	2.1	30.7
Castlereagh	7,690	3.4	27.4
Coleraine	7,580	3.4	30.7
Cookstown	4,630	2.1	41.2
Craigavon	10,510	4.7	31.9
Derry	11,620	5.2	30.0
Down	8,170	3.6	30.5
Dungannon	7,400	3.3	38.7
Fermanagh	7,410	3.3	36.3
Larne	4,780	2.1	43.1
Limavady	4,610	2.0	39.9
Lisburn	12,410	5.5	29.4
Magherafelt	4,560	2.0	34.2
Moyle	3,230	1.4	45.3
Newry & Mourne	12,200	5.4	39.2
Newtownabbey	8,710	3.9	26.3
North Down	10,450	4.6	33.6
Omagh	5,700	2.5	33.9
Strabane	5,700	2.5	40.7
Total	225,580	100.0	

#### Table 3: Fuel Poverty by District Council Area<sup>19</sup>

18. In addition to geographic variations, the rate of fuel poverty can also be influenced by other factors such as household tenure, dwelling type and age, household type, employment status, household income and by fuel type. In terms of household tenure for example, two thirds (65.6%) of fuel poor households in 2006 were in the owner occupied sector, followed by Housing Executive properties (16.7%) and the private rented sector (15.6%), the lowest rate of fuel poverty was within the Housing Association sector (2%)<sup>20</sup>. As Table 4 demonstrates higher levels of fuel poverty are found in older person households and single person households as these household types are more likely to have lower incomes.

Household Type	No. of households	%	
Lone Adult	42,480	18.8	
Two Adults	18,110	8.0	
Small Family	16,650	7.4	
Large Family	14,500	6.4	
Large Adult (3 or more	11,080	4.9	
adults) Two Older	41,170	18.2	
Lone Older	61,100	27.1	
Lone Parent	20,490	9.1	
Total	225,580	100	

#### Table 4: Fuel Poverty by Household Type<sup>21</sup>

<sup>19</sup> Table extracted from Home Energy Conservation Authority (2008) Home Energy Conservation Report 2008, p9. <u>www.nihe.gov.uk/displayFile?id=14137</u>

<sup>&</sup>lt;sup>20</sup> Home Energy Conservation Authority (2008) op. cit. p8.

<sup>&</sup>lt;sup>21</sup> Table extracted from Home Energy Conservation Authority (2008) Home Energy Conservation Report 2008, p10.

- 19. In terms of employment status, 55% of households headed by a person categorised as unemployed were living in fuel poverty in 2006. Around half (51%) of households headed by a person categorised as sick or disabled and half (51%) of those households headed by a person who was retired were living in fuel poverty<sup>22</sup>.
- 20. When it comes to explaining why Northern Ireland has higher levels of fuel poverty than the rest of the UK, the Utility Regulator for Northern Ireland's Social Action Plan consultation paper provides the following reasons<sup>23</sup>:
  - Climate the Northern Ireland climate is typically colder than that of England and Wales, leading to a greater heating requirement. For example, according to the Met Office the mean annual temperature at low altitudes in Northern Ireland varies between 8.5 and 9.5 degrees Celsius. This compares to a mean of between 8.5 and 11 degrees Celsius in England, and 9.5 and 10.5 degrees Celsius in Wales.
  - A more dispersed population a large proportion of the population live in rural areas outside of the "heat islands" that surround urban areas which reduce individual heating requirements.
  - Higher gas costs being right at the end of the transmission network automatically means Northern Ireland pays the additional cost of transportation from GB. Furthermore the gas industry is still in its infancy with comparably low penetration rates. Recovering the cost of developing the gas network from this smaller customer base means that average unit costs are higher compared to other parts of the UK.
  - Greater reliance on oil for home heating this leaves households vulnerable to oil price rises.
  - **Lower incomes** average household income is generally lower in Northern Ireland compared to the UK.

## SECTION FOUR: WHAT IMPACT DOES FUEL POVERTY HAVE ON DIFFERENT GROUPS OF PEOPLE?

21. The <u>UK Fuel Poverty Strategy</u> provides the following description of how fuel poverty can impact the lives of individuals, families and communities from both a health and social exclusion perspective,

"Fuel poverty can damage people's quality of life and health, as well as impose wider costs on the community. The likelihood of ill health is increased by cold homes, with illnesses such as influenza, heart disease, and strokes all exacerbated by the cold. Cold homes can also promote the growth of fungi and numbers of household dust mites. The latter have been linked to conditions such as asthma. Ill heath can lead to enforced absences from work, and certain types of illness, such as respiratory disease, may restrict choices of potential employment for those without work. The need to spend a large proportion of income on fuel means that fuel poor households may have to make difficult

<sup>&</sup>lt;sup>22</sup> Northern Ireland Housing Executive (2007) op. cit. p106.

<sup>&</sup>lt;sup>23</sup> Extracted from Utility Regulator (2009) op. cit. p16.

decisions about other household essentials. This can lead to poor diets and/or withdrawal from the community."  $^{\rm 24}$ 

- 22. In terms of the impact of fuel poverty on mental health, National Energy Action have highlighted that living in cold conditions for long periods can be stressful in itself but can be acerbated by worrying about fuel bills and fuel debt<sup>25</sup>.
- 23. The risks associated with fuel poverty can apply to any individual but it is broadly accepted that older people, people with disabilities or long term illnesses, and children are particularly vulnerable. The remainder of this section provides an outline of some of the recent research into the impact of fuel poverty on these groups.

#### CHILDREN, YOUNG PEOPLE AND FUEL POVERTY

- 24. The Northern Ireland House Conditions Survey indicates that 27.4% of households containing children were living in fuel poverty in 2006 (the equivalent of approximately 51,640 families or 100,698 children). Save the Children's report on '<u>The Impact of Fuel Poverty on Children</u>' was the first report to focus on fuel poverty and its effects on infants, children and young people. The research was conducted by Professor Christine Liddell of the University of Ulster and was published in December 2008. The report highlights that given the increases in domestic heating costs since 2006, an estimated 45% of Northern Ireland families with children could have been in fuel poverty (around 184,000 children) in autumn 2008<sup>26</sup>.
- 25. The report emphasises that to date relatively little attention has been paid to the effects that fuel poverty may have on children's wellbeing and to the benefits that targeted strategies for children and young people would have. The report highlights that the,

"effects of Fuel Poverty for infants and children are primarily on physical health, which in turn might affect overall wellbeing and educational achievement. Amongst adolescents by contrast, effects appear to be primarily on mental health. Taken together, these findings offer a lifespan perspective on Fuel Poverty's impacts on the young, suggesting that there may be lifelong benefits from targeting Fuel Poverty Strategies towards the young".<sup>27</sup>

26. The report maintains that one of the consequences of a fuel poverty programme which primarily targets interventions at older people and people with disabilities is that children have become increasingly marginalised. The report includes a draft Fuel Poverty Charter and recommends the adoption of such a Charter as a means of generating a more co-ordinated strategy for improving the priority given to children and young people in future fuel poverty strategies. The draft Charter recommends, for example, that households with children are accorded special status in future UK Fuel Poverty Strategies at both national and regional level; that Winter Fuel Payments should be extended to fuel poor households with children of all ages; and that discounted tariffs on domestic energy should become mandatory for all households with children<sup>28</sup>.

 <sup>&</sup>lt;sup>24</sup> The UK Fuel Poverty Strategy, p8. <u>www.berr.gov.uk/files/file16495.pdf</u>
 <sup>25</sup> National Energy Action Press Release. 'Links between fuel poverty and mental health'. <u>www.nea.org.uk/links-between-fuel-poverty-and-mental-health</u>
 <sup>26</sup> Liddell, C. (2008) an ait and

<sup>&</sup>lt;sup>26</sup> Liddell, C. (2008) op.cit. p8.

<sup>&</sup>lt;sup>27</sup> Liddell, C. (2008) op. cit. p9.

<sup>&</sup>lt;sup>28</sup> Ibid, p15.

#### PEOPLE WITH DISABILITIES OR LONG TERM ILLNESSES

- 27. Fuel poverty can compound the ill health and suffering of people with disabilities and/or long term illness, it can exacerbate an existing medical condition and also lengthen recovery time<sup>29</sup>. A recent report by Leonard Cheshire Disability argues that people with disabilities are more likely than non-disabled people to experience fuel poverty for a number of reasons. For example, the charity maintains that people with disabilities are less likely to be in employment and even when in employment tend to earn less than non-disabled people and therefore are more likely to live on lower incomes; and that many people with disabilities face additional costs as a result of their disability (e.g. incur extra expenditure relating to mobility and community aids and care support) which reduces the level of disposal income<sup>30</sup>.
- 28. A report by Leonard Cheshire Disability maintains that the current definition of fuel poverty, i.e. 10% of household income spent on fuel costs, does not adequately take into account the extra costs associated with a disability. The charity argues that the definition should not include any disability benefits as part of the 'household income' calculation. It maintains that,

"The extra costs of disability can mean that whilst two households may have the same overall level of income, a household with a disabled member can have less income available for fuel costs. This means that the actual impact of fuel poverty is likely to be greater for a disabled person than a non-disabled person with the same income: the extra costs of disability mean that the disabled person would have even less disposal income after the costs of fuel have been taken out".<sup>31</sup>

- 29. Leonard Cheshire Disability has called on the Government to conduct further research into the extra costs associated with disability and the impact this may have on fuel poverty. The charity also makes a number of other recommendations including the development of a disability poverty strategy to target interventions at people with disabilities and working with energy companies to ensure social tariffs are available for people with disabilities<sup>32</sup>.
- 30. Research has shown that fuel poverty can also have a hidden impact on many people with long term illnesses or disabilities. By way of illustration, MacMillan Cancer Support has highlighted that cancer patients tend to spend a significant amount of time at home due to recovery time and the effects of treatment. This often leads to higher fuel bills at a time when many patients are also coping with reduced incomes. MacMillan is campaigning for the extension of Winter Fuel Payments to cancer patients in need. They also believe that Government and energy companies should provide specific help for people with cancer who are struggling to pay their bills, for example, by including them in energy efficiency schemes<sup>33</sup>.

<sup>&</sup>lt;sup>29</sup> The UK Fuel Poverty Strategy, op. cit. p9.

<sup>&</sup>lt;sup>30</sup> Leonard Cheshire Disability (2009) Fuel Poverty and Disability, p4. <u>www.lcdisability.org/download.php?id=1201</u>

<sup>&</sup>lt;sup>31</sup> Ibid, p14.

<sup>&</sup>lt;sup>32</sup> Ibid, pp33-34.

<sup>&</sup>lt;sup>33</sup> See MacMillan's Freeze Out Fuel Poverty Campaign. <u>www.macmillan.org.uk/fuelpoverty</u>

#### OLDER PEOPLE AND FUEL POVERTY

- 31. The impact of fuel poverty on older people in Northern Ireland has been brought to the forefront by campaigns such as the <u>'Can't Heat or Eat'</u><sup>34</sup> campaign. Help the Aged highlights that fuel poverty among older people is a particularly serious problem not only because older people are at greater risk from the cold, but also because they are more likely to spend more time within the home, this is especially the case for those aged 85 and over<sup>35</sup>.
- 32. A recent report by Age Concern Help the Aged NI argues that the older population has been hit harder by the recession than any other age group. The report maintains that older people tend to have lower fixed incomes and as a result spend a disproportionate amount on essentials such as fuel and food. The report also highlights that older people have also been adversely affected by recent record low levels of savings returns and underperforming pensions as a result of the recession<sup>36</sup>.
- 33. Age Concern Help the Aged NI have described what steps it feels it feels is necessary to address the issue of poverty and fuel poverty amongst older people,

"In response to the increased cost of living, Age Concern Help the Aged NI and Age Sector Platform launched the Can't Heat or Eat campaign in October 2008. The campaign drew attention to the fact that older people were being hit hardest by rising costs as a result of inadequate incomes. Calls to our organisations called for government to undertake a number of measures to protect the older population. In terms of providing an adequate income for older people we called for state pensions to be linked to earnings immediately, for the winter fuel payment to be increased and for the automatic payment of pension credit. To protect older people from the price hikes we proposed an increase in funding for the Warm Homes Scheme, the introduction of social tariffs and a charitable trust fund to be set up, similar to that offered in the UK. As yet, none of these recommendations have been taken forward by Government. We will continue to call for their implementation."<sup>37</sup>

## SECTION FIVE: WHAT ARE THE KEY FUEL POVERTY POLICY DEVELOPMENTS IN NORTHERN IRELAND?

34. This section provides a broad timeline of some of the key developments in respect of fuel poverty in Northern Ireland (it is not intended to be a definitive account of all relevant issues). It should be noted at the outset that one of the most important developments has been the publication of the Northern Ireland Fuel Poverty Strategy. The Department for Social Development published 'Ending Fuel Poverty: A Strategy for Northern Ireland' in 2004 and the Strategy is to run until 2016. The Strategy's vision is "of a society in which people live in a warm and comfortable home and need not be worried about the effect of the cold on their health" and the success of the Strategy was to be judged by

 <sup>&</sup>lt;sup>34</sup> For information on the 'Can't Heat or Eat' campaign see <u>www.cantheatoreat.org.uk</u>
 <sup>35</sup> Help the Aged (2008) Fuel Poverty: Policy Statement, p3.
 <u>http://policy.helptheaged.org.uk/NR/rdonlyres/264B0773-9DCF-48A1-8E37-</u>654DEFE02643/0/fuel poverty statement 2008.pdf

<sup>&</sup>lt;sup>36</sup> Age Concern Help the Aged NI (2009) One Voice: Shaping Our Aging Society in Northern Ireland, p21. <u>www.ageconcernni.org/pdf/COM-</u>

JP%20One%20Voice%20Shaping%20our%20ageing%20society%20(Linked).pdf <sup>37</sup> Ibid, p24.

# "the extent to which our vision becomes a reality for the people of Northern Ireland, as well as by the number of households that remain in fuel poverty"<sup>38</sup>.

Timeline: K	Key Fuel Poverty Policy Developments in Northern Ireland
Nov 2001	The <u>UK Fuel Poverty Strategy</u> is published. The Strategy sets out the approach of
Mar 2002	the UK Government and the devolved administrations to tackling fuel poverty. The Strategy focuses in particular on measures to improve energy efficiency and reducing the cost of fuel. A <u>progress report</u> on the strategy's targets is published year. DHSSPS launch ' <u>Investing for Health</u> ' the Northern Ireland public health strategy aimed at improving health and reducing inequalities in health. The strategy recognised the impact of fuel poverty and health and set a target for lifting
Oct 2003	households out of fuel poverty. DSD publishes consultation paper ' <u>Towards a Fuel Poverty Strategy for Northern</u> <u>Ireland</u> '. The consultation sought comments from key stakeholders on the proposed fuel poverty strategy.
Nov 2004	DSD publishes 'Ending Fuel Poverty: A Strategy for Northern Ireland'. The strategy sets out a framework for the end of fuel poverty in vulnerable households by 2010
June 2004	and in non-vulnerable households in 2016. Department of Enterprise, Trade and Investment publishes the <u>Strategic Energy</u> <u>Framework for Northern Ireland</u> . The Framework set four key goals – reducing
June 2005	energy costs; building competitive energy markets, enhancing renewables and sustainability; and securing a reliable energy supply. David Hanson MP, Minister with responsibility for Social Development, announces the establishment of the <u>Northern Ireland Fuel Poverty Advisory Group</u> . The purpose of the group was to provide a forum which would allow the private sector and valuatory and approximate to discuss insues related to fuel poverty and to
July 2005	voluntary and community sector to discuss issues related to fuel poverty and to advise the Department accordingly. The group was to consider and report to the Inter-Department Group on Fuel Poverty on the effectiveness of the current policies on decreasing the levels of fuel poverty. The <u>Inter-Departmental Group on Fuel Poverty</u> (IDGFP) is established. The Group was chaired by David Hanson MP. The group was comprised of senior officials from all the main Departments who had a role in addressing fuel poverty. The purpose of the group was to ensure that there was effective co-ordination of policies and actions.
May 2006	Eligibility for <u>Warm Homes Scheme</u> extended to people aged over 60 on non-means tested benefits, the scheme was previously restricted to over 60s on means tested benefits.
Nov 2006	Secretary of State, Peter Hain MP, launches the Government's Anti-Poverty and Social Inclusion Strategy 'Lifetimes Opportunities'. The Strategy is aimed at eliminating poverty and social exclusion, tackling area based deprivation, a shared future, tackling inequality in the labour market, tackling health inequalities, and tackling cycles of deprivation.
July 2007	Minister for Social Development chairs the first meeting of the reconvened <u>Inter-Departmental Group on Fuel Poverty</u> since she took up office and highlights that the eradication of fuel poverty would only be achievable by the Government working in partnership with the public, private and community sectors.
Aug 2007	Minister for Social Development <u>re-launches</u> the benefit uptake initiative. Advice NI and Citizen's Advice appointed by the Social Security Agency to check that people are receiving the benefits they are entitled to. DSD have delivered <u>Benefit Uptake</u> <u>Programmes</u> since 2005. These programmes are important to fuel poverty eradication as low income is cited as one of the main causes of fuel poverty.
Feb 2008	Minister for Social Development outlines her <u>New Housing Agenda for Northern</u> <u>Ireland</u> which includes plans for improvements to the energy efficiency of homes through the new Code for Sustainable Homes and the Procurement Strategy for the
May 2008	Social Housing Development Programme. As a response to significant rises in energy prices, the Minister for Social Development establishes a <u>Fuel Poverty Task Force</u> . The remit of the Taskforce included co-ordinating available funding across a range of Government Departments so that it has a maximum impact on fuel poverty. The Task Force included senior
June 2008	officials from OFMdFM, DFP, DHSSPS, DETI, DARD and DSD. <u>Energy Performance Certificates</u> made compulsory when a home is marketed for sale, from the end of September they are required for all newly constructed buildings.

<sup>38</sup> Department for Social Development (2004) Ending Fuel Poverty: A Strategy for Northern Ireland, p2. <u>www.dsdni.gov.uk/ending\_fuel\_poverty\_a\_strategy\_for\_ni.pdf</u>

Jan 2009	From the end of December they are required for commercial buildings marketed for sale and for commercial premises and residential buildings being offered for rental. Northern Ireland Authority for Utility Regulation publishes <u>Social Action Plan Decision</u>
	Paper. The paper discusses the three year Social Action Plan (2009-2012) which is targeted towards the financial vulnerable and access to affordable energy. It touches
	on issues such as social tariffs, accessibility of payment methods and price controls.
Feb 2009	NI Executive announces that approximately 150,000 households will receive a $\frac{\text{\pounds}150}{\text{\pounds}150}$
	<u>payment</u> in the Household Fuel Payment Scheme. The aim of the payment was to help the most vulnerable in society pay their energy bills.
July 2009	Launch of the new Warm Homes Scheme. The eligibility criteria for the scheme has
	been refocused, the heating element of the scheme in particular will target
	householders in receipt of a qualifying benefit who have no central heating, or who
	have solid fuel, Economy 7 or liquid petroleum gas heating. The changes to the scheme are the result of recommendations made by a report of Northern Ireland
	Audit Office and the Northern Ireland Assembly Public Accounts Committee report on
	the Warm Homes Scheme.
July 2009	Department of Enterprise, Trade and Investment launches a public consultation on
	the new <u>draft Strategic Energy Framework</u> 2009. The draft frameworks sets out
	proposals for Northern Ireland's energy future over the next ten years and outlines the key energy goals in terms of competitiveness, security of energy supply,

35. One of the more recent developments in addressing fuel poverty was the establishment of a **Fuel Poverty Task Force** in May 2008 by the Minister for Social Development. The Task Force was set up as a response to rising fuel prices and was to identify practical ways of helping the most vulnerable through the winter months. Membership of the Task Force was drawn from DSD, DARD, DETI, DFP, DHSSPS, energy companies, energy sector stakeholders and the Fuel Poverty Advisory Group<sup>39</sup>.

sustainability and infrastructural investment.

36. The Minister for Social Development received the report of the Task Force in August 2008 and brought proposals based on the report to the Northern Ireland Executive in September 2008. The Task Force's short-term recommendations included a one off payment to those most affected by rising fuel bills and exploring the feasibility of introducing a social tariff scheme. Long-term recommendations included a review of the Northern Ireland Fuel Poverty Strategy<sup>40</sup>.

#### SECTION SIX: WHAT PROGRESS HAS BEEN MADE TOWARDS TACKLING FUEL POVERTY IN NORTHERN IRELAND?

37. The Northern Ireland Fuel Poverty Strategy sets out an ambitious high level targets for the eradication of fuel poverty, i.e.:

#### "...subject to the necessary resources, DSD and its partners aim to eliminate fuel poverty in vulnerable households by 2010, and in nonvulnerable households by 2016. In addition, by 2010, no household in the social rented sector should suffer from fuel poverty"

38. With the deadline for the 2010 target now a matter of months away it is widely recognised that the elimination of fuel poverty both in vulnerable households and

 <sup>&</sup>lt;sup>39</sup> Department for Social Development. News Release. 'Ritchie establishes task force to target fuel poverty'. 14 May 2008. <u>www.northernireland.gov.uk/news/news-dsd/news-dsd-may-2008/news-dsd-140508-ritchie-establishes-task.htm</u>
 <sup>40</sup> Speech by the Minister for Social Development. National Energy Action Conference, 24

<sup>&</sup>lt;sup>40</sup> Speech by the Minister for Social Development. National Energy Action Conference, 24 February 2009. <u>www.dsdni.gov.uk/index/publications/ministers\_speeches/ministers-speech-nea-conference.htm</u>

households in the social rented sector by 2010 is not achievable. Considerable progress had been made in reducing fuel poverty in Northern Ireland between 2001 and 2004 (from 27% to 23%). However, by 2006 the rate of fuel poverty had increased to 34% (a rise of 11%)<sup>41</sup>. Much of the increase in fuel poverty rates has been attributed to rising fuel prices between 2004 and 2006. The Northern Ireland Housing Executive's Housing Market Review and Perspectives 2009-2012 report maintains that it is likely, given increases in fuel prices between 2006 and 2008, the current level of fuel poverty is at least 40%<sup>42</sup>.

39. The Northern Ireland Executive and Department for Social Development's main vehicle for tackling Fuel Poverty has been the Warm Homes Scheme. It is estimated that over 71,000 homes have been made more energy efficient since its inception in 2001. The number of homes assisted in each year of the scheme is outlined below<sup>43</sup>:

 Table 5: Number of households assisted through the Warm Homes Scheme

Year	Households Assisted
2001-02	3,826
2002-03	7,484
2003-04	7,124
2004-05	8,557
2005-06	10,226
2006-07	11,687
2007-08	11,279
2008-09	10,927
2009-10	379
Total	71,529

40. The new Warm Homes Scheme was launched on 29 July and has been refocused targeting those on low incomes as per recommendations made by both the Northern Ireland Audit Office<sup>44</sup> and the Northern Ireland Assembly Public Accounts Committee<sup>45</sup>. A new contract for the Warm Homes Scheme was awarded on the 1 July 2009 and H&A Mechanical Services Ltd and Bryson Charitable Group have been appointed the new Warm Homes Scheme managers by the Department for Social Development. It is estimated that, since introducing benefit checks as part of the scheme, an additional £4m per year is now being paid in benefits and an estimated £200m of indirect benefits have accrued in the form of health, education, employment and the environment<sup>46</sup>.

<sup>&</sup>lt;sup>41</sup> Northern Ireland Housing Executive (2007) Northern Ireland House Conditions Survey

<sup>2006,</sup> p21. <sup>42</sup> Northern Ireland Housing Executive (2009) Northern Ireland Housing Market Review and Perspectives 2009-2012, p51. www.nihe.gov.uk/index/about-us-home/media\_centre/news-

<sup>2.</sup>htm?newsid=14341 <sup>43</sup> Information extracted from Assembly Question for Written Answer, AQW 4/10, Mr Simon Hamilton to the Minister for Social Development, answered on 7 September 2009.

Northern Ireland Audit Office (2008) Warm Homes: Tackling Fuel Poverty.

www.niauditoffice.gov.uk/pubs/onereport.asp?arc=True&id=215&dm=0&dy=0 <sup>45</sup> Northern Ireland Assembly Public Accounts Committee (2008) Report on Warm Homes: Tackling Fuel Poverty.

www.niassembly.gov.uk/public/2007mandate/reports/2008/report180809R.htm <sup>46</sup> Northern Ireland Assembly Official Report. Question Time, Minister for Social Development. 13 October 2009. www.niassembly.gov.uk/record/reports2009/091013.htm#5

- 41. Further progress towards the eradication of fuel poverty is outlined in the Northern Ireland Home Energy Conservation Authority 12<sup>th</sup> Annual Progress Report which highlights that during 2007-08<sup>47</sup>:
  - Over £15m was invested on heating, insulation and double glazing in Housing Executive homes;
  - Heating system was converted in over 3,000 Housing Executive homes (to natural gas where available);
  - Installed a pilot scheme of wood pellet boilers in 30 Housing Executive homes;
  - Funded energy efficiency education programmes in 160 primary schools;
  - Development of a number of local fuel poverty projects by health sector organisations;
  - Introduced Energy Performance Certificates for the domestic sector in line with an EU Directive;
  - Installation of 2,815 renewable energy systems in owner-occupied homes through DETI's Reconnect programme;
  - Firmus Energy continued the development of the gas network along the South-North and North-West pipelines;
  - Delivery of Energy Savings Trust programmes; and
  - Energy Advice given to over 71,000 households by the Energy Saving Trust Advice Centres.
- 42. Despite such energy efficiency improvement measures fuel poverty in Northern Ireland is still a significant problem. The Chairperson of the Home Energy Conservation Authority, Brian Rowntree, has suggested that energy efficiency measures alone will not be sufficient to eradicate fuel poverty in Northern Ireland,

"Despite an overall improvement in the energy efficiency of the housing stock of 20% over the last decade, many households faced a crisis in paying for fuel. This highlights the necessity for Government to urgently tackle the other two causes of fuel poverty, namely low household income and rising fuel prices. Improving energy efficiency will mitigate the effects of fuel poverty but on its own will not eradicate it. Well insulated dwellings with energy efficiency heating systems can remain cold homes for families who cannot afford to buy the fuel to heat them".<sup>48</sup>

43. Undoubtedly far reaching and innovative measures will be needed to address low household incomes and rising fuel prices if the ultimate target to eradicate fuel poverty is to be met. Progressing some aspects of this will be the responsibility of the various Northern Ireland Departments, for example, in relation to job creation, encouraging benefit uptake and creating a thriving economy. Other aspects, however, will involve reserved policy issues and discourse with Westminster over issues such as the eligibility and level of benefit payments and data sharing between agencies to facilitate more targeted interventions to those most in need. There is also likely to be continued debate around whether energy companies in Northern Ireland are playing a sufficient role in alleviating fuel poverty and whether there are merits in introducing social tariffs for vulnerable customers<sup>49</sup>.

<sup>&</sup>lt;sup>47</sup> Home Energy Conservation Authority (2008) op.cit. p1-5.

<sup>&</sup>lt;sup>48</sup> Ibid, p1.

<sup>&</sup>lt;sup>49</sup> See for example the recent Northern Ireland Assembly debate on social tariffs, 29 September 2009.

#### SECTION SEVEN: WHAT PROGRESS HAD BEEN MADE TOWARDS TACKLING FUEL **POVERTY IN OTHER JURISDICTIONS?**

#### THE UK FUEL POVERTY STRATEGY

44. The overarching strategy for fuel poverty in the UK was published in November 2001. The overall target, as set out in the '<u>UK Fuel Poverty Strategy</u>', is that by 2018 no household in the UK should live in fuel poverty. Each of the devolved administrations has, however, developed their own specific targets to tackle fuel poverty and these are broadly examined in this section.

#### ENGLAND

- 45. The target for the eradication of fuel poverty in England is set out in 'Fuel Poverty in England: The Government's Plan for Action'. The aim was to seek, as far as reasonably practical, an end to fuel poverty in vulnerable households by 2010, with a target that by 22 November 2016 no person in England should have to live in fuel poverty<sup>50</sup>. The 6<sup>th</sup> Annual UK Fuel Poverty Strategy progress report highlights that rising energy prices have made the challenge of tackling fuel poverty difficult in England. The report highlights that the current mix of fuel poverty measures will not totally eradicate fuel poverty in vulnerable households by 2010 but that the Government remains committed to "doing all that is reasonably practical" to meet the 2016 target<sup>51</sup>.
- 46. A recent report by the House of Commons Environment, Food and Rural Affairs Committee has been quite critical of the Government's approach to fuel poverty stating that the likeliness of not meeting the fuel poverty targets "highlighted the weakness of a policy which attempts to address fuel affordability issues and domestic energy efficiency simultaneously". The report also maintains that the "Government should have reviewed its fuel poverty policies earlier given the upward trend in the number of fuel poor and rising fuel prices"<sup>52</sup>. The report further identifies a number of other issues, for example,
- The Committee maintains that Winter Fuel Payments will cost more than • £2.7bn this year yet only 12% of Winter Fuel Payment recipients are in fuel poverty. The Committee maintain that taxing Winter Fuel Payments and ending payments to higher rate tax payers could release £250m per year which could be spent on a larger programme of energy efficiency improvements, e.g. meeting the needs of people with disabilities who have disproportionately high energy needs;
- That Ofgem have finally conceded that some customers, such as those on prepayment metres, have not fully benefited from competition. The Committee also believe that more could be done to disseminate information on social tariffs to customers and that Ofgem should require energy companies to publicise eligibility criteria for social tariffs;

www.publications.parliament.uk/pa/cm200809/cmselect/cmenvfru/37/37.pdf

<sup>&</sup>lt;sup>50</sup> DEFRA (2004) Fuel Poverty in England: The Government's Plan for Action, p7. www.derby.gov.uk/NR/rdonlyres/26E52C15-D157-4E8F-B556-326F8B0CC50D/0/DEFRAFuelPovActionPlan.pdf <sup>51</sup> UK Fuel Poverty Strategy, 6<sup>th</sup> Annual Progress report, p6-7.

<sup>&</sup>lt;sup>52</sup> House of Commons Environment, Food and Rural Affairs Committee (2009). Energy Efficiency and Fuel Poverty, p3.

- That the Warm Front Scheme (one of the key tools in tackling energy fuel poverty in England) needs further review to assess, for example, if timescales for the completion of work can be reduced;
- That there needs to be better data sharing arrangements for agencies such as local councils, Government Departments and energy supply companies so that the most vulnerable can be better targeted; and
- That a bringing together of current programmes to address fuel poverty need to be aligned into a "comprehensive, adequately funded, area-based programme led by local authorities" potentially replacing energy company delivery of **CERT programmes** with a levy on energy companies paid into a central fund.
- 47. The Committee maintain that fuel poverty "has slipped down the list of Government priorities at a time when rising energy prices mean action is most needed". The Committee believes that the creation of the Department for Energy and Climate Change provides the opportunity to rectify this but added that the Government needs to set out an action plan taking into consideration a range of scenarios for fluctuation of fuel prices in the coming years and decades<sup>53</sup>:

"The major factor in derailing the Government's progress towards its 2010 target was the unanticipated and unplanned-for hike in electricity and gas prices. While it is not always possible to accurately forecast price movements it is nevertheless possible to set out a range of likely price scenarios. DECC's action plan therefore needs to be based on a range of scenarios for fuel prices, covering the spectrum from high to low, in the coming years and decades. This should set out specifically how it plans to meet the 2016 target within its fuel price scenario".

#### SCOTLAND

- 48. The Scottish Government's objective in relation to fuel poverty is set out in the 'Scottish Fuel Poverty Statement' published in August 2002. It aims to ensure, as far as is reasonably practical, that people are not living in fuel poverty in Scotland by November 2016. In May 2009, the Scottish Government published a 'Review of Fuel Poverty in Scotland', the purpose of the review was to assess what had been achieved so far in meeting the 2016 target. The review maintained that despite the fact that significant improvements continue to be achieved year on year in the energy efficiency of Scottish housing stock, the prognosis of achieving the objective of eradicating fuel poverty by 2016 was "not good" and attributed this high and rising fuel prices<sup>54</sup>. The review concluded that the energy efficiency programmes were not enough on their own to turn around fuel poverty and stressed that fuel prices and/or incomes would need to change substantially<sup>55</sup>.
- 49. Commenting on the energy efficiency programmes that were in place (i.e. the Warm Deal and Central Heating Programmes) the Cabinet Secretary for Health and Wellbeing, Nicola Sturgeon MSP, maintained that whilst they were "well intentioned" they had "lost there way" and urgently need reform<sup>56</sup>. The review stressed, for example, that the Central Heating Programme had essentially

<sup>&</sup>lt;sup>53</sup> Ibid, p56.

 <sup>&</sup>lt;sup>54</sup> Scottish Government (2009) Review of Fuel Poverty in Scotland, p6.
 www.scotland.gov.uk/Topics/Built-Environment/Housing/access/FP/fuelpovertyreview
 <sup>55</sup> Ibid, p23.

<sup>&</sup>lt;sup>56</sup> Ibid, p2.

become a free central heating system for pensioners regardless of their fuel poverty status. This led to a situation whereby low incomes households without central heating were queuing behind fuel rich households who needed replacement systems but could afford to install the system themselves<sup>57</sup>.

- 50. From April 2009 the Warm Deal and Central Heating Programmes were replaced with a new holistic programme known as the Energy Assistance Package aimed at increasing income, improving energy efficiency and offering advice on energy tariffs. There are four stages to the package - Stage 1 offers energy advice; Stage 2 offers a benefit and tax credit check; Stage 3 offers insulation measures from an energy supplier (eligibility criteria applies): Stage 4 offers additional insulation and heating measures (e.g. installation of a new central heating system) (eligibility criteria applies)<sup>58</sup>.
- 51. Other important developments include the reconvening of the Scottish Fuel Poverty Forum in May 2008. Its task was to consider the findings of the Review of Fuel Poverty and to report to Ministers on options for re-focusing policy and funding in order to achieve the 2016 target for the eradication of fuel poverty in Scotland. The Forum was also tasked with liaising with the Fuel Poverty Advisory Group for England to ensure that Scottish interests are fed into reserved policy areas<sup>59</sup>.
- 52. The Forum published its report in October 2008 and made a number of recommendations in respect of reserved issues, for example, ensuring that social tariffs to fuel poor customers are mandatory; the extension of Winter Fuel Payments to low income families and other vulnerable groups and the weighting of payments for different regions (i.e. allowing colder regions to receive a higher payment with less cold areas continuing the receive the current amount); a review and update of benefit and task credit rates and eligibility to take account of rising energy costs<sup>60</sup>.

WALES

- 53. The Welsh Assembly Government's target for the eradication of fuel poverty is set out in the 'Fuel Poverty Commitment for Wales', i.e. to end fuel poverty in vulnerable households by 2010 and as far as reasonably practical no households in Wales should live in fuel poverty beyond 2018<sup>61</sup>.
- 54. National Energy Action (Wales) maintains that fuel poverty, similar to the rest of the UK, is on the rise in Wales. In October 2007, the Welsh Assembly Government published the findings of its Living in Wales survey. This showed that although fuel poverty had fallen significantly between 1998 and 2004 - from 330,000 to 134,000 households - rising energy prices mean that the number of

<sup>&</sup>lt;sup>57</sup> Ibid, p6-7.

<sup>&</sup>lt;sup>58</sup> For further information on the Energy Assistance Package see

www.energysavingtrust.org.uk/scotland/Scotland-Welcome-page/At-Home/Energy-Assistance-Package <sup>59</sup> For further information on the Scottish Fuel Poverty Forum see

www.scotland.gov.uk/Topics/Built-Environment/Housing/access/FP/ScottishFuelPovertyForum <sup>60</sup> Scottish Fuel Poverty Forum (October 2008) Towards 2016 – The Future of Fuel Poverty

Policy in Scotland, www.scotland.gov.uk/Resource/Doc/240939/0066903.pdf

<sup>&</sup>lt;sup>61</sup> Welsh Assembly Government (2003) Warm Homes and Energy Conservation Act 2000: A Fuel Poverty Commitment for Wales, p37.

http://wales.gov.uk/desh/publications/housing/fuelpovcommit/strategye.pdf?lang=en

fuel poor households almost doubled to 240,000- 250,000, between 2004 and 2006. Of these households 209,000 are classed as "vulnerable". As a result of further energy price increases in 2008, NEA estimate that 320,000 households in Wales are now in fuel poverty<sup>62</sup>.

55. In July 2008 the National Assembly for Wales Sustainability Committee published its report on the 'Committee's Consideration of Fuel Poverty in Wales'. The Committee made a number of recommendations in respect of fuel poverty. For illustrative purposes some of these recommendations are outlined below<sup>63</sup>:

#### National Assembly for Wales Sustainability Committee recommendations on Fuel Poverty (July 2008)

- That Ofgem takes a more proactive role in regularly monitoring and reporting on the appropriateness of energy companies pricing policies.
- In light of the findings that Welsh customers pay more than the GB average their electricity, that an independent body conducts a full investigation into distribution and transmission charges to determine whether the United Kingdom as a whole has a fair pricing structure.
- That the Welsh Assembly Government urges the UK Government to review its recent amendments to the UK Energy Bill to ensure that a universal roll out of smart metres is delivered without delay.
- That the Committee supports the need for data sharing within Government Departments to identify and target vulnerable customers. That any data sharing includes research on specific electoral wards in fuel poverty to ensure the most affective approach to targeting all customers in fuel poverty.
- That the Committee urges energy suppliers to make efforts to simplify their tariffs, with a view to allowing customers to understand and compare their bills and to switch suppliers more easily.
- The Committee was astonished to hear that some energy suppliers were offering social tariffs at a higher rate than their lowest available tariff. The Committee urges energy companies to address this anomaly as a matter of urgency to ensure customers most in need are able to access the most competitive tariffs.
- That the Welsh Assembly Government funds a programme of retrofitting hard to heat homes occupied by fuel poor households, as part of the ongoing commitment to roll-out the programmes to all hard to heat homes at a later date.
- 56. The main vehicle for improving energy efficiency in Wales is the Home Energy Efficiency Scheme (HEES). There are two levels of grant, HEES (grant of up to £2,000) targeting householders with children under the age of 16 and in receipt of certain benefits (e.g. Housing Benefit, Income-related Employment and Support Allowance) and HEES Plus (grant of up to £3,600) targeted at those aged over 60, and lone parent families with a child under the age of 16, and those who are sick or chronically disabled (eligibility dependent upon receipt of certain benefits (e.g. Pension Credit, Housing Benefit, Disability Living Allowance). Householders over 80 years old do not need to be in receipt of any benefit and automatically qualify for HEES Plus. The scheme is said to have had a successful year in 2007/08 with over 18,000 households assisted against a target of 10,000<sup>64</sup>.
- 57. Other recent developments in Wales include the launch in March 2009 of a consultation on a 'National Energy Efficiency and Savings Plan' for Wales. The

<sup>&</sup>lt;sup>62</sup> National Energy Action Wales, <u>www.nea.org.uk/welcome-to-nea/</u>

<sup>&</sup>lt;sup>63</sup> National Assembly for Wales (2008) Sustainability Committee Report on the Committee's Consideration of Fuel Poverty in Wales. www.assemblywales.org/bus-home/buscommittees/bus-committees-third1/bus-committees-third-sc-home/bus-committees-third-screport/sc\_3\_\_fuel\_poverty.htm 64 UK Fuel Poverty Strategy (2008) op.cit., p10.

purpose of the plan is to provide a number of practical short term actions to reduce energy use and greenhouse gas emissions. Proposals to address fuel poverty include increasing the level and range of support available through the Home Energy Efficiency Scheme (HEES) and targeting support on households living in the most energy inefficiency properties and those in receipt of a meanstested benefit<sup>65</sup>. It is suggested that these proposals would be taken forward in a newly revised Fuel Poverty Strategy for Wales.

#### \*INFORMATION UPDATE

Since the completion of this paper the 7<sup>th</sup> Annual Progress Report on the UK Fuel Poverty Strategy<sup>66</sup> has been published. The report presents the latest estimates of fuel poverty across the UK and provides an update on existing government policies and programmes to tackle fuel poverty alongside new developments that have been introduced since the publication of the last annual report 12 months ago. It also looks at the impact of energy prices and the action government is taking to develop regulation where necessary in the retail energy markets.

 <sup>&</sup>lt;sup>65</sup> Welsh Assembly Government (2009) National Energy Efficiency and Savings Plan Consultation. <u>http://wales.gov.uk/docs/desh/consultation/090316energysavingplanen.pdf</u>
 <sup>66</sup> See

 $<sup>\</sup>underline{www.decc.gov.uk/en/content/cms/what\_we\_do/consumers/fuel\_poverty/strategy/strategy.asp}\underline{x}$