



A Cold House for Everyone? Fuel Poverty in Northern Ireland



**“Fuel Poverty is not
simply about schemes and
programmes – it really is a
matter of life and death”**

Christopher Evans MP

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A Cold House for Everyone?

**A social policy report presenting Citizens Advice
research and evidence on Fuel Poverty in Northern
Ireland**

Adam Tinson

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Executive Summary

This report seeks to make a contribution to the formulation of policy on fuel poverty in Northern Ireland by drawing on a significant body of evidence from Citizens Advice. Fuel poverty is defined as occurring when 10% of a household's income is insufficient to afford their energy needs. Consideration of fuel poverty is all the more important in the context of a sluggish economic recovery and a fiscal consolidation which disproportionately affects Northern Ireland, making it more difficult for people to afford to heat their homes.¹ This will be substantially exacerbated by the prices increases announced so far in 2011, with Phoenix Gas increasing prices by 39.1%, Firmus increasing prices by 28.4% and Power NI increasing prices by 18.6%. Oil prices remain extremely high and coal prices are forecast to increase by between 4-10%.

Within this context, Citizens Advice has conducted a survey of its clients to gain an insight into fuel poverty as an issue, examining the efficiency of existing government initiatives, gaps in existing provision and what help people need to see from the Assembly. The survey was conducted between February and March 2011 and had 386 respondents who are clients of 24 Citizens Advice Bureaux across Northern Ireland (see Appendix A for a copy of the questionnaire).

Key findings are:

- One in two CAB clients surveyed had experienced difficulty paying their heating bills, and 77% had been forced to ration the heat they use.
- Amongst elderly CAB clients, 30% have had to make the choice between heating and other essential items such as food. Amongst disabled respondents, this increases to 59%.
- Around one in ten CAB clients have had to borrow from relatives and friends or charities to pay for heating bills at some point.
- 12% of CAB clients surveyed have been forced to borrow from the Social Fund to pay for fuel, with an average fuel debt of over £300. Around 49% of those disabled or too sick to work have had to borrow from the Social Fund.
- A significant number of people attribute their problems to poor insulation and heating systems, with 49% of CAB clients claiming they would benefit from the provision of energy efficiency advice.
- Reports from bureaux around Northern Ireland also suggest that, while households relying on oil are facing significant problems in affording to heat their homes, there are also issues for those using gas or electric heating, especially if they have fallen into arrears.

It is important to acknowledge that the Department for Social Development (DSD) has taken an active lead on fuel poverty through its recently published strategy, 'Warmer Healthier Homes.' Citizens Advice welcomes the Department's initiatives on improving energy efficiency in homes

¹ *The Impact of Tax and Benefit Reforms to be Introduced between 2010-11 and 2014-15 in Northern Ireland*, Institute for Fiscal Studies, James Browne, 2010.

as well as initial proposals on the issue of pricing such as the brokerage scheme for social housing. The evidence collected by Citizens Advice suggests a need, however, to expand the scope of these initiatives, as well to promote existing measures. Citizens Advice also acknowledges that some of the elements of fuel poverty are structural problems (such as those resulting from the size and location of the Northern Irish energy market) which are difficult for the Assembly to influence and eliminate.

Recommendations:

- 1. Substantial promotion of the Warm Homes scheme.**
- 2. Re-extend the eligibility of the Warm Homes Plus scheme.**
- 3. Energy efficiency advice provision should be extended and publicised.**
- 4. Greater focus on Warm Homes Plus.**
- 5. Assembly scrutiny to ensure that the Warm Homes budget is spent to plan.**
- 6. Investigating the feasibility of extending energy brokerage schemes beyond the social housing sector.**
- 7. Extend energy brokerage into heating oil through oil clubs.**
- 8. Open a dialogue with oil suppliers to consider minimum order problems.**
- 9. Ensure oil stamp and payment schemes apply across Northern Ireland.**
- 10. The Northern Ireland Utility Regulator should examine the prospects of a good practice code similar to 'Preventing Debt and Disconnection' and whether it is applicable in Northern Ireland.**
- 11. Investigating whether a Kirklees or area-based approach could be used to tackle low energy efficiency and lower Warm Homes uptake in isolated rural areas.**
- 12. Examining whether energy efficiency ratings could be increased through a statutory requirement to meet a minimum standard before letting or re-letting a property.**
- 13. Promotion of the Landlords Energy Savings Allowance.**
- 14. Building regulations should be changed to ensure the optimum energy efficiency of all new houses built in Northern Ireland.**
- 15. Considering the scope for restoring Household Fuel Payments in the future.**
- 16. The Assembly should resist moves to reduce the Winter Fuel Payment.**

Introduction

To say that fuel poverty² in Northern Ireland has been approaching crisis levels for some time would not be an understatement – worryingly, the prospects for a reduction in levels of fuel poverty over the coming months and years are not encouraging, particularly in the light of the recent wave of price increases announced by the major energy companies in Northern Ireland so far in 2011.

Fuel poverty is largely determined by income levels, fuel prices and energy efficiency.³ Real income has been squeezed in recent years as a result of the economic downturn and has actually fallen across the United Kingdom as a whole.⁴ With the UK Government's fiscal consolidation underway, there are an estimated £425 million of benefit entitlement reductions and tax increases in Northern Ireland⁵, which will place disposable income under further strain, as well as a real reduction to the Assembly's budget of 6.9% over the next four years.⁶ Northern Irish unemployment remains high at 7.1% and GDP growth is predicted at only 1.1% for 2011.⁷ Combined with rising oil prices due to political unrest in the Middle East, these issues will have serious ramifications for fuel poverty, which is already estimated at around 44% of households in Northern Ireland.⁸ The 2010/2011 winter in particular has highlighted how fuel poverty can affect some of the most vulnerable, such as children and those suffering from cancer, but CAB's findings indicate a problem which affects people across many sectors of society in Northern Ireland.

Citizens Advice deals with an extensive range of queries related to fuel poverty and the issue cuts across numerous policy areas. 55.8% of the issues dealt with by Citizens Advice relate to social security, with an additional 19.8% relating to debt, indicating a client base which is experiencing social need and likely to be vulnerable to fuel poverty. CAB staff encounter fuel poverty issues when they are advising and providing information on topics such as

- fuel arrears and debts;
- applications to the Social Fund;
- Winter Fuel Payments;
- the Warm Homes scheme;
- repairs to heating systems;
- And people simply enquiring if there is any help at all with their fuel bills.

² To be in fuel poverty, a household must spend over 10% of its income on all household energy (electricity and heating) to maintain an acceptable level of energy services in the home.

³ *Warmer Healthier Homes, Department for Social Development, 2011.*

⁴ *Statistical Bulletin: 4th Quarter 2010, Office for National Statistics, 2011.*

⁵ *Warmer Healthier Homes, Department for Social Development, 2011.*

⁶ *Comprehensive Spending Review, HM Treasury, 2010.*

⁷ *Quarterly Economic Overview Quarter 2 2011, Northern Bank, 2011.*

⁸ *House Condition Survey 2009, Northern Ireland Housing Executive, 2010.*

This report presents the evidence collected from a survey of CAB clients, ranging from those who are vulnerable, to the unemployed, to even those in work who, for a number of reasons, are struggling to keep their homes warm, and will explore the suggested policy solutions. The report then goes on to make a series of recommendations to help alleviate the problem of fuel poverty in Northern Ireland.

Methodology

The findings of this report stem primarily from a survey of clients of Citizens Advice. The survey was conducted between February and March 2011 with responses from 24 Citizens Advice Bureaux across Northern Ireland. 386 clients of these bureaux responded anonymously to the survey, representing a broad cross-section of different circumstances in terms of location, income, employment, housing tenure and heating systems. The questionnaires were completed in the presence of advisers, with the adviser asking the client questions and completing the form. The survey results were supplemented with desk-based research and reports from individual bureaux over the last two years. The full survey results are available on request from Citizens Advice Regional Office.

*A disabled client of **Fermanagh CAB**, aged 87, lives on her own and has recently received a grant for a new oil central heating system. Despite the Winter Fuel and Cold Weather payments, her income is still too low to pay for heating for the whole winter and she has been forced to keep her house warm with just one electric heater. The CAB adviser has examined what other benefits the client may be entitled to in order to boost her income to afford heating oil.*

*A client of **Banbridge CAB** is a single mother and works part-time. Despite this, her income is too small to pay for the minimum order of heating oil, and her children are too old and her income not low enough to enable her to qualify for Cold Weather Payments. As a consequence of this, she must buy emergency oil heating drums when she can afford them, which means that she is paying more per unit of heating oil than if she could afford larger quantities and often goes without heat.*

*A client of **Coleraine CAB** works full time and has three young children. She is unable to afford coal or oil in the extended winter period and is under further pressure as her children are vulnerable to health problems. As she works full time she cannot qualify for any help paying these bills despite having young children and a low income.*

Context

Energy Prices

Fuel poverty is determined by a combination of energy prices, incomes and energy efficiency. As was mentioned in the introduction, incomes have been falling or stagnating and prices have been increasing. According to figures from the Department of Energy and Climate Change, the price of heating oil in nominal terms across the United Kingdom has increased by around 28% between Q1 2010 and Q1 2011 (or 24.5% above the rate of inflation). Since 2009, the price of heating oil has increased by around 68% in nominal terms for the United Kingdom as a whole.⁹ The consequences of these significant increases in price are particularly felt in Northern Ireland, where 68.2% of households use oil-fired central heating.¹⁰ Gas prices have also increased, notably with Phoenix Gas' April 2011 announcement of a 39.1% increase in prices.¹¹ This leaves Phoenix Gas' prices still lower than the peak in mid 2008, but still around 34% higher than at the beginning of 2008. Despite this, as Figure 1 indicates, heating a home by using gas is still significantly cheaper than by oil. The Consumer Council suggests the difference is £1,082.53 on average¹², which is a significant percentage of the average annual income of around £23,000 in Northern Ireland.¹³ Gas heating, like electric, can be preferable for those on a low income, as payment can be made through a prepayment meter or direct debit, whereas oil must be purchased in bulk, often with a large upfront cost. Figure 1 also indicates that there can be large saving by buying oil in the larger quantity of 900 litres rather than 300. This has a lower cost per litre, but is more expensive for a single delivery, preventing many people from saving money in this way.

As the Utility Regulator has noted, for various reasons relating to geography, market size and location, and a limited resource endowment, Northern Ireland tends to have higher energy costs than the rest of the United Kingdom and much of Europe.¹⁴ Additionally, as the Department for Enterprise, Trade and Investment has noted, further extensions to the gas network in Northern Ireland are likely to be more 'economically challenging' than previously, as the distances increase and there are fewer large industrial loads.¹⁵

The consequence of this and the fact of much higher prices for energy 'off-grid' (such as heating oil), means that Northern Ireland may have a more 'structural' fuel poverty problem than the rest of the UK. Given that incomes in Northern Ireland also tend to be quite low relative to the rest of the UK (at gross average earnings of £440.80 a week compared to £498.80 for the UK as

⁹ *Quarterly Energy Prices, Department of Energy and Climate Change, 2011.*

¹⁰ *House Condition Survey 2009, Northern Ireland Housing Executive, 2010.*

¹¹ *Phoenix Gas puts prices up by 39% in Belfast and Larne, BBC News, 2011.*

¹² *The Price of Being Poor, The Consumer Council, 2011.*

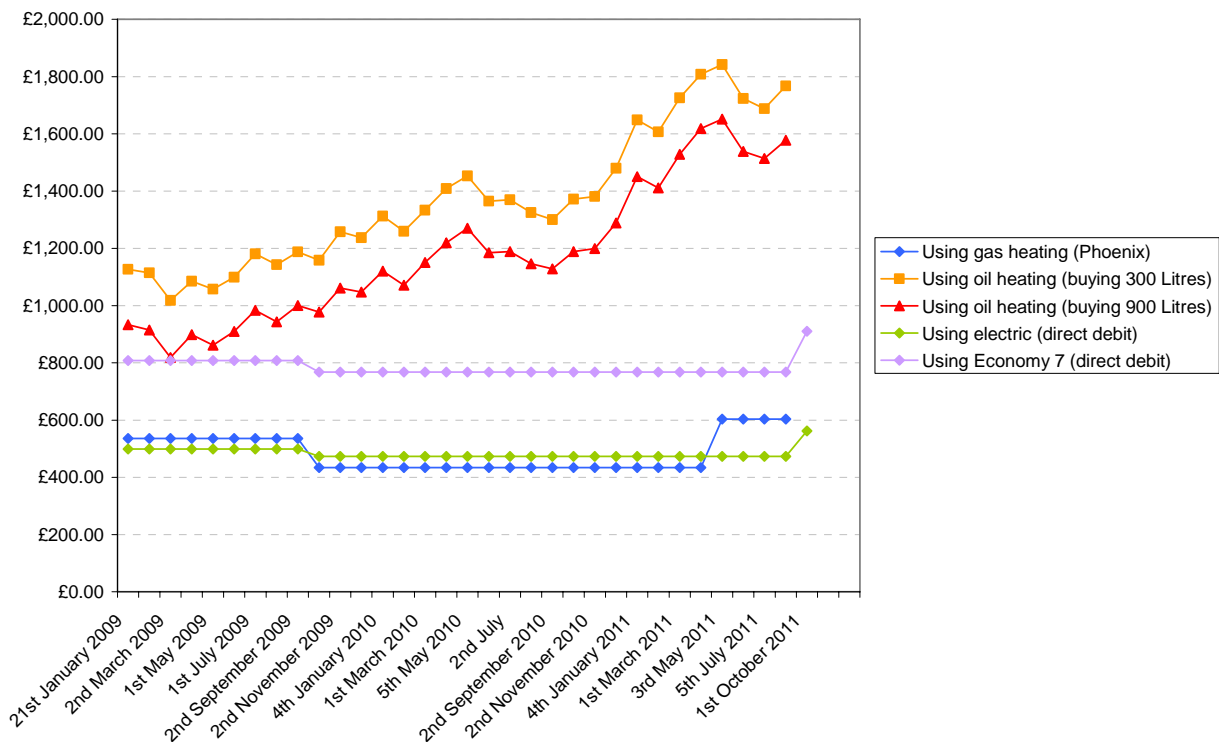
¹³ *Statistical Bulletin for the Annual Survey of Hours and Earnings, Office for National Statistics, 2010.*

¹⁴ *NI Energy Prices: Background Briefing, Northern Ireland Authority for Utility Regulation, 2008.*

¹⁵ *Consultation on the potential for extending the natural gas network in Northern Ireland, Department of Enterprise, Trade and Investment, 2011.*

a whole¹⁶) two of the three major determinants of fuel poverty (prices and incomes) are areas which the Northern Ireland Assembly has little power to influence. It should therefore be acknowledged that eliminating fuel poverty here will be highly unrealistic in the short to medium term. This has been reflected by the DSD’s concentration on energy efficiency, the third determinant of fuel poverty. The development of a severity index to target those who are in the greatest need is an implicit acknowledgement that fuel poverty is unlikely to be eliminated in the immediate future.

Figure 1. The cost of an annual fuel bill in Northern Ireland since 2009



Source: Consumer Council oil price survey, Phoenix Gas figures and the Department for Energy and Climate Change for electricity figures. This figure indicates the cost of purchasing the heating oil or gas for a home for an entire year at various points in time.

Policy Context

Currently there are two main policy initiatives for tackling fuel poverty through income maintenance. The first is the Winter Fuel Payment, which is an automatic payment of £200-£300 to anyone over the age of 60. In 2009/2010, the Winter Fuel Payment was worth nearly £69 million in Northern Ireland, and was paid to 313,542 people over 60¹⁷, and so represents a

¹⁶ Statistical Bulletin for the Annual Survey of Hours and Earnings, Office for National Statistics, 2010.

¹⁷ Social Fund Annual Report 2009/2010, Department for Social Development, 2010.

significant source of help to many. But as figures from a Consumer Council report indicate, the Winter Fuel Payment is equivalent to only around 12% of an average annual total fuel bill for a dwelling with oil heating.¹⁸ Additionally, the value of the Winter Fuel Payment has declined relative to the price of oil and inflation. This is illustrated by the following table, which shows how much the Winter Fuel Payment would be if it were adjusted for various prices since 2008 (using the example of someone of pensionable age living alone under the age of 80). As can be seen, had the Winter Fuel Payment (at the new lower rate) kept pace with heating oil inflation since 2008, it would now be around 41% larger. The problem will only be exacerbated by the Coalition government’s decision to remove the ‘bonus’ element of the Winter Fuel Payment introduced in 2008 from 2011 onwards, which was worth £50 to those under 80 and £100 to those over 80.

Index	Amount
Current	£200
Retail Prices Index Linked	£216.48
Consumer Prices Index Linked	£218.75
Linked to UK oil prices	£282.42

Source: Office of National Statistics, Department of Energy and Climate Change.

The second policy initiative is the Cold Weather Payment, which is also an automatic payment from the regulated Social Fund (rather than the discretionary Social Fund) of £25 per cold weather period to those who are disabled, are pensioners or have children and are on a low income. Specifically, claimants need to be in receipt of Income Support (if there is a disability or pensioner related premium) or income-based Jobseeker’s Allowance. A ‘cold weather period’ is any seven day period with a mean daily temperature at or below freezing. This is the only additional support for fuel bills that people with disabilities or very low incomes receive.

Both the Winter Fuel Payment and the Cold Weather Payment are designed to target the most vulnerable, who have been defined as those over 60 and those with low incomes and disabilities or young children.¹⁹ Unfortunately the evidence collected by Citizens Advice shows that these measures are frequently inadequate for ensuring that people are capable of heating their homes. In addition, the findings suggest that these traditional definitions of vulnerability are too narrow, as increasingly those in low paid work and those with children also struggle to pay to heat their homes sufficiently.

Energy efficiency has become the main focus of policy both in Northern Ireland and the UK in general. This is due to the fact that energy efficiency is the contribution to fuel poverty that lasts – changes in price and incomes are transitory and contingent on other factors. As has been commented:

¹⁸ *The Price of Being Poor, The Consumer Council, 2011.*

¹⁹ *Warmer Healthier Homes, Department for Social Development, 2011.*

“It is only the increased energy efficiency of the housing stock that results in the permanent treatment of fuel poverty. Increased incomes or reduced fuel costs are recurring costs that deal with the symptoms of fuel poverty rather than the cause.”²⁰

For improving energy efficiency, the main policy tool is the Warm Homes Scheme, which provides grants for efficiency improvements to people on certain qualifying means-tested and disability related benefits. There are two components: Warm Homes and Warm Homes Plus. The former offers a more moderate form of intervention, consisting of loft and cavity wall insulation, hot water tank jackets, energy efficiency advice and a benefit entitlement check. To qualify for Warm Homes, the applicant must be in receipt of a low income benefit (such as income-based Jobseeker’s Allowance, Pension Credit and Working Tax Credits), or an incapacity benefit such as Disability Living Allowance and Attendance Allowance.

Warm Homes Plus offers more substantive measures, mainly the installation of an efficient gas or oil-fired central heating system if the property previously had liquefied petroleum gas, solid fuel, Economy 7 or no existing heating system. Claimants must be in the private rented or owner occupier sector, and claiming a means-tested benefit such as income-based Jobseeker’s Allowance or Working Tax Credits. Following a report by the Northern Ireland Audit Office, which found that the working poor were being excluded and that the level of the non-fuel poor taking advantage of the scheme was high, the eligibility criteria was changed, so that Disability Living Allowance and Attendance Allowance were removed from Warm Homes Plus in order to include Working Tax Credits. However, the survey evidence presented below finds that the uptake of the scheme amongst those on means-tested benefits remains very low.

Another scheme for increasing energy efficiency is the Landlords Energy Savings Allowance. This is a £1,500 per property income tax deduction available to landlords who upgrade the energy efficiency of their housing stock.

Fuel Poverty Preliminary Review

The first Preliminary Review²¹ has raised some small controversy over the figure that 13% of households in Northern Ireland are in fuel poverty if a twice-median expenditure approach is utilised – similar to the original definition of fuel poverty. The Fuel Poverty Coalition has claimed this underplays the problem.²² This is essentially a question of whether fuel poverty should be considered an absolute concept, in which case it must be decided why the arbitrary cut off point is at 10%, or a relative concept which would require someone in Northern Ireland to be spending around 18% of their income on heating and electricity to be considered fuel poor. The latter is problematic in Northern Ireland if the higher energy prices lead to complacency towards levels of expenditure on heating which would be considered obscene in the rest of the

²⁰ Memorandum, Dr Brenda Boardman, Environmental Change Institute, 2010.

²¹ Defining Fuel Poverty in Northern Ireland: a Preliminary Review, Christine Liddell et al, 2011.

²² “Fuel Poverty crisis report ‘underplays extent of problem’”, Belfast Telegraph, 8 September 2011.

United Kingdom. Therefore the Preliminary Review is right to recommend that the 10% cut off point is to remain the headline figure but that the localised twice-median figure should be used to gauge progress and indicate the differentiated severity of fuel poverty. There may be a presentational problem with referring to the twice-median figure as representing fuel poverty if the 10% cut off point is also being retained, so care should be taken to refer to the former as being 'extreme fuel poverty' or a similar form.

The review notes that the primary cause of fuel poverty in Northern Ireland has been the large increase in oil prices over the last number of years, and so recommends the division of fuel poverty by central heating type. It also makes the case for a lay definition, as well as a wide range of fuel poverty related concepts and definitions, such as energy security or the European Union Survey of Living Conditions.

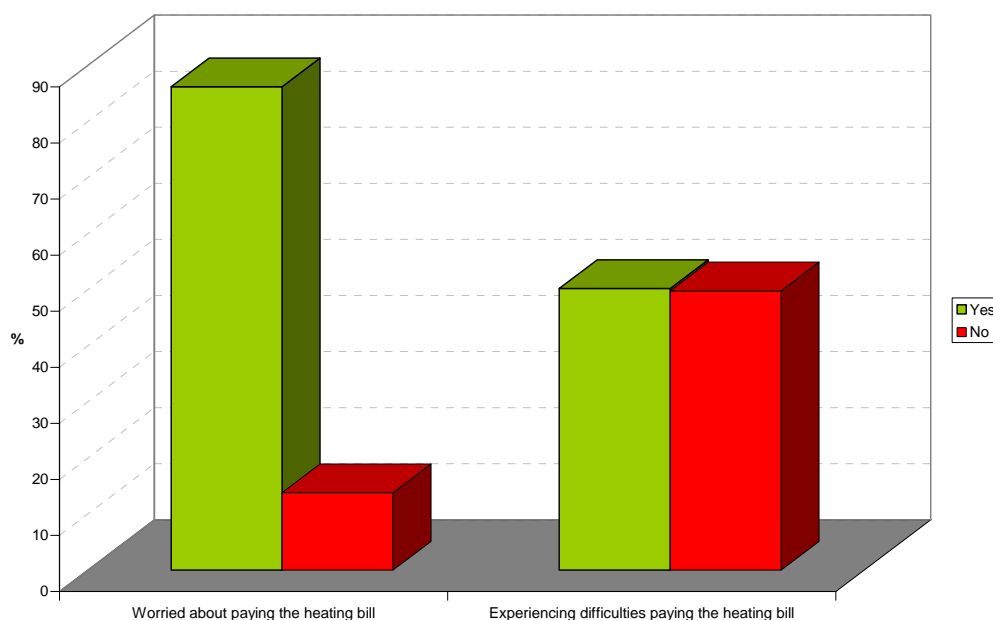
Main Findings

Difficulties paying for fuel are widespread

The survey of clients conducted by Citizens Advice found that 86% were worried about paying their heating bills, and 49% were worried ‘a lot.’ 50% of respondents have encountered some difficulty in actually paying their fuel bills. Even for those in full time employment, 40% are having difficulty paying their fuel bills, indicating a problem amongst the ‘working poor.’

These figures for how many people are worried or struggling to pay their fuel bills suggest that whilst fuel poverty is estimated at 44% of households²³, many more people are worried and so may be on the margins of fuel poverty. Lower incomes and high energy inflation could push the people on the margins into a situation of fuel poverty. Additionally, the research shows that a significant number of people are rationing their heat to the extent that they are not getting the warmth they need. 77% of clients surveyed reported that they had been using less heat than they need due to the price of fuel. This highlights the need to maintain an element of what the first Preliminary Review into fuel poverty calls “needs to spend.”²⁴ The prevalence of rationing suggests that these clients have a need to spend more of their income on heating to maintain adequate warmth, but reduce their heat usage as a coping strategy in the face of high prices. As the review notes, “losing ‘needs to spend’ from the definition will reduce fuel poverty rates in Scotland and Northern Ireland substantially more than in England and Wales.”²⁵

Figure 2. CAB clients worried about and experiencing difficulties paying the heating bill



²³ House Condition Survey 2009, Northern Ireland Housing Executive, 2010.

²⁴ Defining Fuel Poverty in Northern Ireland: A Preliminary Review, Christine Liddell et al, 2011.

²⁵ Ibid.

Vulnerable households are forced to choose between ‘heating and eating’

Other figures from the CAB survey call into doubt the effectiveness of existing benefits and measures that are targeted towards the elderly and disabled. Amongst those of pensionable age (who are entitled to nearly all fuel poverty related benefits and schemes), 30% still have had to make the choice at some point between heating their homes and other essential items such as food. Amongst those CAB clients in the survey who registered as disabled, a startling 59% have had to make this choice, possibly as the only additional fuel payments disabled people receive are Cold Weather Payments which by their nature can be sporadic. This does not capture the full picture, as 76% of retired people and 90% of those who defined themselves as disabled or too sick to work in the CAB survey have had to ration their heat beyond what they need to stay warm. As the figure below indicates, the unemployed also have to make this choice in large numbers. Among the most vulnerable are those suffering from cancer (and qualify as disabled). According to recent research, people suffering from cancer are more likely to be in fuel poverty because of their increased need for heat.²⁶

*A client of the **CAB-MacMillan** outreach service was recently diagnosed with breast cancer. As a result of this, her heating needs have increased. She is under the qualifying age for the Winter Fuel Payment and so does not benefit from this scheme, though she can receive Cold Weather payments. The client is concerned at her ability to continue to heat her home.*

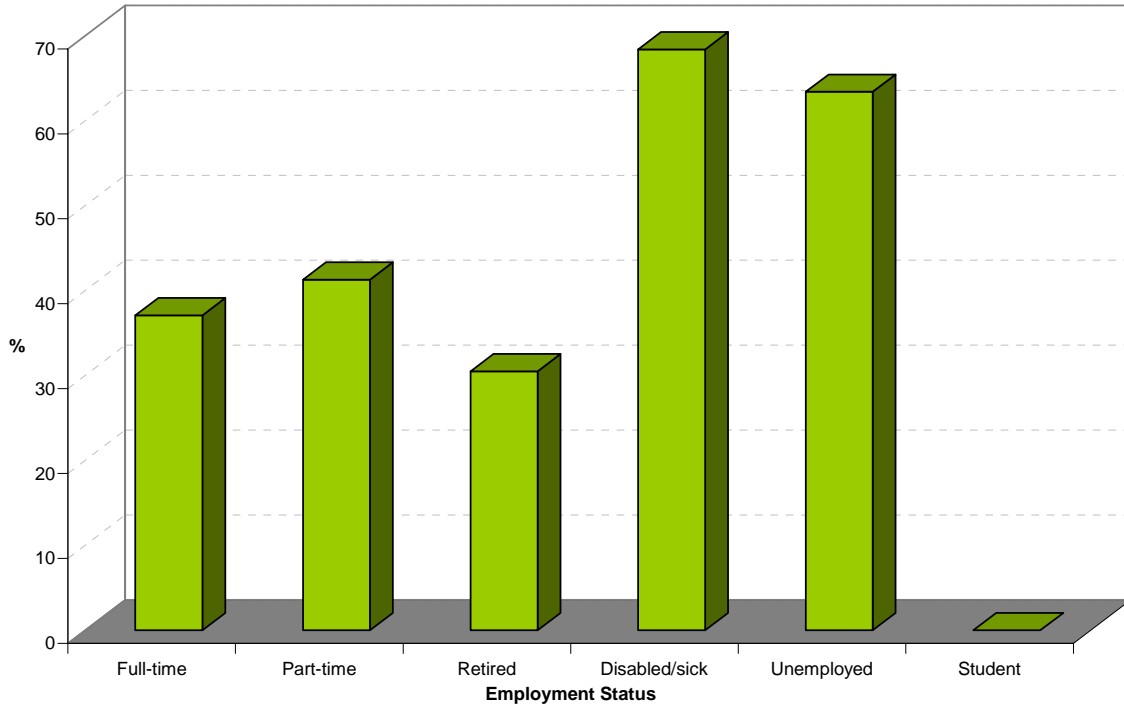
*An elderly client of **Larne CAB** is struggling to heat her home effectively due to a lack of central heating or insulation and wished to know whether there were any schemes which could help refurbish her home.*

*A client of **Macmillan** who has kidney cancer is finding it very difficult to heat her home, despite receiving the Winter Fuel Payment and having the Warm Homes scheme examine the house.*

*Another **Macmillan** client, who is terminally ill with lung cancer, has heightened heat needs and has already used his Winter Fuel Payment to buy fuel, and is struggling to keep his house warm, and is forced to go to bed to stay warm.*

²⁶ ‘Cancer Patients twice as likely to fall into fuel poverty as the general population’, MacMillan Cancer Support, 2009.

Figure 3. People choosing between heating and other essential items such as food at some point

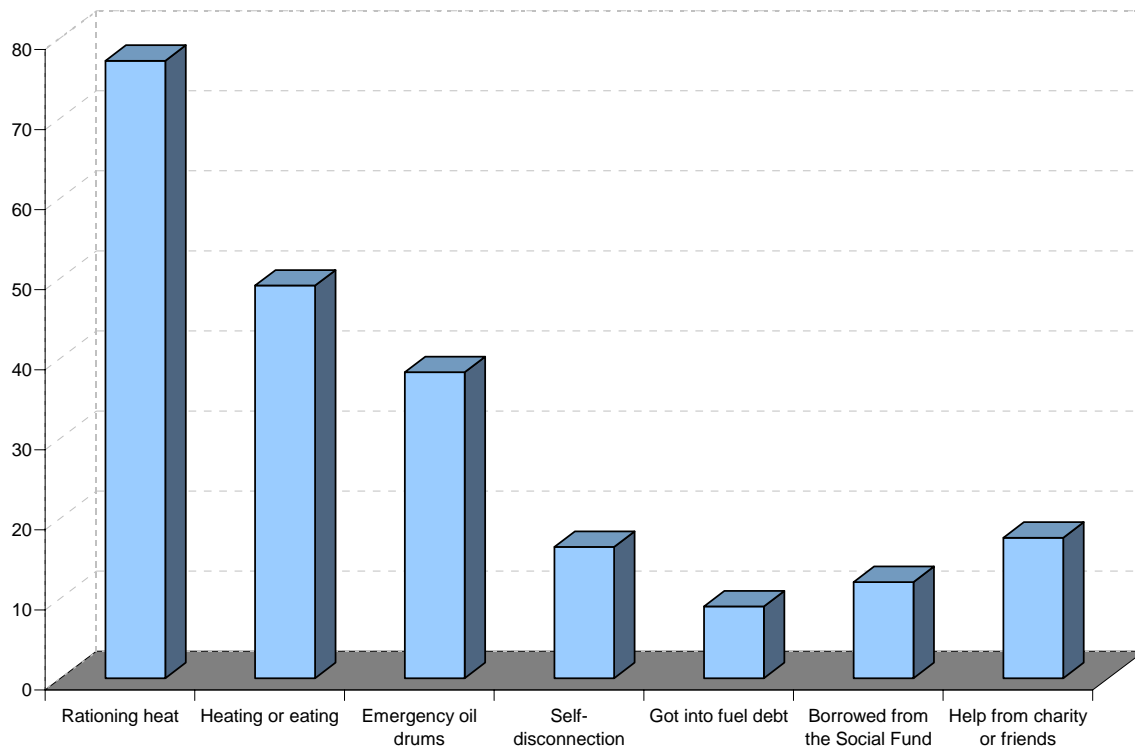


People resorting to extreme measures

The CAB survey found that increasingly, people resort to emergency measures to pay for fuel, particularly amongst the vulnerable. 12% of CAB clients surveyed have had to resort to borrowing from the Social Fund to pay for fuel. This can be either for a Budgeting loan if it is for the costs of non-mains fuels such as oil or coal; or a Crisis Loan for gas or electricity. Amongst disabled people or those too sick to work, this figure rises to 49%. From the survey results, the average amount that is borrowed to pay for fuel is £316.35. Reports from bureaux suggest that there is an occasional problem with members of the public being misinformed about eligibility to take out a Crisis Loan for fuel. A further 32% of disabled people and those too sick to work, as well as about one in ten elderly people, have had to borrow money from charities and relatives in order to pay for fuel according to the CAB survey. As an example of this, St Vincent de Paul spent £477,000 in 2009 on helping with fuel bills for those in need.²⁷ Figure 4 indicates the pervasiveness of having to take on debt or getting help from family and charities to A further 13% of CAB respondents who do not receive help with their fuel bills are in a marginal situation, i.e. just outside the scope of government help on an income of £16,190 - £17,190 a year.

²⁷ Annual Report, St Vincent de Paul, 2009.

Figure 4. Percentage of CAB clients undertaking tough measures



A **Coleraine CAB** client was struggling so badly with oil heating costs to the extent that they entered the bureau to inquire about getting financial assistance with the heating bill from St Vincent de Paul or another charity.

Another **Coleraine CAB** client was turned down for a crisis loan to pay for heating oil and has been left without heat.

A client of **Portadown CAB** cannot qualify for a lower rate of recovery for arrears because she is not in receipt of Income Support. If her income was £3.80 a week lower, she would qualify, but instead is in a marginal situation with no help.

A client from **Banbridge** was refused a Crisis Loan for oil, which she had run out of, on the grounds that she had applied for a Crisis Loan for the same item two years previous, and was told that if she applied for a Crisis Loan for food she would likely be denied it. This was incorrect as the length of time for the last claim for oil was sufficiently long that a loan could be applied for again. The client was left in dire situation, having to choose between heating and eating.

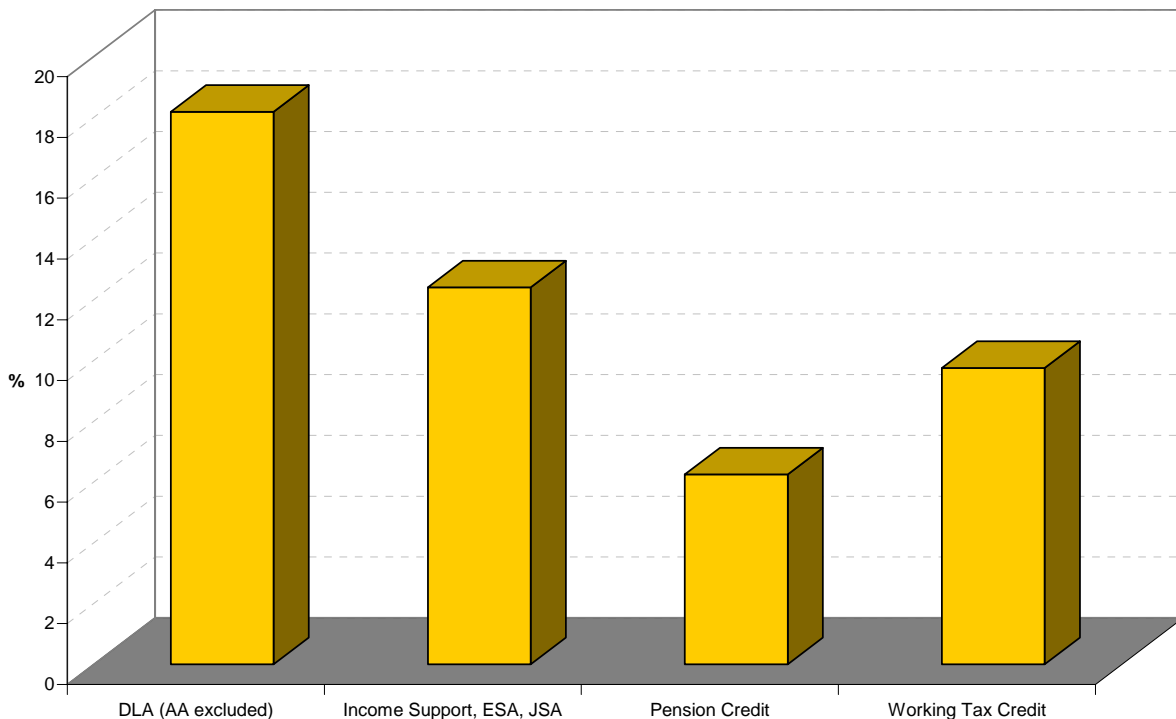
A **Coleraine** client was disallowed her Employment and Support Allowance (ESA) and the loss of income left her unable to pay to heat her home, and so needed to apply for a Crisis Loan for both heating oil and food, but was told she could not apply for a Crisis Loan for this.

A client of Lisburn CAB was waiting to hear back about an ESA application, but in the meantime had no income and so needed to apply for a Crisis Loan. The staff repeatedly refused to let her apply for one. Another Lisburn client was told that he should not bother applying for a Crisis Loan for fuel.

Poor Uptake of Warm Homes

The Warm Homes scheme is a central plank of the DSD’s strategy to improve energy efficiency across Northern Ireland. To qualify for a Warm Homes grant, a client must be on one of a number of means tested or disability benefits, such as Working Tax Credit or Pension Credit. However, this scheme appears to be consistently underused according to the CAB survey data. For instance, amongst those on Working Tax Credits, 91% have not applied to the Warm Homes scheme. For those on Pension Credit who are eligible, 92% have not applied. Figure 5 displays the uptake of the Warm Homes scheme by several types of qualifying benefit (which are mutually exclusive to prevent overlap with the exception of a small number on DLA and Pension Credit). It is clear that means tested benefits, particularly Pension Credit and Working Tax Credit, have lower uptake rates than Disability Living Allowance. This suggests a difficulty in reaching those on low incomes. This is particularly important in light of allegations around under spending in the Warm Homes scheme (see below). There are also occasional problems in the administration of the Warm Homes scheme and its benefit entitlements check which may harm attempts at improving energy efficiency and maximising incomes.

Figure 5. Percentage of CAB clients who have received work under the Warm Homes scheme by qualifying benefit



*A **Newtownabbey CAB** client had been referred to Warm Homes six months earlier but had still not received a response. Whilst the client had changed his phone number in the interim, he had received no letter or any other attempt at communication. A **Downpatrick CAB** client was informed by the Warm Homes scheme that she would be contacted by a surveyor from Warm Homes within six weeks, but upon contacting Warm Homes again discovered that they had not passed her details onto a surveyor.*

*A **Newtownabbey CAB** client was told that she was eligible for a full Warm Homes grant but then was told that as the work had already been completed she could not get the money refunded. An **Antrim CAB** client was incorrectly advised by the Warm Homes scheme benefit check that she was entitled to child tax credits, whilst a **Strabane CAB** client was not told that he was entitled to a rates rebate. A **Dungannon** client was provided incorrect information by the Warm Homes benefit entitlement check with respect to the ESA and rates rebate he should get.*

Energy Broking for oil

The main heating system amongst CAB clients tends to be oil heating, with 65% of respondents using this, which corresponds with the House Condition Survey which found 68.2% of households in Northern Ireland use oil heating. This validates the concern within the DSD's recent strategy, Warmer Healthier Homes, with pursuing some form of regulation for the oil sector. Whilst the strategy stipulates an energy brokerage strategy to reduce prices, it does not extend this scheme to oil (it mentions that the Department has met with electricity and gas providers, but not oil providers - this may be difficult given its more competitive market structure). Nor does the energy brokerage strategy extend beyond the social housing sector. This raises concerns regarding its effectiveness in several ways. Even within the social housing sector, which as is noted in the strategy as having a high incidence of fuel poverty, nearly 42% of households use oil heating and so are not covered by the price side of this strategy.²⁸ With the majority of households in Northern Ireland relying on heating oil, a sizeable portion of the population remain neglected by this strategy. Furthermore, 76% of elderly CAB clients live in either owner-occupied housing or in the private rented sector. If this is representative of the population at large, it suggests the scheme will be limited in its ability to protect vulnerable people. The only commitment in the strategy which might influence oil prices is the proposed import levy on oil. This might be politically difficult, as an import levy would count as a barrier to trade within the EU and is therefore illegal, it would also need to be agreed at the EU level as a Common External Tariff to companies operating outside the common market under EU legislation. It is difficult to see how it would not be passed onto the consumer given the major determinant of the incidence of taxation is price elasticity, and most people cannot simply switch from using heating oil to another heating source. This would encourage importers to shift the costs onto consumers.

²⁸ House Condition Survey 2009, Northern Ireland Housing Executive, 2010.

Increasing use of emergency oil heating drums

Another finding of evidence collected by Citizens Advice which gives cause for alarm is the rise in the use of emergency oil heating drums. Amongst respondents to the CAB survey who use oil heating, just over 38% had resorted to using small emergency oil drums due to being unable to afford an oil delivery. These are designed as short term measures and tend to be significantly more expensive per litre than buying in bulk from a supplier, but usage is becoming more widespread due to the minimum number of litres in these deliveries being simply too expensive for some clients. This is particularly worrying as those with the lowest incomes are being forced to purchase heating oil at a higher price per litre than those more capable of affording oil.

Energy Inefficiency is widespread

The Department for Social Development has announced that it will conduct an investigation into the feasibility of a boiler replacement scheme to help improve energy efficiency. This appears to be promising in light of CAB's evidence. 24% of respondents had a boiler which was older than 15 years, which suggests there could be significant energy efficiency gains. A further 27% were between 10 and 14 years old. This may understate the potential efficiency gains as a significant number of respondents were unaware of the boiler age, which is more likely in an older property with an inefficient boiler than in a new build. If the DSD is highly committed to 'removing energy inefficiency as a cause of fuel poverty'²⁹, then these findings suggest any boiler replacement scheme will need to have an ambitious scope.

Inefficient boilers are only one element of energy inefficiency in the home, and broader measures should also be considered. 49% of Citizens Advice clients feel that they would benefit from some energy efficiency advice, which has the underlying implication that they have not received such advice or are not aware of where it can be found. Again, 49% of respondents felt that their home could be better insulated, with a further 21% who do not know whether there is scope for improvement. Although energy advice is provided alongside the Warm Homes scheme, this is limited to only those in receipt of certain income related benefits, and suggests that the scope of advice provision is too narrow.

Arrears with pre-payment meters is a substantial problem for the vulnerable

An important issue, particularly amongst vulnerable demographics is that of self-disconnection and fuel debts and arrears. People who struggle to maintain regular payment schemes for gas or electricity due to financial or other circumstances often get a prepayment meter, from which arrears are recovered, often at rates which are unaffordable. Policy issues reported by bureaux indicate that the repayment rate of arrears can be as high as 80% on gas pre-payment meters. This can exacerbate the problem of self-disconnection, whereby an individual is still connected to the gas network but no longer purchases heating due to the cost. The survey results show that, amongst CAB clients with pre-payment meters, around 33% have been forced to resort to

²⁹ *Warmer Healthier Homes, Department for Social Development, 2011.*

self-disconnection. This is normally a consequence of gas prices been unaffordable to low income consumers. This would not necessarily be revealed by fuel poverty figures, which deem an individual to be in fuel poverty if 10% or more of their income is spent on heating their home to an acceptable level. If individuals have self-disconnected, then they may not be spending 10% of their income on heating, arguably however they are still in a situation of fuel poverty as price and income constraints are preventing them from heating their homes to an appropriate level. Gas and electricity arrears are also the main social policy issue in fuel poverty reported by bureaux across Northern Ireland.

*A client of **Newtownabbey CAB** with physical health difficulties was in arrears and as such had a prepayment meter installed. However, every time he put £10 in gas, around £8 was removed as repayment for his arrears, a repayment rate of 80%. This meant that the client had to spend £70 a week to maintain adequate heat in his home.*

*A client of **Lisburn CAB** experienced significant stress as a result of her arrears repayment schedule. The client is in arrears after her abusive ex-partner tampered with the gas meter and the client was expected to pay back £92 per week in arrears, later reduced to £80 per week. The CAB adviser worked out the client was only capable of paying back £8 per week due to her low income and childcare needs.*

*A client of **North Belfast CAB** with a young child was required to repay her gas arrears at the rate of £45 per week, when the highest amount she could afford to pay and still be able to heat her home was £10 per week.*

*A client from **Lisburn** has five dependent children and was accused by Phoenix Gas of tampering with his gas meter. He was arrested by the PSNI but was found not guilty. The client entered a repayment scheme of £25 per week, but admitted he did not pay this over the summer as he did not need heat, but now Phoenix Gas refuse to connect him unless he pays £1200 up front – an amount he cannot afford as his only income comes from benefits. Phoenix Gas has refused to negotiate a new repayment scheme.*

9 % in fuel debt

Nearly 9% of clients who responded to the survey were in some form of arrears or debt for fuel, but the problem extends beyond gas and electric heating, as many of the respondents were taking out loans (often worth hundreds of pounds) or paying through their credit card or overdraft for oil. This highlights the need for both clearer and more context sensitive arrears repayments for gas, but which are also less arbitrary. The number of people in debt for oil payments suggests that incomes for a lot of families are not stretching far enough to cover oil, and highlights the need for action on price and incomes.

There is a rural dimension to fuel poverty

Fuel poverty as a phenomenon has a distinct rural dimension, which has arguably not been best served by current and proposed policy measures. Whilst the headline figures of fuel poverty in rural and urban areas are likely not statistically significantly different from each other according to the House Condition Survey (42.8% for urban against 45.8%), this obscures the picture. When disaggregated, the incidence of fuel poverty is lower in small rural settlements (at 40.7%) than in district towns (45.3%), but the rate for isolated rural areas is the highest of any dwelling location at 51.1%.³⁰ This corresponds to research by the Northern Ireland Research and Statistics Agency (NISRA), which found an unclear picture between rural and urban (in that there was a higher rate of fuel poverty in the urban east than rural east, but that the reverse held in the west), but could establish that *“the housing stock in the open countryside is particularly associated with fuel poverty.”*³¹ Part of the reason for this is probably a consequence of isolated rural properties lacking heat island effects and an inability to connect to the gas network. The CAB survey figures show that there is no significant disparity between rural and urban individuals in terms of receiving fuel benefits, but this is likely a consequence of automatic payment of Winter Fuel Payment and Cold Weather Payments. There is a slightly larger proportion of individuals struggling to pay their fuel bills in rural areas (once terraced houses are excluded to get a better sample of isolated rural houses) than urban areas at 51% to 48.5%. Certain recommendations made by this report and by the Warmer Healthier Homes such as energy brokering and oil clubs are not appropriate for these isolated rural properties, as these solutions require localised collective action.

The Private Rented Sector is hard to reach

As the Northern Ireland Housing Condition Survey 2010 findings comment, the private rented sector is a fast growing sector, increasing as a proportion of the total housing stock by over 5% between 2006 and 2009.³² It has been considered by some to be the hardest sector to reach with policy measures.³³ This is confirmed by the CAB survey findings, which indicate that fewer tenants in the private rented sector are taking advantage of the Warm Homes scheme. Amongst people who have been in receipt of a Warm Homes or Warm Homes Plus grant (or are currently applying), 57.8% are owner-occupied dwellings whilst only around 21.1% are from the private rented sector. This is most likely a consequence of the greater incentive to improve energy efficiency in a home that the individual owns and is likely to be staying in for a longer time frame than a tenant.

³⁰ *House Condition Survey 2009, Northern Ireland Housing Executive, 2010.*

³¹ *Fuel Poverty, Climate and Mortality in Northern Ireland 1980-2006, Northern Ireland Statistics and Research Agency, 2007*

³² *Northern Ireland Housing Condition Survey preliminary findings. Northern Ireland Housing Executive, 2009.*

³³ *The Long Cold Winter: Beating Fuel Poverty, ippr and National Energy Action, 2010.*

Recommendations

On some level, as has been acknowledged before, there are limits to the Assembly's ability to eliminate fuel poverty, particularly within the immediate future. Just under half of the CAB survey respondents attributed their inability to heat their homes to low income. For 20% of respondents, their existing debts and repayments on these were making purchasing fuel difficult. These issues are difficult for the DSD to directly influence. More promisingly, however, is that around 22% of respondents thought the issue was at least partly one of energy efficiency in their homes.

Warm Homes

There is some cause for concern that in a circumstance of 44% fuel poverty, people are not utilising the existing benefits. As was mentioned above, the vast majority of those on benefits eligible for Warm Homes are not applying for the scheme or have not had work carried out through the scheme. The figure is in excess of 90% for those on Working Tax Credit and Pension Credit. An issue was raised in the Assembly in early 2010 about an under spend in the Warm Homes scheme, with only £2.3 million of the available £20 million assigned to the scheme being spent in the first 8 months of that financial year³⁴. In the same Assembly debate the Minister claimed that the target number of 9,000 interventions was going to be met under budget suggests that the type of intervention was qualitatively different, presumably tending to be more limited advice interventions which cost less, than Warm Homes Plus interventions in which more expensive heating system replacements occur. Citizens Advice evidence suggests that this shortfall in substantial interventions is an issue of awareness, though changes in the eligibility criteria for the Warm Homes schemes may also explain the presumed qualitative change.

The criteria changed in 2009 so that non-means tested benefits such as Attendance Allowance and Disability Living Allowance (DLA) were excluded from Warm Homes Plus (in order to include Working Tax Credits), which tend to have a higher take-up rate than means tested benefits. If there is a chronic under-spend (the information does not appear to be available) in the Warm Homes Scheme, it may be worthwhile examining whether the eligibility criteria for Warm Homes Plus could be extended further, especially to those on DLA, as the figures above highlight the plight of disabled people in fuel poverty (with 59% having to choose between heating and eating). This might also provide some relief to cancer sufferers, whose own tendency towards fuel poverty has been highlighted by the recent research mentioned above. At any rate, measures need to be undertaken to expand participation in the scheme.

³⁴ *Debate on the Warm Homes Scheme, Private Members Bill, 2010.* <http://www.theyworkforyou.com/ni/?id=2010-01-19.4.1>

Citizens Advice recommends:

- **Substantial promotion of the Warm Homes schemes.**
- **Re-extend the eligibility for the Warm Homes Plus scheme.**
- **Energy Efficiency advice provision should be extended and publicised.**
- **Greater focus on Warm Homes Plus**
- **Assembly Scrutiny to ensure that the Warm Homes budget is spent to plan**

Energy Brokerage

The energy brokerage proposals in Warmer Healthier Homes are designed to reduce the price of fuel. However, the proposals only extend to the social rented sector and seemingly only to gas and electricity, as explored above. Given that the DSD includes the elderly in its definition of vulnerability and that 76% of retired people do not live in the social housing sector, this may limit its effectiveness, as does the failure to extend it into oil. This may in part reflect the relative ease with which the scheme can operate; in other words, energy brokerage which requires collective action is easier when there is an existing unified authority (the Northern Ireland Housing Executive) and when there are few suppliers to negotiate with (Power NI (formerly NIE), Phoenix Natural Gas and firmus). Extending it to the fragmented private rented and owner-occupied and the competitive oil supplier sectors may be more difficult, but this is essential to form an effective policy solution, given that these make up the majority of households in Northern Ireland. This may involve supporting local councils or civil society groups to form these schemes, but this may lead to variable levels of support for people across Northern Ireland.

Additionally, an issue for many oil users appears to be the minimum order for oil being too expensive leading to a reliance on emergency oil heating drums. The DSD should negotiate with oil providers to see if there is any way around the minimum order problem, such as whether 'oil-sharing' schemes could be feasible in which people in the same neighbourhood can share an order to by-pass each individual's inability to pay for the whole minimum order. A scheme run by certain oil companies in England involves payments being made to the oil company over the entire year, so that the cost of the oil does not need to be footed all at once by the customer³⁵. This high upfront cost for a delivery is why many individuals take recourse to emergency oil barrels, and so could be reduced by the expansion of this practice. This is similar to the oil stamps scheme that runs in certain council areas in Northern Ireland (11 out of 26 council areas, with four administered by St Vincent de Paul), although these have a maximum amount of money that can be stored on them (£200) which limits their potential for budgeting, especially to buy 900 litres which tends to be cheaper than lower amounts. The limitation to the payment schemes is that the payment is frequently by direct debit, which may be an obstacle to certain

³⁵ *Heating oil Standard Note, House of Commons Library, 2011.*

vulnerable customers who have no access to a bank account, and so may complement oil stamps schemes. However, currently oil stamp schemes and payment schemes operate on rather patchwork basis - existing only in some council areas and oil delivery areas. The DSD is therefore right to create a best practice guide and encourage roll-out of oil stamps across all council areas, but should ensure that no council area is left out before the next winter. The DSD should also consider whether payment schemes to avoid upfront payment should be more widely and consistently implemented and whether they represent value for money. Following this, further steps may be considered such as issuing a code of best practice collated from England, or making the offer of such schemes a statutory requirement.

Budgeting is only part of a response to fuel poverty in the oil heating sector, however, 47.8% of the reasons given for difficulties in paying for fuel in the Citizens Advice survey relate to prices being too high relative to incomes. Therefore the best strategy for Northern Irish consumers would be to develop the concept of oil clubs (or oil syndicates or co-operatives), whereby consumers pool together to get reduced prices in bulk. A feasibility survey on these co-operatives was conducted by the Northern Ireland Housing Executive, the Consumer Council and the Bryson charitable group, which found these and oil-sharing schemes were the most popular forms of brokering for home heating oil.³⁶ As these affect the price side of oil, priority should be given to their development. Citizens Advice in GB is currently compiling a code of best practice for the operation of these oil clubs, which may have applications in Northern Ireland.

These schemes can have significant reductions in prices. Oil clubs in England have reported savings that can vary from around 4.5% to 8% of the price of a delivery.³⁷ A saving of 8% on a (currently) typical oil bill of £1,767.07 will be £141.37. This can be a very worthwhile saving, particularly for those on low incomes. Consequently, the Department for Social Development should do what it can to encourage the development of oil sharing schemes, given the possible savings. This may involve providing start-up grants to help overcome any initial administrative costs, the dissemination of information and guidance to set up an oil club, or possibly retaining a member of staff to assist oil clubs with any problems they experience and to provide general advice.

In terms of general regulation, the Office of Fair Trading is conducting an investigation into the operation of the heating oil market and other off-grid energy sources which will be pertinent particularly to Northern Ireland.³⁸

Citizens Advice recommends:

- **Investigating the feasibility of extending energy brokerage schemes beyond the social housing sector**
- **Extend energy brokerage into heating oil through oil clubs**

³⁶ *Energy Brokering: People Power feasibility study. NIHE, Consumer Council and Bryson Charitable Group, 2010.*

³⁷ See, for instance, the Heating Oil Club (theheatingoilclub.co.uk) or Chieveley oil club (<http://www.mychieveley.co.uk/index.php?page=50>).

³⁸ *Off-grid Energy Market Study, Office of Fair Trading, 2011.*

- **Opening a dialogue with oil suppliers to consider minimum order problems**
 - **Ensure oil stamp and payment schemes apply across Northern Ireland**
- Consider full regulation of the heating oil sector equivalent to that in the gas and electricity sector**

Pre-payment Arrears

As the evidence outlined in the previous section notes, there is a visible problem around arrears and fuel debts, often stemming from a lack of flexibility. This is an important issue as those in arrears often receive proportionately significantly less than what they pay into prepayment meters for heating. Part of the issue here seems to be around a lack of a consistent approach, as the suppliers negotiate a repayment plan with each individual. In England, Wales and Scotland, the utility regulator Ofgem has issued a best practice guide with respect to debt and disconnections³⁹. A key recommendation in this is that the recovery rate for fuel arrears is no more than the Fuel Direct level of £2.90 per week. If this limit were applied to the repayment rate for arrears in prepayment meters, it would help alleviate the problem of self-disconnection and the other issues, raised above. Following implementation of this code of practice in GB, there was a 16.4% decrease in disconnections; npower alone disconnected 43% fewer customers.⁴⁰ Ofgem notes that:

“The debt prevention guidelines go beyond existing obligations and encourage suppliers to consider new and innovative approaches to help consumers avoid getting into debt.”⁴¹

This does not assist in tackling fuel debts for those who use oil-fired heating, but these debts are often accumulated on credit cards and overdrafts and so can only be dealt with through action on prices and incomes, as well as debt advice. There may also be scope for a committed energy debt advice service, such as the initiative launched between EDF Energy and Citizens Advice in Great Britain.⁴²

Citizens Advice recommends:

- **The Northern Ireland Utility Regulator examines the prospects of a good practice code similar to ‘Preventing Debt and Disconnection’ and whether it is applicable in Northern Ireland.**

³⁹ *Preventing Debt and Disconnection, Ofgem.*

⁴⁰ *Domestic Suppliers' Social Obligations: 2007 Annual Report, Ofgem, 2007.*

⁴¹ *Preventing Debt and Disconnection, Ofgem.*

⁴² *‘EDF Energy to fund new Energy Debt Advice service to help customers with household debts’, Citizens Advice (GB), 2011.*

Rural Dimension

As has been noted previously, certain actions to be taken by the DSD and recommendations made elsewhere in this report, such as energy brokerage and oil clubs to reduce prices, are not relevant to the isolated rural households which are highly susceptible to fuel poverty. As very few will be able to connect to the gas network, the percentage of these dwellings using oil-fired central heating will be high and without collective measures to reduce prices, there will be little chance for price reduction. Other measures such as oil stamps and payment schemes may be relevant in terms of helping these households to budget, though if they are ‘transport poor’ oil stamps may be more problematic. Energy efficiency and incomes must then become the priority for reducing fuel poverty in these areas. The former is particularly problematic for isolated rural dwellings; the House Condition Survey indicates that these households have an average SAP⁴³ rating of 49.78, which is the lowest of any dwelling location.⁴⁴ As a comparator, this is nearly ten points lower than the average rating in Belfast and around six points lower than the Northern Ireland average. The main initiative for increasing energy efficiency is the Warm Homes scheme, and the CAB survey finds a slightly lower uptake of this in rural areas (9% in rural areas compared to 12% in urban areas among clients surveyed). However, the definition of rural used in the survey includes small villages as well as isolated houses and so may understate the problem.

Therefore, given the high rate of fuel poverty in this category and the lowest average SAP ratings displayed, these areas should be targeted for energy efficiency measures in particular, through Warm Homes. These areas have often been considered very difficult to reach with means-tested benefits due to problems of identification and a culture of ‘making do’.⁴⁵ Therefore these properties might be considered a valid target of a ‘Kirklees’ style intervention targeted towards isolated rural dwellings, which operates on an area-by-area basis to provide energy advice and free insulation. The use of the area approach might be considered appropriate on the basis of the difficulties in reaching these households through other means, and the great need for energy efficiency measures to reduce fuel poverty. There are fewer households than Kirklees approached: 102,500 isolated rural dwellings to the 133,700 that Kirklees Council assessed.⁴⁶ However, there are issues of cost and of course the spatially dispersed nature of these dwellings. If such an approach proved viable, then it could make a significant contribution to reducing fuel poverty. The first Preliminary Review on fuel poverty has recommended an areas-based approach⁴⁷ to operate parallel to the current individual approach to energy efficiency, and a rural fuel poverty strategy could fit within this context.

⁴³ Standard Assessment Procedure for energy efficiency.

⁴⁴ *House Condition Survey 2009, Northern Ireland Housing Executive, 2010.*

⁴⁵ *Draft Rural White Paper Action Plan Consultation Response, The Rural Community Network, 2011.*

⁴⁶ *Kirklees Warm Zone Final Report, Kirklees Council, 2010.*

⁴⁷ *Defining Fuel Poverty in Northern Ireland: A Preliminary Review, Christine Liddell et al, 2011.*

Citizens Advice recommends:

- **Investigating whether a Kirklees or area-based approach could be used to tackle low energy efficiency and lower Warm Homes up-take in isolated rural areas**

Private Rented Sector and new builds

In light of the evidence above, more serious measures might need to be considered. Citizens Advice in GB has recommended that it should be made an offence to let or re-let a property which an Energy Performance Certificate (EPC) rating of less than 'E' in an attempt to raise standards in the sector⁴⁸. Citizens Advice believes similar measures should be investigated in Northern Ireland. Currently, all new build properties and properties for sale must provide an EPC, but this is purely to inform the buyer. This may be more appropriate for increasing the energy efficiency of this housing stock given the lower uptake for Warm Homes by this sector.

Another scheme which might be in need of greater promotion is the Landlords Energy Savings Allowance (LESA), which could help reach the private rented sector. Previous research has found that only about 0.2% of landlords have availed of this scheme.⁴⁹ Promoting this scheme could assist with the DSD's strategy of consolidating fuel poverty efforts around energy efficiency and address the neglect of the private rented sector in policy measures. As an income tax deduction, the cost is borne by HMRC and so the only cost to DSD is that of promotion.

The Warmer Healthier Homes strategy also proposes that "all new build Social Housing must comply with a minimum rating of level 3 in the Code for Sustainable Homes."⁵⁰ However, this neglects the private sector and this omission would reduce the efficacy of the strategy. For instance, in 2009-2010, there were 6,802 new private households compared to 1,625 in the social rented sector, equivalent to 3.8 new dwellings per 1,000 in the private sector and 0.9 per 1,000 in the social rented sector.⁵¹ There is a clear need to investigate greater energy efficiency regulations in the private sector.

Citizens Advice recommends:

- **Examining whether energy efficiency ratings could be increased through a statutory requirement to meet a minimum standard before letting or re-letting a property.**
- **Promotion of the Landlords Energy Savings Allowance**
- **Building regulations should be changed to ensure the optimum energy efficiency of all new houses built in Northern Ireland.**

⁴⁸ *Citizens Advice respond to fuel poverty statistics, Citizens Advice (GB), 2011.*

⁴⁹ *Friends of the Earth, 2010. http://www.foe.co.uk/resource/briefing_notes/warm_homes_faqs.pdf*

⁵⁰ *Warmer Healthier Homes, Department for Social Development, 2011.*

⁵¹ *Northern Ireland Housing Statistics, Department for Social Development, 2010.*

Incomes

As has been a consistent theme throughout this report, for many individuals the main problem is that of low incomes. As Warmer Healthier Home notes, there are some £435 million worth of income reducing measures likely to affect Northern Ireland between 2011 and 2014, and the recession fighting fund set up by the Assembly will cover fewer than 5% of these reductions. The Assembly, with a view to tackling fuel poverty, but also for wider objectives, should continue to monitor the outcome of the pilot programme for the automatic payment options for Pension Credit being undertaken in England.

Given Northern Ireland's much higher rate of fuel poverty and the dependence on oil heating, the Assembly should make the case to Westminster for Winter Fuel Payments to have the bonus introduced in 2008 reinstated or for the measures to be index linked to account for the large increases in fuel poverty that occur in Northern Ireland as oil prices increase. Given the severity of the fuel poverty problem, it may be necessary for the Assembly to introduce these or similar measures itself.

Following the harsh winter in 2008/2009 with large increases in oil prices, the DSD introduced a Household Fuel Payment to help those on low incomes cope. The Department should consider a system whereby a similar payment is automatically paid to qualifying individuals if certain criteria relating to mean temperature or usage-weighted energy prices reach a certain threshold. This would be an acknowledgement of the difficulties that many individuals, particularly the vulnerable, have in paying fuel bills in Northern Ireland, particularly during prolonged cold spells or when oil prices are increasing. An income strategy such as this is necessary to help the most vulnerable in the short term, even if the main policy focus is on energy efficiency. Automatic payment might also ensure that it is paid during the winter when the bills are most needed rather than during the spring as was the case with the Household Fuel Payment in 2008/2009.

Citizens Advice recommends:

- **Considering the scope for restoring Household Fuel Payments in the future.**
- **The Assembly resists moves to reduce the Winter Fuel Payment.**

Conclusion

Fuel poverty is increasingly blighting Northern Irish society. If energy prices continue to increase as they have throughout 2011, then it may not be long before the symbolic level of 50% of households in fuel poverty is reached. When one in two households in Northern Ireland is paying a disproportionate amount of their income just to heat their homes, the crisis will be apparent.

This report has examined an emerging picture of desperation in Northern Ireland when it comes to the basic matter of being able to heat a home. As has been outlined, there is a general rationing of heat, people have been taking on debt or borrowing from families or charities, whilst others have been paying much more for oil because they cannot afford to buy in bulk. Particularly for the vulnerable, such as the disabled and those on low incomes, fuel poverty can induce stress and anxiety, as well as having to make very hard decisions – whether money should be spent on food or heating. This is a choice that no-one should have to make. This requires a change of mindset to ensure that tackling fuel poverty – and poverty in general – is at the forefront of the Assembly's priorities.

Fuel poverty in Northern Ireland may not be eliminated for a very long time, if ever. But the responsibility of policy makers is to ensure that those least able to bear the financial, health and emotional costs of fuel poverty are safeguarded. Most of the recommendations outlined above would not require significant investment but could make all the difference to people fearing another cold winter.

Appendix A



Fuel Poverty Questionnaire

Ref: FP/11/

[for office use only]

Bureau Name: _____

Section 1: Client Profile

1. Gender

Male Female

2. Age

16 – 24 25 – 39 40 – 59

60 – 69 70 - 79 80+

3. Disabilities

Yes No If yes, please state nature:

4a. Family Status

Single Married/Co-habiting/Civil Partnership Lone Parent

4b. Children in the household

None Yes if yes, how many? _____

If yes, please state how many fall into each age category:

< 1	_____
1–5	_____
5–10	_____
10–16	_____
16+	_____

5a. Employment Status

Full-time employment Part-time employment Unemployed

Sick/Disabled Retired Student Other

(not able to work)

5b. Benefits

Is the household in receipt of any of the following benefits:

- Income Support/JSA/ESA DLA/Attendance Allowance
Pension Credit Working Tax Credit
Housing Benefit/
Rates Rebate None

Other

—

6a. Housing Tenure

- Owner-occupied Private-rented Housing Executive Living with parents
Housing Association Other
-

6b. Housing Status

Does the client live alone?

- Yes No If no, how many other people live in the house?
-

6c. Housing Type

- Detached Semi-detached Terraced Flat/Apartment

6d. Location

- Urban (city, large town, suburban)
Rural (small town, village, country)

6e. Postcode of Property

Please provide the first 3 or 4 digits of the property (eg, BT7 or BT46):

6f. Age of Property

< 5 years old 5-20 years old 20-50 years old 50+ years old

7a. Heating System

Oil Gas Electricity Solid Fuel LPG Other
_____ (& Economy 7) (Coal/Wood)

7b. Payment Method

Pay As You Go/Prepayment Meter/ Direct Debit Fuel Direct
Top Up/Keypad

Cash/Cheque/ Credit Card Stamps
Debit Card

8. Roughly how much would the weekly household income be after tax and National Insurance? Please include all benefits.

/ week

9. How much does the household currently spend on heating per week?

/ week

Section 2: Issues with Energy Bills

1. Is the client worried about paying for their fuel bills?

Yes, a little Yes, a lot No

2. Has the client had any problems paying their fuel bills?

Yes No

3. Has the client had to use less heat than they need because of the cost of their fuel bills?

Yes No

4. Has the client had to choose between paying for heating and paying for other essential items such as food?

Yes No If yes, what did they have to go without?

5. Has the client had to buy an emergency oil heating drum in the last twelve months due to being unable to afford an oil delivery?

Yes No Does not use heating oil

6. If the client is on a prepayment meter, have they resorted to 'self-disconnection' recently, i.e. been unable to afford heat and so gone without it?

Yes No Does not have a prepayment meter

7a. Is the client in arrears for fuel payments?

Yes No If yes, for which type(s) of fuel?

How much are the arrears?

7b. Is the client aware of the rate of recovery for these arrears?

Yes No

If yes, please state the rate of recovery:

7c. Does the client feel the rate of recovery is affordable?

Yes No

7d. Did the client or CAB adviser negotiate a lower repayment rate with the supplier?

Yes – client Yes - adviser No Didn't try Supplier refused

If yes, what is the lower rate?

8. Has the client been threatened with, or been, disconnected?

Yes – threatened Yes – disconnected No

If yes, why?

9. If the client was threatened with disconnection, how long was s/he given to repay arrears before s/he would be disconnected?

Please state how long:

Section 3: Maintenance and Repairs

1. Has the client's home had any work carried out on the heating system or any work on insulation/energy efficiency in the last three years, either by the client or by her/his landlord?

Yes No Doesn't know

If yes, what? Boiler Replaced Boiler Repaired/ Insulation Energy Efficiency
Serviced

Other?

2. Was any of this work provided under the Warm Homes Scheme?

Yes - all Yes – part No Doesn't know

3. How old is the client's boiler?

15 years + 10 - 14 years 5 - 9 years Less than 5 years

No boiler Don't know

4. If the client rents privately, has s/he experienced any difficulties in getting repairs to their heating system from their landlord, if required?

Yes No Has not required repairs n/a (not privately rented)

5. Does the client believe that s/he has an inefficient boiler or that it needs replaced?

Yes No Doesn't know

6. Does the client believe that her/his home could be better insulated?

Yes No Doesn't know

7. Does the client feel that s/he would benefit from some energy efficiency advice?

Yes No Doesn't know

Section 4: Help with fuel bills

1. Does the client qualify for any help through the benefits system with her/his fuel bills?

Yes No

If no, is the client just outside the criteria for help with their fuel bills Yes
No

(ie, with a total household income of more than £16,190 and less than £17,190 per annum)

2. Is the client entitled to a Winter Fuel Payment?

Yes No

If yes, has the client received her/his Winter Fuel Payment? Yes No

3. Is the client entitled to receive Cold Weather Payments?

Yes No

If yes, did the client receive any cold weather payments in the last year? Yes No

If no, why not (eg, are they outside the postcode area?)

4. Has the client had to approach the Social Fund for help with fuel costs?

Yes No

Is yes, how much did s/he borrow?

5. Has the client been in receipt of a Warm Homes Scheme grant?

Yes - Warm Homes Yes - Warm Homes Plus No Currently applying

If the client is currently applying how long has s/he been waiting?

6. Has the client had to approach any other person/organisation, for example, a family member or St Vincent de Paul, for help with her/his fuel costs?

Yes No

Is yes, who and what help did they receive (type and amount of help)?

7. Is there a reason/reasons why the client is having difficulty in paying their fuel bills? (please tick all that apply)

Benefit levels too low Income from work too low No ability to make smaller payments for fuel

Has other debts Inefficient heating system Lack of insulation

Other, please state reason:
