

Department for Communities Consultation: Changes to the Affordable Warmth Scheme

Comments by

Sustainable Northern Ireland

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Sustainable Northern Ireland (SNI) is a networking and support body for statutory and non-statutory organisations concerned with the pursuit of sustainable development in Northern Ireland. We work closely with councils to promote and deliver sustainable development policy and practice at a local level. Our work programmes encourage organisations to integrate the principles of sustainable development throughout their operations and business planning functions, and deliver bold and innovative projects to promote economic, social and environmental wellbeing. Sustainable NI, its Board of Directors and wider public sector membership brings together a range of knowledge, experience and expertise which can be used to help develop policy, practice and implementation in the field of sustainable development.

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Introduction

SNI is principally concerned with working to deliver a more sustainable future for Northern Ireland, which relies heavily on improving the environmental, social and economic wellbeing. Tackling fuel poverty through energy efficiency improvements to the fabric of our buildings is one way to deliver this. In this response, we offer comments on the proposed changes to the Northern Ireland Affordable Warmth Scheme and the impact they may have on wider regional sustainable development goals.

Affordable Warmth is a statutory scheme to tackle the stark levels of fuel poverty in Northern Ireland¹. Households that have received measures under the Affordable Warmth Scheme and its Department funded predecessors have benefited from warmer, healthier homes and reduced fuel bills. The targeted nature of the scheme in which the worst performing housing stock are selected for energy retrofit improvements, is considered the best way of targeting limited funding to those who need it most. Houses with the poorest energy performance tend to be disproportionately occupied by the most disadvantaged in society, who are less able to pay for the measures themselves. This targeted approach therefore delivers value for money for the public purse as well as long-term environmental, social and economic benefits to the households, beyond the physical measures installed.

SNI encourages this good work to continue and we are grateful to have the opportunity to respond to the review of the Affordable Warmth Scheme. Throughout the response we will be providing comments on the main proposals along with commentary on the operational issues including delivery of the scheme.

Issue 1: Targeting Households

We understand that the Department for Communities along with Ulster University will be reviewing the mapping algorithm used to select dwellings for affordable warmth support. Whilst we fully support the use of statistical analysis to target those most need, in previous iterations of the scheme many householders who should have been eligible for support, were deemed ineligible either because they didn't live in the correct area or because they didn't meet the income and benefit criteria. We recommend there should be some flexibility in the scheme to enable self-referral of vulnerable and suitable householders outside of the main targeted areas. Delivery partners can apply a triage process to moderate and filter any self-referrals received.

If such a mechanism isn't in place, there is a risk of the scheme being a postcode lottery potentially precluding vulnerable families from assistance under the scheme.

Issue 2: Measures Installed

Due to the higher level of works being carried out per dwelling there are less homes being completed per year. However, given that the targets are primarily focused on those in extreme fuel poverty and the level of funding allocated per year is restricted; it would require

¹ 42% of households in Northern Ireland are in fuel poverty (NI House Condition Survey 2011)

a higher amount of dwellings completed to achieve the proposed targets. More data should be provided on why the levels of completions are still low and a breakdown of spend per household. This would assist in identifying potential problems in the customer journey. Is there an adequate level of human resources funded at Council level?

It has been difficult to obtain meaningful data apart from the headline statistics of the number of homes improved and measures installed.

From the published delivery figures² it is clear that boilers and windows are amongst the highest proportion of measures being installed. This is at odds with the priorities of the scheme, which set out the number one priority as Insulation, Ventilation and Draught-proofing. It is unclear what factors are contributing to the uptake and distribution of certain measures. However, we would advocate that measures, and spend on measures, is allocated on the basis of impact (energy saving potential per £ spent) not on how easy the measure is to install or how much demand there is for individual measures.

We would also query why the originally published measures in priority two to replace defective radiators and install controls was removed without any public announcement or reason³.

Issue 3: Quality Standards

Our recommendation is that any future Affordable Warmth Scheme must provide some assurance about the quality of the measures installed, by commissioning an independent assessment on quality standards of the installations. This could be carried out through spot checks, and a broader evaluation of the scheme could be carried out in parallel e.g. gathering insights from customers about their customer journey, waiting times, the impact the measures have made to their lives.

There is a significant issue concerning uptake of the Affordable Warmth Scheme in the Private Rented Sector (PRS). This is most likely due to the requirement for 50% match funding from landlords. Whilst there is an argument that landlords should be willing to provide the capital investment to improve their properties, they will not directly reap the benefits of the fuel savings and this presents a barrier to uptake. The Private Rented sector is historically the tenure most affected by fuel poverty which would mean that of the 33,000 households identified as being in severe fuel poverty, many will not be able to access the scheme because of the requirement for landlord involvement. The Department needs to work on developing a policy and targets to address this issue, perhaps mirroring targets in England and Wales to bring the average energy rating of the Private Rented Sector to EPC rating of E (SAP 40-54) by April 2018, and introducing legislation prohibiting landlords from renting F and G rated properties.

It has been suggested that the scheme is, and will continue to run at full capacity and therefore an assumption that no further marketing of the scheme is necessary. However, we note that

² https://www.nihe.gov.uk/home_energy_conservation_report_2017.pdf

³ https://www.nihe.gov.uk/index/benefits/affordable_warmth_scheme.htm

meeting the proposed targets each year will become significantly more challenging and sufficient resource should be provided for local partners (e.g. councils) to promote and manage the scheme, to ensure targets continue to be met and that the right measures are installed in the homes that need them most.

Proposals in the Consultation

Proposal one

That one installer should manage the installation of all measures to the household is the preferred delivery method.

It is unclear from the proposal if the term installer refers to the company physically carrying out the works, and the Department is proposing one installer for the entire region, or if it is being proposed that there is one 'service provider' to manage the scheme who would sub-contract local organisations to install the measures.

In the current scheme, the customer (i.e. the householder) interacts with up to four different agencies:

- Affordable Warmth Coordinator (Council);
- NIHE technical officer;
- Installer(s);
- Building Control Inspector.

There is no doubt that the current system is unwieldy and needs to be refined. However, there are no details on what the proposed customer journey would be in the consultation, or what the optimal timescale would be from referral to installation. We would like to see actual figures from the point of identification through to completion, i.e. conversion rates, to identify pressure points where households are likely to leave the process.

We are concerned that there is insufficient capacity in Northern Ireland for one installer to manage the caseload/works, and to deliver the range of measures required. Local Councils as current scheme administrators are often first point of contact for householders and would be the preferable local delivery agents because of their unique knowledge of their local areas, the fact that they are generally trusted and respected by the general public, and they have the right level of knowledge and resource to administer the scheme. Private or third sector organisations may be better placed to lead or coordinate the scheme if delivered at a regional level.

Access issues

It should also be recognised that many households in need of support may have difficulty accessing in the scheme because of illness, literacy or sensory disabilities. The application process itself can therefore act a barrier for some vulnerable groups. Under the previous affordable warmth scheme and NISEP, the applications process is very simple and applicants are only required to provide proof of eligibility. This should be replicated in next iteration of the Affordable Warmth Scheme.

There should also be a consistent costing methodology taking into account industry expert recommendations on the baseline costs for a variety of housing types. A common methodology should also apply to standard statutory costs i.e. building control applications, inspection and quality control.

Aftercare issues

Currently any issues raised after the grant is paid is dealt with between the householder and installer who carried out the work. This is not always practical when dealing with vulnerable households. There should be a third party with responsibility of addressing any grievances or issues following the works.

Proposal two

The Department proposes to raise the income threshold to £23,000 for households with more than one adult and reducing it to £18,000 for all single person households.

SNI has no strong objection to this proposal but we would call for more information on the methodology used to arrive at these figures. At the public consultation event it was stated that the average income per claimant under the current scheme was £14,000, so it would be useful to obtain a breakdown of the number of households turned down due to having an income over £20,000. Many of these individuals will be in receipt of Disability or Carer benefits therefore due to proposal three, they should be invited to reapply.

The most recent NISRA statistics on average income levels showed an average of £22,000 therefore the figures above would appear reasonable. However, the £18,000 threshold may be too low for single occupants.

It should also be taken into consideration that those with care and mobility issues require more heating during the day. Therefore this should be factored into any prioritisation methodology.

Proposal Three

The Department proposes that disability living allowance, attendance allowance, personal independence payment and carers allowance are not included in the calculation of income for the affordable warmth scheme.

We fully endorse this proposal. As with social security means tested benefits and community care assessments; disability benefits are disregarded as income (excluding carer's allowance) these allowances are paid for the person's care and/or mobility needs. As the document states, people with disabilities would be vulnerable to fuel poverty.

We would endorse the proposal that previously ineligible households should be given the opportunity to reapply under the next phase of the scheme.

Proposal Four

The Department proposes the removal of the additional boiler replacement criteria of a member of the household being over 65 or having a child under 16 years of age or having a disability.

There should still be an element of priority for these groups otherwise demand may be too high and could result in the most vulnerable people being overlooked due to scheme resources being overstretched. A point system or ranked list of priority categories could be introduced to ensure that those who require boiler assistance can be prioritised. The current system of placing an urgent emphasis on those with no heating at all should remain. Emphasis on the fabric of the dwelling should also be adhered to.

Conclusion / Recommendations

A national scheme targeting low income households is needed to reduce postcode lottery risks and to ensure eligible households are reached. Energy efficiency investment will deliver net value to Northern Ireland and support hundreds of full time skilled jobs across the country.

If the right policies are put in place, a cost effective scheme will improve energy performance and reduce fuel use potentially reducing energy demand.

SNI is concerned that scheme must address the following points in order to be a success in its next phase:

- Ensure households in the lowest income bracket with the highest energy costs are prioritised for assistance;
- Overcome poor quality installations by setting clear and enforceable quality standards to all retrofit work being carried out;
- Ensure that all contractors delivering works meet basic technical accreditation standards to ensure accountability and quality control;
- Include energy efficiency targets to increase the SAP rating to > 60 for each dwelling benefitting from the scheme.

This short submission serves only to offer some limited comments on the plethora of issues to be considered in depth as part of a review of the Affordable Warmth Scheme. We would be pleased to provide additional opinion if it will be helpful.

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