



*Campaigning for Warm Homes*  
England, Northern Ireland & Wales



## UK Fuel Poverty Monitor

# Separate and Unequal

energy efficiency standards in social housing  
in the United Kingdom

Third year report

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# 1. Discussion

## 1.1 Introduction

Fuel poverty in the United Kingdom will be a thing of the past by 2018. The Westminster Government, the Scottish Executive and the National Assembly for Wales have made this commitment and expect to honour it (as far as is reasonably practicable in England, Scotland and Wales and subject to available resources in Northern Ireland). The constituent countries have their own individual, but similar, timescales for the overall eradication of fuel poverty and also some interim targets and timescales within the overall objective. Interim targets relate to two main categories of household: those containing vulnerable householders and those in the social housing tenure category.

## 1.2 Fuel poverty action in the social sector

All administrations have set targets for energy efficiency improvement work to the social housing stock. However, whilst Wales has the specific objective of eradicating fuel poverty in this tenure group both Scotland and England qualify this aspiration by using the term: 'as far as is reasonably practicable' and in Northern Ireland the achievement of targets is 'subject to the availability of the necessary resources'. All administrations are to address fuel poverty in social housing through physical improvements to the housing stock.

## 1.3 Housing standards and fuel poverty

The Office of the Deputy Prime Minister in England has conceded that the stock-based measures required by the Decent Homes Standard in England (a standard that will also be applied to Northern Ireland) are insufficiently rigorous to ensure affordable warmth for all households whose properties comply with the heating and insulation criteria of the standard. The Government suggests vaguely and unhelpfully that additional intervention will be required, perhaps in the form of social tariffs, to end fuel poverty in some cases.

In fact social housing tends to be of a slightly higher energy efficiency standard than other tenures whilst household incomes are lower. For fuel-poor social tenants, general poverty can be a crucial factor; they have insufficient financial resources to attain affordable warmth. Given the relatively low-incomes of households in this sector it is all the more important that optimal energy efficiency standards are attained. However, even with the installation of all cost-effective measures, the involvement of the Department for Work and Pensions may be essential in addressing more intractable cases of fuel poverty.

## 1.4 Disparities in the United Kingdom

As indicated above, there will be instances where even the installation of all practicable and cost-effective measures will fail to deliver affordable warmth in all social housing across any part of the United Kingdom. However this in no way excuses the setting of totally inadequate standards relating to the most basic and conventional energy efficiency measures. Both the Welsh Assembly Government and the Scottish Executive weakened their original proposals for the energy efficiency component of their housing quality standards. Despite this, the standards for Scotland and Wales are markedly superior to those required in England and Northern Ireland. Devolution allows administrations to take action to address the special circumstances and needs of their countries but this discretion should be limited to timescales and priorities and not to the actual standard to be specified which should be as demanding as is reasonably possible.

## 1.5 Adopting best practice

The EU Energy Performance in Buildings Directive will take effect from January of next year. The effect of the Directive will be to encourage Member States to adopt practicable energy efficiency standards for the housing stock and to work towards convergence with standards required by states with existing ambitious targets. It is ironic that the UK should be encouraged to emulate best practice in Europe whilst seemingly unable to achieve consistency within its domestic boundaries. As an absolute minimum the highest relevant standards prevailing in any of the countries of the UK should be incorporated into a uniform standard for social housing. Since an energy rating target of SAP 65 is to be set for private sector housing being improved through Warm Front it is deeply anomalous that social housing in England should have absolutely no energy rating specification.

## 1.6 Thermal comfort in UK social housing

NEA advocates a more rigorous energy efficiency standard applicable to all social housing in the United Kingdom. UK Social Housing Standard should, as a minimum, meet the criteria set out in the table below. This standard would apply only to properties of conventional construction and heating system. Properties of unconventional build and heating system will require a different approach in both heating and insulation technology and probably considerably higher investment per property if occupants of hard to treat properties are to have access to affordable warmth.

**TABLE 1**

The UK Energy Efficiency Standard for Social Housing				
Cavity wall	Loft insulation	Heating system	Tanks and pipes	Energy rating
Insulated as standard.	Minimum of 250 mm insulation.	Whole-house heating (efficient and economic). A-rated boiler.	All pipes must be lagged.	No property to be below SAP 65 or NHER 6. Target SAP of 70.

## 1.7 Incomes and fuel costs

Regardless of how demanding energy efficiency standards are for social housing this cannot be a panacea for fuel poverty for all tenants. It should not be overlooked that unaffordable prices and inadequate incomes are central to the incidence of fuel poverty. Where there is no energy efficiency solution Government must accept responsibility and intervene to ensure affordable energy charges or adequate incomes or a combination that will make warm and healthy homes accessible to all.

## 2. Fuel Poverty in Social Housing in the United Kingdom

### 2.1 Introduction

Fuel poverty is a consequence of a combination of factors of which the major ones are energy prices, household income and the energy efficiency standards of the dwelling. Whilst Westminster retains the lead role in the first two of these policy areas, responsibility for housing standards has been devolved. Despite the obvious importance of energy prices and income maintenance in addressing fuel poverty (although it is acknowledged that Government has extremely limited powers to intervene on energy prices) Westminster has determined that overall responsibility for addressing fuel poverty should also be a devolved matter, although this is complicated by the temporary suspension of the Northern Ireland Assembly. To some extent this may be perceived as an abdication of responsibility given recent increases in domestic gas and electricity prices which have demonstrated how vulnerable fuel poverty strategies are to forces that are certainly outwith the control of the Scottish Executive and the Welsh Assembly Government since these administrations are powerless to take remedial action through the welfare benefits system to protect vulnerable fuel-poor householders.

Housing policy is thus the one relevant area where Scotland and Wales can determine their own priorities and exercise control in progress to eradicate fuel poverty. As a consequence of this degree of autonomy, strategies to address fuel poverty through housing strategies have diverged in recent years to reflect the different circumstances and priorities prevailing in different parts of the United Kingdom. The purpose of this report is to examine some of the differences that exist in approaches to fuel poverty across the four countries of the United Kingdom with a view to identifying and recommending adoption of best practice. Previous progress reports have looked at all aspects of fuel poverty in the United Kingdom but this report is restricted to an area where independent practice in addressing fuel poverty can be readily seen and differentiated – policies to eliminate fuel poverty in the social rented sector.

### 2.2 Fuel poverty in social housing

England, Scotland, Wales and Northern Ireland all have separate fuel poverty strategies with slightly different target dates and different priorities in assisting different categories of householder.

**TABLE 2**

Fuel poverty targets for the constituent countries of the United Kingdom			
England	Scotland	Wales	Northern Ireland
As far as is reasonably practicable an end to fuel poverty for vulnerable households by 2010.	A 30% reduction in fuel poverty by 2006 based on the 2002 Scottish House Condition Survey. By March 2008 all households eligible for Pension Credit will occupy homes that meet the energy efficiency criteria of the Scottish Housing Quality Standard	End fuel poverty for vulnerable households by 2010	Subject to the availability of the necessary resources the aim is to eliminate fuel poverty for vulnerable households by 2010
Action to address fuel poverty for all social sector tenants by 2010. Interim targets have been set to enable monitoring on	All local authority tenants have now had central heating systems installed. All housing association tenants should have benefited	Social housing landlords should have complied with the Welsh Housing Quality Standard by 2012. End fuel poverty amongst	Social housing in Northern Ireland should meet the same standards as apply to England and in the same timeframe. By

Fuel poverty targets for the constituent countries of the United Kingdom			
progress. This will require compliance with the Thermal Comfort criteria of the Decent Homes Standard.	from this measure by the end of 2004.	non-vulnerable households in social housing by 2012.	2010 no household in the social rented sector should suffer fuel poverty
As far as is reasonably practicable an end to fuel poverty for all households by 2016.	To ensure, so far as reasonably practicable, that people are not living in fuel poverty in Scotland by 2016	End fuel poverty for all households in Wales by 2018	Subject to the availability of the necessary resources fuel poverty will be eliminated for all households by 2016

### 2.3 The extent of fuel poverty in the social rented sector

The incidence of fuel poverty shows considerable variation across tenure type. Whilst lower household income is more likely to predispose social sector tenants to fuel poverty this may be partially mitigated by the higher energy efficiency standards found in local authority and housing association properties. Nonetheless fuel poverty does affect a large proportion of social sector tenants and this is particularly true in Northern Ireland and Wales.

**TABLE 3**

Fuel poverty by tenure group – numbers and % within specific groups				
	Local authority	Housing Association	Owner occupied	Private rented
England	273,000 (10.2%)	64,000 (4.8%)	1,123,000 (7.8)	263,000 (13.1%)
Scotland	65,000 (12.6%)	10,000 (8.0%)	177,000 (13.2%)	34,000 (21.8%)
Wales	115,000 (46.3%)		84,000 (10.1%)	23,000 (28%)
Northern Ireland	70,000 (61%) <sup>1</sup>	5,000 (27%)	105,000 (24%)	23,000 (48%)

### 2.4 Energy efficiency standards in social housing

Energy efficiency standards are generally higher in social housing than in other tenures; this is particularly true of properties let by Registered Social Landlords (generally housing associations although this category also includes properties owned by housing trusts and cooperatives). The high standards of energy efficiency in this tenure group largely explains the disparity between the extent of fuel poverty in local authority housing and housing association properties despite the fact that household incomes are broadly similar.

**TABLE 4**

Energy efficiency standards in social housing by SAP rating		
	Local authority	Registered Social Landlord
England	53.6	60.3
Scotland	60	60
Wales	N/A	N/A
Northern Ireland	49	67

### 2.5 Household income

Household income varies significantly across the different countries of the United Kingdom (there is of course also major variation between regions such as the north east and south east of England). However even generalised data illustrate a hierarchy of prosperity in which

<sup>1</sup> This figure relates to tenants of the Northern Ireland Housing Executive

England is comparatively affluent and Northern Ireland and Wales are particularly disadvantaged economically.

**TABLE 5**

Household income by country <sup>2</sup>		
Country	Gross weekly income	Disposable income
England	£561	£469
Scotland	£490	£404
Wales	£451	£381
Northern Ireland	£448	£380
United Kingdom	£546	£448

There is even greater disparity between the economic circumstances of households based on tenure. Across the United Kingdom as a whole, households where the family home is being purchased with a mortgage have a weekly income almost exactly three times that of tenants of Registered Social Landlords.

**TABLE 6**

Tenure of dwelling	Number of households	Weekly gross income	Weekly disposable income
<b>Owners</b>			
Owned outright	7,090,000	£467	£397
Mortgaged	10,030,000	£765	£607
<b>All owners</b>	<b>17,130,000</b>	<b>£642</b>	<b>£520</b>
<b>Social rented</b>			
Local authority	3,420,000	£265	£243
Registered social landlord	1,440,000	£254	£232
<b>All social renters</b>	<b>4,850,000</b>	<b>£262</b>	<b>£240</b>
<b>Private rented</b>			
Rent free	350,000	£302	£268
Unfurnished	1,440,000	£505	£408
Furnished	580,000	£606	£500
<b>All private renters</b>	<b>2,360,000</b>	<b>£500</b>	<b>£410</b>

## 2.6 Fuel poverty solutions for social sector tenants

**TABLE 7**

Energy efficiency standards applicable to existing social sector housing			
England	Scotland	Wales	Northern Ireland
Heating	Heating	Heating	Heating
Controllable central heating. This requires only that the system has one source of heat in addition to the boiler. No specification for age and efficiency of existing system.	Full central heating which must be energy efficient. A system below specific efficiency criteria will fail the standard.	Capable of heating the whole of the dwelling to a comfortable level in normal weather conditions and reasonably economical to run.	Northern Ireland will adopt the Thermal Comfort criteria specified in the Decent Homes Standard for England.
Insulation	Insulation	Insulation	Insulation
Minimal where property is heated by gas or oil (50 mm loft insulation or cavity wall insulation). Where a property is	100 mm is the minimum amount of loft insulation but where insulation is being installed it must comply with the Building	Property should be free from draughts. The hot water tank and any pipes in the roof space should be lagged. There must be at	See English specification.

<sup>2</sup> Family Spending: A report on the 2002-2003 Expenditure and Food Survey, ONS, 2004

Energy efficiency standards applicable to existing social sector housing			
heated by solid fuel, storage heating or liquid petroleum gas there should be <u>both</u> 200 mm loft insulation <u>and</u> cavity wall insulation. Properties without a loft or with solid walls will be deemed to meet the standard.	Regulations. Cavity wall insulation to be installed where feasible and appropriate. Insulation of hot water tanks and pipes.	least 200 mm of insulation in the loft.	
Energy rating	Energy rating	Energy rating	Energy rating
No energy rating target need be set. The Government declined to require a minimum rating on the grounds that: 'there is no readily agreed SAP that would make a home decent'.	A minimum SAP rating of 50 or NHER rating of 5.	Minimum SAP ratings must be achieved. No property is to be below SAP 58.	See English specification.

## 2.7 Energy Performance in Buildings Directive

The Energy Performance of Buildings Directive will take effect from January 4 2006. Implementation of the Directive will have significant implications for residential properties in the United Kingdom which generally has lower housing standards than other countries of the European Union. The Directive will require member states:

- To promote the improvement of the energy performance of buildings within the EU through cost effective measures;
- To promote the convergence of building standards towards those of Member States which already have ambitious levels.

A certification scheme will apply to all new and existing buildings. Certificates will be made available when the building is constructed, at the point of sale or when the building is being rented.

## 3. Fuel Poverty in Social Housing in England

### 3.1 The commitment to end fuel poverty in England

The Warm Homes and Energy Conservation Act 2000 provides the legislative base for the eradication of fuel poverty in England and Wales. The Act required that the ‘appropriate authority’<sup>3</sup> should publish a strategy demonstrating how it was proposed to eradicate fuel poverty within a fifteen-year period. The UK Fuel Poverty Strategy was subsequently published in November 2001 thereby committing the Government to ending fuel poverty by November 2016; however Government responsibility is qualified in the legislation by the phrase ‘as far as is reasonably practicable’. The Government’s strategy includes two interim targets:

- To end fuel poverty for vulnerable households<sup>4</sup> by 2010
- To ensure that by 2010 all social sector housing complies with the Decent Homes Standard (including compliance with specific thermal comfort criteria)

### 3.2 Fuel poverty in social housing in England

Fuel poverty is not evenly distributed across all tenure groups. Whilst numbers in fuel poverty in the owner-occupied sector are highest, proportions are considerably higher in the social rented sector. In general energy efficiency standards are highest in the social rented sector and the increased incidence of fuel poverty can be attributed to lower household income.

**TABLE 8**

Fuel poverty in England by tenure group - 2001 <sup>5</sup>			
	Number of fuel-poor households	% of fuel-poor households	All households
Owner-occupied	1,131,000	7.8%	13,357,000
<b>Local authority</b>	<b>608,000</b>	<b>22.7%</b>	<b>2,684,000</b>
<b>Registered Social Landlord</b>	<b>213,000</b>	<b>16.0%</b>	<b>1,328,000</b>
Private rented	401,000	19.9%	2,010,000
All tenures	2,352,000	11.5%	20,510,000

### 3.3 The Decent Homes Standard for social housing in England

Although the Decent Homes Standard applies to housing in all tenures in England it is most relevant in the context of social housing. Whilst the Office of the Deputy Prime Minister has set targets for improved housing in the private sector these are not underpinned by any firm commitment. This is in contrast to social housing where the UK Fuel Poverty Strategy specifies the Thermal Comfort element of the Decent Homes Standard as the means by which fuel poverty is to be addressed in social housing. The Government has set social landlords the objective of ensuring that all social housing should comply with the Decent Homes Standard by 2010.

<sup>3</sup> The Secretary of State in England and the National Assembly for Wales

<sup>4</sup> For the purposes of fuel poverty targeting vulnerability is determined by age (elderly or children under 16) or disability or chronic ill health

<sup>5</sup> Detailed Breakdowns of Fuel Poverty in England in 2001, DTI and Defra, 2003



The Thermal Comfort criteria require that:

- The property should have effective insulation
- The property should have efficient heating

However, as discussed below, the Government’s interpretation of what constitutes effective insulation and efficient heating is totally inadequate and will fail to provide affordable warmth for all tenants.

### 3.4 What the Thermal Comfort Criteria actually require

The detailed specifications for heating facilities and insulation measures are dependent on a number of factors such as whether the property has cavity walls or an accessible loft and the type of fuel used for heating. Where the property uses more expensive or less efficient fuels such as solid fuel or liquefied petroleum gas then the thermal insulation specification is more demanding.

**TABLE 9**

Thermal Comfort criterion of the Decent Homes Standard <sup>6</sup>	
Controllable central heating:	Insulation standard
Gas	50mm loft insulation <u>or</u> cavity wall insulation
Oil	50mm loft insulation <u>or</u> cavity wall insulation
Controllable central heating:	Insulation standard
Electric storage heating	200mm loft insulation <u>and</u> cavity wall insulation
Solid fuel	200mm loft insulation <u>and</u> cavity wall insulation
Liquid petroleum gas (LPG)	200mm loft insulation <u>and</u> cavity wall insulation

### 3.5 Controllable central heating

The English House Condition Survey 2001 defines central heating as: ‘a heating system with a distribution system sufficient to provide heat in at least one room in addition to the room or space containing any boiler’. Clearly this is not what would generally be understood as a central heating system; the normal perception of such a system is of one that is capable of providing heating in all occupied areas of the home. The Warm Front Plus programme, which provides grant aid for central heating installations in the private sector, allows for a maximum of five radiators in the property and is itself often criticized as inadequate.

Controllable central heating is defined as a system where the timing and temperature can be controlled by the occupants of the household. The degree of control will vary according to the fuel type used for heating, for example control of the heat output of a solid fuel system will depend on the skill of the user rather than on the use of time switches and other heating controls.

### 3.6 Effective Insulation

The Thermal Comfort criteria require cavity wall insulation, if appropriate, **and/or** at least 50mm loft insulation where there is an accessible loft. There is no provision for the improvement of properties that lack cavity walls or that have no loft or no access to the loft.

<sup>6</sup> A Decent Home: The definition and guidance for implementation, ODPM, 2004

**TABLE 9**

<b>Social housing by insulation potential</b>							
Local authority				Registered Social Landlord			
No loft/no access		No cavity wall		No loft/no access		No cavity wall	
874,000	31.3%	646,000	23.1%	458,000	32.9%	256,000	18.4%

Even for those properties that can be insulated using conventional cavity and wall insulation the minimum standards required are inadequate. The Thermal Comfort criteria suggest that 50mm of loft insulation should be considered “effective”; this despite the fact that, since 1992, the Home Energy Efficiency Scheme (now Warm Front) has allowed top-up grants where only 50mm of loft insulation is present. Warm Front, which is the Government’s main programme to assist vulnerable private sector households improve the energy efficiency of their homes generally specifies 250mm of loft insulation as standard and any cavity wall would be insulated as a matter of course.

The only circumstances in which both of the basic and highly cost-effective insulation measures are specified are where the heating system is deemed to be particularly expensive or less efficient.

### 3.7 Insulation standards in social housing

Social housing is generally more energy efficient than other tenure groups; this is particularly true of properties owned by Registered Social Landlords whose housing stock has an average SAP rating approaching 60 compared to local authority housing with an average SAP rating of 54. The owner-occupied sector has an average SAP of 50 whilst the private-rented sector ranks worst with an average SAP rating of 45. The average rating for the whole of the housing stock is 51.

**TABLE 10**

Cavity wall insulation in social housing 2001						
	Solid walls number and %		Cavity walls number and %		Cavity walls (insulated) number and %	
Local authority housing	646,000	23.1%	2,144,000	76.8%	758,000	35.6%
Registered Social Landlord	256,000	18.4%	1,132,000	81.6%	505,000	44.6%
All social housing	902,000	21.6%	3,276,000	78.4	1,263,000	38.6%

*Source: English House Condition Survey Supplementary Tables*

There is still considerable potential for cavity wall insulation across the social housing tenure and, in particular, in local authority properties. Energy Efficiency Commitment work has tended to focus on social housing and considerable insulation work will have been undertaken in this sector since 2001. Whilst it is unsatisfactory that loft insulation should be permitted at such a minimal level if there is to be a choice between loft and cavity wall insulation, and both are options, then the latter may present a stronger case. Identifying properties without wall insulation should be more straightforward and less intrusive, there will be less problem of access and the energy efficiency benefits should be similar. An additional factor is that whereas a future tenant may install loft insulation on a DIY basis this can never be the case with cavity wall insulation.

**TABLE 11**

Levels of loft insulation in social housing 2001 (access to loft only)							
	None	50mm or less	75mm	100mm	150mm	More than 150mm	All
Local authority	36,000	249,000	337,000	759,000	327,000	208,000	1,916,000
	(1.9%)	(13%)	(17.6%)	(39.6)	(17%)	(10.9%)	(100%)
RSL	18,000	81,000	131,000	359,000	255,000	85,000	930,000
	(1.9%)	(8.7%)	(14%)	(38.6%)	(27.4%)	(9.1%)	(100%)

*Source: English House Condition Survey Supplementary Tables*

As indicated earlier, the current loft insulation standard for properties being improved through the Warm Front programme is 250mm. It seems likely that virtually no social sector properties achieve this standard and the Decent Homes Standard will do little to remedy this situation. Revised Building Regulations applicable to England from 2005 will require loft insulation equivalent to some 300mm.

### 3.8 Thermal Comfort Criteria and fuel poverty

In effect the Thermal Comfort criteria are being used as a proxy for affordable warmth. The original consultation<sup>7</sup> on the proposed Thermal Comfort criteria asserted that: ‘the typical LA/RSL household will not be fuel poor in a dwelling with these measures’. This view is unacceptably complacent. The Decent Homes Standard is the single specific Government policy for the elimination of fuel poverty in social sector housing yet it represents a wasted opportunity to maximise energy efficiency improvements and achieve both social and environmental objectives. Leaving aside the issue of those social sector tenants occupying properties that cannot be effectively insulated, the Government’s own data reveals the inadequacy of the heating and insulation specifications.

The table below illustrates how more than half of fuel-poor households in the social sector occupy properties that comply with the Thermal Comfort Criteria. The Office of the Deputy Prime Minister insists that the energy specifications are to be regarded as a minimum but the fact remains that no further action is required to improve the housing occupied by these families or individuals. Nor is there any proposed Government intervention in the form of additional income or heating subsidies to remove these households from fuel poverty.

**TABLE 12**

Fuel Poverty in Social Sector Housing by Compliance with the Thermal Comfort Criteria	
Number of fuel-poor households with gas or oil heating and meeting the insulation standard	136,000
Number of fuel-poor households with gas or oil heating but failing the insulation standard	22,000
Number of fuel-poor households with ‘other’ heating systems and meeting the insulation standard	19,000
Number of fuel-poor households with ‘other’ heating systems but failing the insulation standard	69,000
Other fuel-poor households (those using heating methods not covered by the Standard)	90,000
All fuel-poor households in social sector housing	336,000

Source: Analysis carried out for the English Fuel Poverty Advisory Group, 2004

The English House Condition Survey 2001 indicated that almost 42.7% of all properties in the social sector failed the Decent Homes Standard with more than one third (34.1%) failing on thermal comfort. This represented 1,264,000 properties of which just over three quarters were local authority owned. Of properties failing on thermal comfort some 840,000 (66.4%) social sector properties were occupied by ‘vulnerable’<sup>8</sup> households.

### 3.9 Proposals to improve the Decent Homes Standard

The Office of the Deputy Prime Minister maintains that it is on schedule to achieve the target of ensuring decent homes for all social sector tenants by 2010. Since 1997 the number of social sector homes failing the decency standard has fallen from 2.1 million to around 1.1 million. The ODPM: Housing, Planning, Local Government and the Regions Committee report, Decent Homes<sup>9</sup> was strongly critical of the inadequate energy efficiency standards specified in the thermal comfort criteria. The Committee was of the opinion that, whilst it was now too late to revise the standard and targets, the Government should subsequently introduce a more rigorous target – Decent Homes Plus. The Committee decided that: *‘the thermal comfort criterion provided for in the Decent Homes Standard is far too low [and recommended that] in the new ‘Decent Homes Plus’ which we propose .... the required levels of*

<sup>7</sup> Change to the Decent Home Definition, DTLR, 2001

<sup>8</sup> ODPM defines vulnerable households as all in receipt of a means-tested or disability-related benefit. It differs from Defra in that there is no specification that there be an elderly occupant or a child under 16.

<sup>9</sup> Decent Homes, ODPM: Housing, Planning, Local Government and the Regions Committee, Fifth Report of Session 2003-2004, May 2004

*thermal comfort should be in line with the building standards in force at the time when such a target were to be set.* However, these recommendations were totally rejected by the Government in its response to the Committee which argued that the target was already challenging and that to introduce a further target at this stage ‘would cause confusion and prove a distraction’.

A further attempt was made to improve energy efficiency standards during the latter stages of the Housing Bill when an amendment was tabled that would have required ‘where reasonably practicable’ that an energy efficiency SAP rating of 65<sup>10</sup> should be the objective for all social housing. The amendment was rejected by the Government primarily on the grounds of excessive cost since it was maintained, rather disingenuously, that it would require significant demolition and new build to achieve this target across the social housing sector. Ironically, when the Government’s Fuel Poverty Implementation Plan<sup>11</sup> was eventually published, it suggested that private sector properties receiving assistance through the Warm Front scheme should, wherever possible, be improved to a SAP 65 rating. More than 88% of social housing currently has an energy efficiency rating below 65.<sup>12</sup> It is also worth noting that the Housing Corporation recommends that where remedial works are being carried out by Registered Social Landlords the target SAP rating should be at least 75.<sup>13</sup>

### **3.10 Resources to ensure compliance with the Decent Homes Standard**

Funding options to enable local authorities to implement the Decent Homes programme allow three distinct routes:

- Arms Length Management Organisations (ALMOs) where a local authority establishes a separate company to manage some or all of its housing stock and assume responsibility for compliance with the standard
- Private Finance Initiative (PFI) involves the local authority awarding a long-term contract to a private sector agency which manages and maintains the housing stock over a thirty-year period
- Large Scale Voluntary Transfer (LSVT) involves transfer of all or part of the housing stock to a housing association (Registered Social Landlord)

These are the only means by which additional funding can be provided for social housing improvements. For local authorities no additional funding will be available outwith the options cited above. The Deputy Prime Minister has written to all leaders of councils of stock-owning local authorities to make this clear: ‘there is not and will not be a fourth option for additional funds.’<sup>14</sup>

The number of properties in the social sector failing the Decent Homes Standard has fallen by 1 million since 1997<sup>15</sup>. Since some 2.8 million social rented properties were classed as non-decent in 1996 this implies that progress has been limited over this seven-year period although it should be remembered that some properties will have become non-decent during the same period. The Deputy Prime Minister has set out the additional resources made available for social housing:<sup>16</sup>

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<sup>10</sup> SAP 65 had been identified as the energy efficiency standard at which there would be minimum risk of fuel poverty

<sup>11</sup> Fuel Poverty in England: The Government’s Plan for Action, Defra, November 2004

<sup>12</sup> House of Commons Hansard, January 10 2004, Col. 222

<sup>13</sup> Energy efficient refurbishment of existing housing, Good Practice Guide 155, Energy Saving Trust, 2004

<sup>14</sup> House of Commons Hansard, November 8 2004, Col. 452

<sup>15</sup> ODPM Press Release 2005/0031, February 8 2005

<sup>16</sup> Letter from the Deputy Prime Minister, John Prescott MP, to all Council Leaders, October 29 2004

- Since 1997 an increase of 13% in real terms on council housing giving a total spend of £13 billion
- Additional spending for ALMOs and PFI of £6 billion
- Stock transfer has levered in £5.3 billion of private finance

## 4. Fuel Poverty in Social Housing in Scotland

### 4.1 Introduction

A new quality standard for all of Scotland's housing stock was introduced by the Scottish Executive in 2004. The Scottish Housing Quality Standard (SHQS) defines what constitutes acceptable good quality housing. Local authorities and other registered social landlords have until 2015 to meet the standard.

The SHQS applies across all housing tenures and the Scottish Executive will encourage local authorities to use it to monitor the condition of private housing. However, apart from instances where owners are required to bring properties up to the Tolerable Standard<sup>17</sup> or treat severe poor condition that is subject to a statutory notice, private owners will be left to make their own decisions about whether to make improvements to meet the Standard. Nonetheless, local authorities will be expected to take steps to encourage private owners to improve their properties.

### 4.2 Future objectives

By March 2008 all pensioner households eligible for Pension Credit are to live in homes that meet the energy efficiency requirements of the SHQS. This is a target set under the Scottish Executive's objective to deliver good quality, warm, sustainable and affordable housing for everyone. The commitment was published in 2004 in *Building a Better Scotland* which outlines the Executive's spending proposals for 2005-2008.

A proposed Housing Bill to address poor quality housing in the private sector was announced by the Scottish Executive in autumn 2004. The Bill will aim to build on the proposals in the consultation *Maintaining Houses - Preserving Homes* which closed at the end of October 2004. It is expected to:

- Strengthen local authority powers to require or carry out work on privately-owned houses in disrepair and to promote area renewal
- add electrical safety and basic thermal insulation to the Tolerable Standard
- end the link between statutory notices and mandatory grant (to be replaced by mandatory assistance, ranging from advice to loans or grants)
- provide powers to introduce the single survey and energy performance certificates
- improve the rights of private sector tenants, especially regarding repairs.

In responding to the consultation, Energy Action Scotland recommended a further amendment to the Tolerable Standard, calling on the Scottish Executive to take into account the deleterious effect that condensation dampness can have on living conditions.

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<sup>17</sup> The Tolerable Standard requires satisfactory provision for ventilation and heating and for the property to be substantially free from rising or penetrating damp.

### 4.3 Current housing stock situation

The Scottish House Condition Survey 2002 estimated that about 70% of Scotland’s social housing falls beneath the level set by the SHQS, although many properties miss it only marginally.

**TABLE 12**

	Fuel poor households in Scotland by tenure <sup>18</sup>					
	SHCS 1996 definition			FPS definition		
	000s	% of FP households	% within category	000s	% of FP households	% within category
Owner-occupier	115	57	8	177	62	13
LA/Other public	51	25	10	65	23	12
HA/Housing coop	7 <sup>^</sup>	3	5	10 <sup>^</sup>	3	8
Private renter	28	14	17	34	12	20

Where the symbol ^ appears, this represents an estimate derived from between 30 and 100 cases and which should therefore be treated with considerable caution.

### 4.4 Scottish Housing Quality Standard

In broad terms, to meet the SHQS a house must be:

- above the Tolerable Standard which is the absolute minimum standard that a house must meet
- free from serious disrepair such as major roof, dampness or structural problems
- energy efficient so it must have effective insulation and central heating
- provided with kitchen and bathroom fittings that are in a good and safe condition
- safe and secure, for example it must have a smoke detector, secure doors and safe electrical and gas systems.

### 4.5 Energy efficiency standards

To meet the standards for energy efficiency, a home must have an energy efficient heating system and effective insulation.

An efficient heating system is defined as:

- a full house central heating system that has an acceptable efficiency rating.

An inefficient central heating system is defined as:

- a solid fuel boiler with an annual seasonal efficiency of 55% or less
- a natural gas boiler with an annual seasonal efficiency of 55% or less
- an oil-fired boiler with an annual seasonal efficiency of 65% or less, or
- a gravity or semi-gravity heating system more than 20 years old.

<sup>18</sup> Fuel Poverty in Scotland: Further analysis of the Scottish House Condition Survey 2002, Communities Scotland, 2004



An inefficient electric storage heating system is defined as being:

- free-standing large volume storage heaters more than 20 years old
- free standing compact storage heaters more than 20 years old
- electric fan-assisted storage warm air heating more than 20 years old
- electric wired underfloor heating, set in solid floors, more than 20 years old, or
- electric ceiling heating more than 20 years old.

Effective insulation is defined as:

- cavity insulation, where feasible
- 100mm loft insulation. Where a dwelling fails this standard, new insulation must meet the standard required by the current Building Regulations, as calculated using the elemental method *i.e.* U-value of 0.16 w/m<sup>2</sup>k or 270mm of mineral fibre quilt
- insulation of hot water tanks and pipes (cold water tanks as an additional measure).

Additional energy efficiency measures, where technically feasible, may also be necessary to achieve a minimum NHER rating of 5. Alternatively, a SAP rating of 50 can be used where a building is heated by a mains gas central heating system; where it is not heated by a mains gas central heating system, a rating of 60 can be used.

#### **4.6 Timescale for implementation**

Local authorities and Housing Associations were notified of the standard in February 2004. In July 2004, Communities Scotland – the Scottish Executive’s housing and regeneration agency - issued guidance to help local authorities and Registered Social Landlords (RSLs) create their Standard Delivery Plans (SDPs). All providers of social housing are required to submit an SDP by 29 April 2005. The SDP is the means by which social housing providers will show how they plan to meet the SHQS by 2015. The guidance document sets out the content, structure and assessment criteria necessary for the SDPs and gives pro-formas for statistical and financial information.

#### **4.7 Resources available to ensure compliance**

Although a partnership approach to delivering energy efficiency is not specifically required, many of the criteria can be achieved in partnership with other organisations and programmes that part or fully fund works. Local authorities may already have created such partnerships, for example with fuel utilities, in order to meet HECA commitments. Fuel utilities, through their Energy Efficiency Commitment (EEC) programmes, provide a range of energy efficiency improvement measures, some of which will be relevant to housing providers’ requirements to meet the SHQS. In addition, Scottish Executive schemes such as the Warm Deal and the Central Heating Programme provide insulation, heating and energy advice packages which can help to ensure that properties meet SHQS criteria.

Exemptions will be made, by Communities Scotland, on a case-by-case basis, where the work required to bring a property up to the Standard would not be technically feasible or be of disproportionate cost.

#### **4.9 Methods by which progress will be assessed**

The Standard Delivery Plan (SDP) is the document which sets out the means by which the housing provider will ensure that housing meets the SHQS by 2015. Communities Scotland expects that a comprehensive stock database will be the only practical route to demonstrate compliance with the standard.

The purpose of the guidance issued by Communities Scotland is to:

- help local authorities and RSLs produce their SDPs
- make the aims of the SDP clear
- demonstrate what is expected in terms of content, and
- set out the basis on which Communities Scotland will make its assessment.

An SDP is a framework for monitoring progress towards achieving the SHQS by 2015 and for maintaining stock at that level once achieved. It is to be used as a tool for measuring whether the approach of the social housing provider is both deliverable and affordable.

The aims of an SDP are:

- to demonstrate the extent to which the stock currently complies with the SHQS and the nature and extent of any failures
- to set out a programme of works (including repair, improvement, demolition and any other relevant mechanism) which will bring the stock above the SHQS by 2015 noting that it must be maintained at that level thereafter
- to set out the level of investment required to carry out the necessary programme of works and the landlord's intended source(s) of revenue
- to propose a series of milestones against which the plan can be assessed over time towards 2015, and if necessary adjusted with new information.

Landlords can choose to set a higher standard for their stock if they have the resources to do this and it does not compromise progress towards achieving the SHQS. Landlords who already have evidence that their housing stock fully complies with the SHQS do not need to submit a full delivery plan but must submit evidence of compliance. This must be accompanied by a plan for maintaining those levels.

The SDP is expected to change over time as it will be constantly under review.

In order to plan for delivery, the landlord will need a robust stock database that can be amended over time. Communities Scotland recommends that this be a 100% stock database, although this is not a requirement from the outset.

The stock database must show:

- the overall demand for housing in the local authority area
- the extent to which there may be localised pockets of low demand
- regeneration/demolition strategies for particular areas.

Standard Delivery Plans drawn up by Registered Social Landlords will not be commented on by the relevant local authority as assessment will be carried out by Communities Scotland. However, local authorities and RSLs are encouraged to work together in preparing their SDPs in order to assist strategic planning. SDPs should be prepared in consultation with tenants and evidence of this should be provided.

#### **4.10 Systems by which compliance will be policed**

The Standard Delivery Plan must include a framework to ensure that monitoring of progress towards the SHQS continues up to 2015 and should include proposed milestones. The landlord will be required to provide updates against these milestones, together with annual monitoring returns, to Communities Scotland.

#### **4.11 General objective of the standard**

The SHQS is a national standard which requires a minimum set of measures for all houses, currently with objectives set for the social rented sector (a proposed Housing Bill is expected to address standards in the private sector). It will act as a benchmark to assess the standard of accommodation, setting out what is to be considered acceptable, good quality housing in 21<sup>st</sup> century Scotland. It exceeds the statutory Tolerable Standard, which sets a very basic standard of acceptability. New build and renovation must comply with the Scottish Building Standards, which may exceed the SHQS.

#### **4.12 Links between the standard and fuel poverty**

The SHQS will contribute to the aim to provide homes that can be kept warm and dry at an affordable cost. The Standard Delivery Plans required by the SHQS will link into the fuel poverty strategies required as part of each local authority's Local Housing Strategy, as well as its responsibilities under the Home Energy Conservation Act (Scotland) 1996 (HECA). A number of local authorities and housing associations already have plans in place or under development which will surpass the requirements of the SHQS. Housing quality is increasingly seen as a means to develop plans that will integrate areas such as fuel poverty, energy efficiency, housing, health and community planning.

#### **4.13 How effective will the standard be?**

The principles of the SHQS have been broadly welcomed, as has the importance that the Scottish Executive and Communities Scotland have placed on the role that high energy efficiency has in the determination what constitutes a decent home.

At the point when the SHQS was launched, local authorities and housing associations would be at different stages. For example, for many (probably the majority of housing associations), the production of a robust property energy database could take considerable time. Likewise, resources will be required to establish the energy performance of housing stock. Local authorities may have an advantage if they have already established this information, in relation to their own housing stock, for HECA reporting purposes. Many housing associations in particular may not have the in-house experience or spare staff time to carry out energy audits of stock and to do these within the timescale required.

Some areas still require clarification. As yet there is no indication of what a failure will mean e.g. the property could be deemed unfit for occupation and, if so, it is unclear whether there would be a period of grace when work could be carried out to remedy the inadequacies of the dwelling. For properties with partially filled cavities, there is a question about whether it will be acceptable for a housing provider to over-clad a dwelling without filling the cavity. A home without a full central heating system will fail the SHQS and this could imply that all repairs to central heating systems will have to be treated as an emergency. The SHQS requires electric heating appliances to be replaced every 20 years and therefore may need considerable investment, with each replacement conducted under current IEEE standards. This may also require additional upgrading of electrical distribution. The SHQS does not include a minimum specification for controls on a heating system. However, housing providers should consider installing good control systems, as they are necessary to ensure heating is efficiently controlled. At a minimum, consideration should be given to installing a system that will prevent boiler operation when there is no heat demand.

The SHQS is a main factor in the Scottish Executive's commitment to eradicate fuel poverty. While the standard is below the median level of 6 on the NHER scale as reported in the Scottish House Condition Survey 2002 – indeed Energy Action Scotland campaigned for a minimum standard of NHER 7 to be set - it remains a challenge for many social housing providers. For example, those housing providers who have pre-1919 properties, high-rise

flats and non-traditionally built homes will require new strategies to be developed to address these hard to treat properties.

Local authorities and Registered Social Landlords (RSLs) are currently developing ten-year strategies in their Standard Delivery Plans (SDP) that will describe the way in which they hope to achieve the standard by 2015. It is currently unclear whether the SDP will remain an internal report between Communities Scotland, as the Strategic Regulatory Housing Authority, and the housing provider. The effectiveness of the housing standard in eliminating fuel poverty can only really be assessed against real-life conditions. At present the standard is largely a theoretical construct but one which in practice should greatly improve the nation's housing stock.

## 5. Fuel Poverty in Social Housing in Wales

### 5.1 Introduction

Data on fuel poverty in Wales are not as detailed as those for the other countries of the United Kingdom. Previous Welsh House Condition Surveys have not provided much relevant information on fuel poverty and this situation will not be resolved until the results of a research project, 'Estimating Fuel Poverty for Wales' are published. The project is being undertaken by the Centre for Sustainable Energy on behalf of the National Assembly for Wales and the findings should be published shortly. This study uses data collected during the last survey of Welsh housing in 1998 and, in fact, will be superseded by findings from the Welsh Household and Dwelling Survey for which the fieldwork should have been completed in 2004 and the first results published early in 2005. The survey will provide the data necessary for an accurate assessment of fuel poverty in Wales since information collected will include:

- Fuel poverty statistics
- SAP rating data
- Welsh Housing Quality Standard
- Assessment of repair needs and costs
- Health and Safety Rating
- HMO standards

However a draft of the unpublished analysis of the 1998 data indicates that fuel poverty affects half of all social sector households in Wales.

**TABLE 13**

The extent of fuel poverty in social housing in Wales			
	Number of households	% of households	Total households
Local authority	105,000	51.1%	205,000
Registered Social Landlord	18,000	44.5%	41,000
All households	123,000	50.0%	246,000

Whilst it is not currently feasible to make a fully informed assessment of fuel poverty in Wales or even to gauge accurately the energy efficiency of the housing stock the Welsh House Condition Survey does publish some relevant additional information.

### 5.2 Unfit dwellings

Just over 20,000 social dwellings in Wales are classed as unfit. Around one in seven fails the Fitness Standard on grounds that can be linked to inadequate access to energy services. There is, however, a wide gap between simple compliance with the Fitness Standard and provision of a modern, healthy indoor environment.

**TABLE 14**

Unfit social housing in Wales by reason for failure	
Reason for failure	Number of dwellings
Dampness	1,100
Ventilation	1,100
Lighting	200
Heating	600
Total	3,000

### 5.3 Heating and insulation in social housing

Absence of recent data makes any assessment of the current situation difficult. However it must be assumed that investment in social housing post-1998 will have resulted in general improvements across all aspects of the social housing stock. As an example, the incidence of central or programmable heating in social housing in England increased from 83% in 1996 to 92% by 2001. However, the sketchy nature of Welsh housing statistics means that no assessment can be made of the cost-effectiveness or efficiency of heating systems.

**TABLE 14**

Heating systems in social housing in Wales by main form of winter heating							
	Central heating	Gas fires or heaters	Electric fires or heaters	Solid fuel fires or stoves	Oil or paraffin heaters	Other heating	All social housing
Number	214,600	14,600	4,000	10,600	-	1,100	221,300
%	85.9%	6.6%	1.8%	4.8%	0.1%	0.5%	100%

Information on the standards of insulation in Welsh housing is of limited value. The data do not indicate how many unfilled cavities are in the housing stock or how many properties have solid walls that cannot be insulated in this most cost-effective manner. Whilst statistics are published on numbers of properties with loft insulation there is no indication of the depth (and consequently the effectiveness) of the insulation.

**TABLE 15**

Insulation standards in housing in Wales								
	Loft insulation		Cavity wall insulation		Double glazing		Draughtproofing	
Owner-occupied	700,000	86.2%	190,600	28.5%	637,000	76.6%	436,000	53.3%
<b>Social housing</b>	<b>163,000</b>	<b>74.5%</b>	<b>59,000</b>	<b>25.2%</b>	<b>114,600</b>	<b>45.8%</b>	<b>146,000</b>	<b>58.4%</b>
Private rented	39,500	47.7%	7,800	12.3%	38,800	43.8%	33,100	37.4%
All housing	902,000	81.0%	257,400	26.6%	780,000	67.5%	616,000	53.2%

### 5.4 Current energy efficiency standards

A number of recent developments will impact on energy efficiency in social housing in Wales. The most important and relevant is the Welsh Housing Quality Standard which, although originally conceived as a standard for social housing, is to apply across all tenures. Alongside the Welsh Housing Quality Standard are a number of other regulations and pieces of guidance that will influence domestic energy efficiency in the future. These include:

- Building Regulations
- EcoHomes
- Relevant Performance Indicators
- The National Assembly commitment to incorporate sustainable development factors across all policies
- Replacement of the Fitness Standard with the Housing Health and Safety Rating System

### 5.5 The Welsh Housing Quality Standard

In energy efficiency terms the Welsh Housing Quality Standard is the most ambitious of all the UK targets for social housing. A major and unique element in the Welsh standard is the requirement that heating a given property should be affordable to the occupant(s). The Standard is highly prescriptive in citing a number of factors that should apply. All cost-

effective opportunities must be taken to upgrade the thermal and ventilation performance of the dwelling. These include ensuring that:

- Heating systems are fuel efficient, reasonably economical to run and heat the whole house
- Doors and windows are sufficiently well fitting to avoid severe draughts
- The main entrance door does not open directly into the living room
- The hot water tank is effectively insulated
- There is at least 200 mm of insulation in the loft
- All pipes and tanks in the roof-space are lagged
- All necessary steps are taken to minimise condensation

Most significantly: the annual energy consumption for space and water heating must be estimated using the SAP method and minimum ratings achieved as set out below.

**TABLE 16**

Welsh Housing Quality Standard SAP rating by size of dwelling												
Floor area m <sup>2</sup>	Up to 35	36-40	41-45	46-50	51-55	56-60	61-70	71-80	81-90	91-100	111-120	Over 120
Sap rating	58	59	60	61	62	63	63	65	66	67	68	70

## 5.6 EcoHomes

The Welsh Assembly Government recommends that social landlords apply good practice guidance in carrying out improvement works. In the case of domestic energy efficiency good practice is set out in Good Practice Guide 155 which itemises the type and quality of remedial work that should be undertaken. GPG 155 suggests that a SAP rating of 75 represents a reasonable target.

Registered Social Landlords and others are encouraged to adopt high energy efficiency standards in new housing developments. EcoHomes applies to new-build and takes account of environmental concerns across a range of areas one of which is climate change. A star rating system from Pass\* to Excellent \*\*\*\* is applied to projects. All new housing programmes in Wales will have to comply with an EcoHomes rating of Good\*\*.

## 5.7 Development Quality Requirements

Development Quality Indicators are standards that apply to new housing built by Registered Social Landlords in Wales. Access to social housing grant aid is dependent on compliance with the quality indicators. Energy efficiency standards have, in the past, exceeded those required by Building Regulations although these have now been synchronised with current Building Regulations relating to energy efficiency.

Housing refurbishment is also subject to Development Quality Requirements with the specification that remedial work should exceed the Welsh Housing Quality Standard. The energy efficiency standard is based on Good Practice Guide 155 which specifies a minimum SAP rating of 75.

## 5.8 The Fitness Standard and the Housing Health and Safety Rating System

The Fitness Standard is of more relevance to the private sector, both owner-occupied and private rented. In general, municipal landlords and housing associations provide adequate housing for their tenants. However the Fitness Standard is not particularly demanding in terms of energy efficiency, requiring only that:

- The property be free from dampness prejudicial to the health of the occupants
- There is adequate provision for lighting, heating and ventilation

The Housing Health and Safety Rating System is much more prescriptive in determining elements of a property that may pose a degree of threat to the health of the occupants. Cold indoor temperatures have been identified as the single most common serious hazard in the home and remedial works will involve energy efficiency improvements through better insulation, heating and ventilation measures. As noted above, the Housing Health and Safety Rating System will be more relevant to poor housing in the private sector but, nevertheless, it should also concentrate the minds of social landlords on the needs of their tenants for affordable warmth.

## 5.9 Local authority housing

The report of the Welsh House Condition Survey 2004 will provide reliable and up to date information on the condition of Welsh social housing. In a limited way much of this information should currently be available. The National Assembly for Wales has as one of a number of performance indicators for local authorities (NAWPI 4.2) a requirement for local authorities to determine the average SAP rating of their housing stock. They are required to assess the average change in SAP ratings through an energy survey carried out at intervals of no more than five years. In years where no survey is undertaken local authorities should update their survey information to take into account work done to the stock over the period.

On behalf of the National Assembly for Wales, NEA is assisting all 22 local authorities to develop and implement Affordable Warmth Strategies over the next two years. This should result in action to improve the energy efficiency of the housing stock and encourage local authorities to make better use of funding available through the Energy Efficiency Commitment programmes of energy supply companies



## 6. Fuel Poverty in Social Housing in Northern Ireland

### 6.1 Introduction

Unlike England, Scotland and Wales, Northern Ireland does not have a legislative requirement to eradicate fuel poverty. The Department for Social Development issued *Ending Fuel Poverty – A Strategy for Northern Ireland*<sup>19</sup> in November 2004, and this set out policy objectives and milestones and targets for eradicating fuel poverty by 2016 for all groups, and by 2010 for vulnerable fuel poor households. However, this is subject to the caveat of ‘securing adequate resources’. The Strategy includes the intention to tackle fuel poverty in the social housing sector. The Northern Ireland Housing Executive (NIHE) is a non-departmental public body that acts as the main social landlord in Northern Ireland, and which has built, maintained and rented social housing for over 30 years. In addition, NIHE has a number of strategic housing functions, including responsibility for the Northern Ireland House Condition Survey and for delivery of the objectives of the Home Energy Conservation Act<sup>20</sup> for all of Northern Ireland. In addition, there are a number of housing associations in Northern Ireland whose main stock comprises recently constructed dwellings. Before examining the impact of proposals outlined in the Northern Ireland Fuel Poverty Strategy this report will consider the extent and impact of fuel poverty in social housing.

### 6.2 Fuel poverty in Northern Ireland

There are 203,000 fuel-poor households in Northern Ireland<sup>21</sup>; this equates to 33% of households. The breakdown of fuel poverty by tenure is outlined below, and indicates that, whilst the greater number of fuel-poor households are in the privately owned and private rented sector, a surprisingly high proportion of all NIHE tenants are fuel poor. Thirty five per cent of all fuel-poor households in Northern Ireland are NIHE tenants.

The Northern Ireland House Condition Survey<sup>22</sup> reported on the energy efficiency of social housing, providing information on SAP rating across all tenures. This showed that housing association stock remained the most energy efficient across all tenures and had increased sharply (by 26 points from a SAP of 41 in 1996 to a SAP of 67 in 2001). This is thought to reflect the increasing proportion of relatively new housing association dwellings. There were also very few housing association dwellings with a SAP rating of less than 20. Housing Executive dwellings also improved energy efficiency by an average of 10 points from a SAP of 39 in 1996 to a SAP of 49 in 2001. Almost five per cent of Housing Executive dwellings (5,300) had a SAP rating of less than 20<sup>23</sup>.

**TABLE 17**

Tenure	Number of fuel-poor households in this tenure	Percentage of fuel-poor households in this tenure
Owner-occupied	104,708	24%
Privately rented	23,291	48%
<b>Housing Executive</b>	<b>70,484</b>	<b>61%</b>
<b>Housing Association</b>	<b>4,779</b>	<b>27%</b>

*Source: Fuel Poverty by Tenure Northern Ireland House Condition Survey 2001, NIHE 2003*

<sup>19</sup> Ending Fuel Poverty – A Strategy for Northern Ireland, Department for Social Development, November 2004 (www.dsdni.gov.uk)

<sup>20</sup> The Home Energy Conservation Act 1995 names the Housing Executive as the sole HECA Authority for Northern Ireland.

<sup>21</sup> Northern Ireland House Condition Survey 2001, NIHE www.nihe.gov.uk

<sup>22</sup> Ibid

<sup>23</sup> Ibid

*Ending Fuel Poverty*<sup>24</sup> indicates that the main reason for the disproportionately high incidence of fuel poverty in the social rented sector is due to a greater reliance on welfare benefits and the generally lower incomes of NIHE tenants. Significant numbers of fuel-poor households did report exceptionally low incomes during the Northern Ireland House Condition Survey, however reported incomes were in line with those detailed in previous surveys and should not be considered unusually low in a Northern Ireland context. Given the interrelationship between fuel costs, energy efficiency and low incomes, there is no doubt that low income is a major factor. The table below provides some indication of the relationship between fuel poverty and low income.

**TABLE 18**

Fuel poverty in Northern Ireland by household income		
Annual household income	Number of households in fuel poverty in this income band	% of households in fuel poverty in this income band
Under £3,000	12,369	100%
£3,000 - £4,999	49,307	99%
£5,000 - £6,999	66,981	91%
£7,000 - £9,999	47,605	58%
£10,000 - £14,999	19,909	17%
£15,000 - £19,999	6,112	6%
£20,000 - £29,999	929	1%

Source: Northern Ireland House Condition Survey 2001, NIHE, 2003

### 6.3 The role of the social landlord

Social landlords have a responsibility to provide safe and healthy homes for their tenants, and *Ending Fuel Poverty* indicates that the Decent Homes Standard will be the mechanism for measuring standards of thermal comfort and efficiency in social housing. A major emphasis of the NIHE approach was to secure funding to implement a Heating Replacement Policy, which has meant the removal of all solid fuel room heaters and replacement with gas fired central heating in areas on the mains gas network. Outside these areas solid fuel heating is replaced by oil. Economy 7 (electric storage heating) is also to be phased out as part of a special programme, funded through Executive Programme Funds.

The Department for Social Development sees the Northern Ireland Housing Executive's heating policy as the main method to address fuel poverty in the social rented sector. It is proposed that, by 2010, all existing glass-fronted room heaters will have been replaced. The Heating Replacement Policy is rolled out on the basis of replacing the oldest, most obsolete equipment first and is not designed to respond to individual tenant concerns about fuel poverty. The NIHE also carries out a large number of heating conversions as part of adaptations for disabled tenants or owner occupiers. It is estimated that a third of the 9,000 heating conversions carried out annually are delivered as a Disabled Facilities Grant<sup>25</sup>

Housing Association stock is relatively new, and has been built under the more stringent Building Regulations of recent years. However, the Fuel Poverty Strategy has indicated that, despite this relatively good standard of energy efficiency, fuel poverty must also be eliminated in the homes of housing association tenants.

<sup>24</sup> Ending Fuel Poverty – A Strategy for Northern Ireland, Department for Social Development, November 2004 ([www.dsdni.gov.uk](http://www.dsdni.gov.uk))

<sup>25</sup> Ending Fuel Poverty – A Strategy for Northern Ireland, Department for Social Development, November 2004 ([www.dsdni.gov.uk](http://www.dsdni.gov.uk))

In addition to the traditional insulation and heating programmes, NIHE and housing associations have been implementing a number of pilot programmes to test renewable technology, micro- CHP, heat recovery and solar systems.

## 6.4 How to tackle fuel poverty in social housing

NIHE Research Unit recently published a thematic report which provided further information on fuel poverty and included some new findings on income and energy efficiency that had been produced using the 2001 NI House Condition Survey results and modelling by BRE<sup>26</sup>. The report particularly tested the likely impact of increased energy costs and increased income levels on rates of fuel poverty although it took no account of tenure. The modelling results indicated that if cost-effective energy efficiency improvements were installed, then the number of fuel-poor households would fall to 104,400 or 17.1% of all households. Whilst this would substantially reduce fuel poverty it would still mean that over 100,000 households would remain in fuel poverty due to a combination of low incomes and high fuel prices.<sup>27</sup> The most significant single measure to impact on fuel poverty was the installation of an energy efficient heating system (this measure alone reducing fuel poverty to 19%)

## 6.5 The impact of increased income

NIHE Research Unit reported that they tested the impact of increasing income

- By 5% or 10%
- In banded increases of £500 up to £2,500

The results of this modelling indicated that increasing incomes for all fuel-poor households by £2,500 would reduce the numbers in fuel poverty by 13% to 20%, removing about 84,000 households from fuel poverty.

## 6.6 The impact of changes in energy prices

The report also detailed the impact of lower gas and electricity prices based on hypothetical assumptions of:

- 5% and 10% decreases for each main fuel type
- 5% and 10% decrease for all fuel types.

A 5% decrease in fuel prices had little impact on the numbers in fuel poverty. However, if the prices of all four fuel types could be reduced by 10%, then fuel poverty would fall to 175,200 households.

Fuel price increases were also tested and it was noted that a 10% increase in all four fuel types would result in a further 30,000 fuel-poor households. It should be noted that there have been significant recent price increases for domestic fuel, exceeding those modelled by NIHE (e.g. 60% increase in oil and 11% increase in gas).

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<sup>26</sup> Thematic Report Fuel Poverty: Key Findings from the 2001 Northern Ireland House Condition Survey and analysis of the extent to which key aspects contribute to Fuel Poverty. NIHE Research Unit 2004.

<sup>27</sup> NIHE Home Energy Conservation Report 2004 [www.nihe.gov.uk](http://www.nihe.gov.uk)

## 6.7 Conclusion

There has been significant improvement in the quality and energy efficiency standards of social housing in Northern Ireland. Despite this, the scale of fuel poverty remains high in social housing. The results of research and modelling indicate that a holistic approach is necessary to ensure that fuel poverty is tackled comprehensively; this must involve mechanisms to reduce fuel costs and increase incomes, in tandem with the installation of energy efficiency measures. NIHE needs to be adequately resourced to ensure that they can deliver on the target to implement a change of heating for all tenants by 2010 and this is a role that the Department for Social Development must take on. In addition, some consideration needs to be given to widening the scope of renewable and sustainable methods of reducing fuel costs for Northern Ireland Housing Executive tenants.